

**THE CONVERSION OF GARAGES FOR RESIDENTIAL PURPOSES  
IN LOS ANGELES COUNTY:  
IMPACTS AND POTENTIAL AS A HOUSING RESOURCE**

by

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Submitted to the Department of  
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**ABSTRACT**

This thesis is an exploratory study of the impacts and issues associated with the illegal conversion of garages in Los Angeles County for residential rental purposes. Specifically, the intent of this thesis is to prescribe a solution that can take advantage of the discovery of garage conversions as a housing resource.

Because of the lack of literature specific to garage conversions, the primary source of information for this thesis stemmed from a series of interviews conducted with individuals personally familiar with this phenomenon. On-site inspections of converted garages were also completed. A total of 14 municipalities, including the county, were included in the research.

The thesis begins with an description of the origins, causes and impacts of the current housing crisis in Los Angeles County. Within this context the emergence of illegal garage conversions is examined in further detail, with a discussion of the impacts on the city and the neighborhood. An analysis of the various responses and programs local governments have devised to deal with this illegal conversion activity is provided. The thesis concludes with a summary of findings, presents four different approaches to regulating garage conversions and details one specific recommendation for action.

Thesis Advisor: Phillip L. Clay  
Title: Professor, Urban Studies and Planning

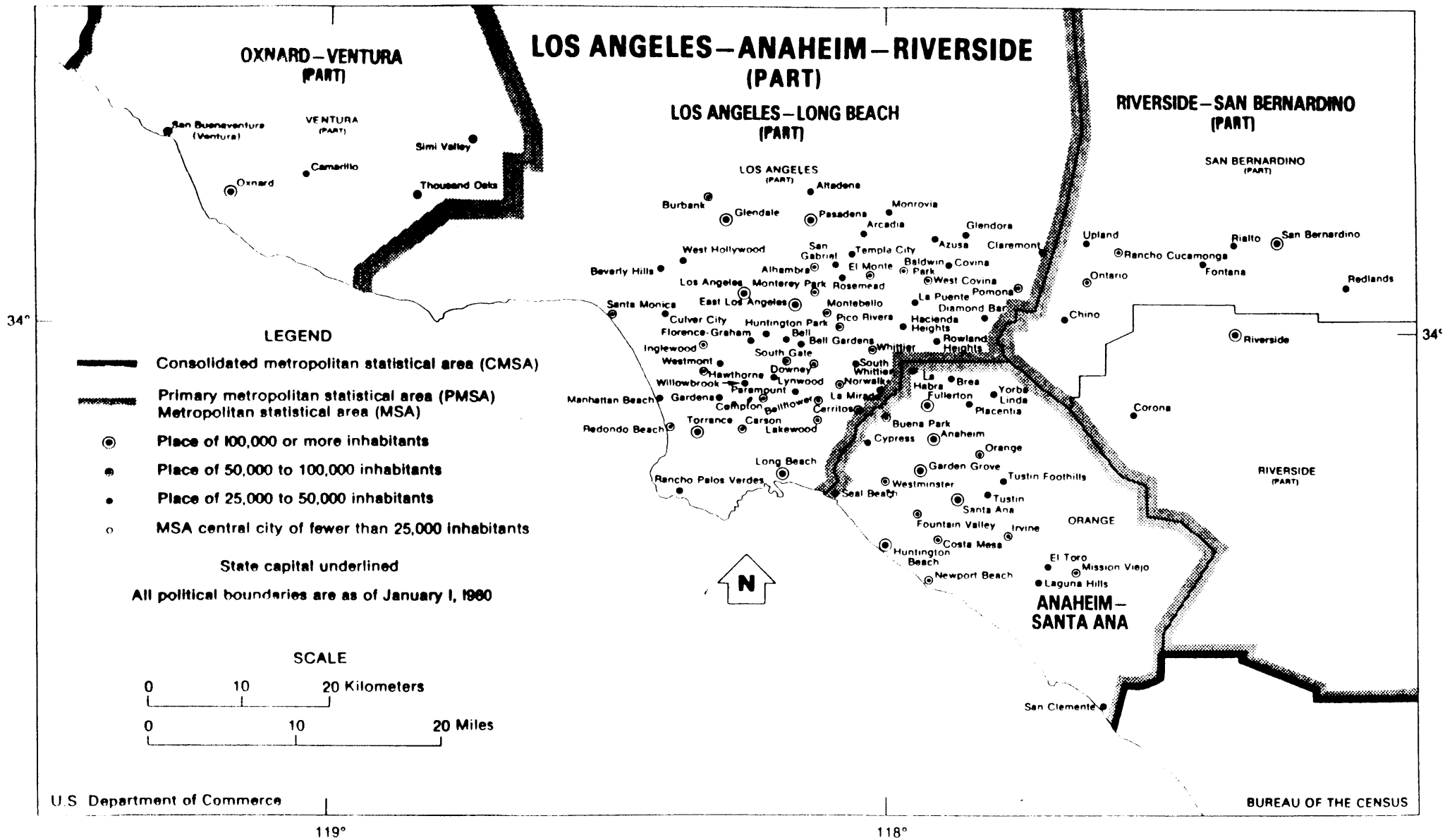
## **ACKNOWLEDGEMENTS**

Among the very first group of people I would like to thank are the code enforcement officers who so readily worked with me on this thesis, and especially those who allowed me to ride along with them on their inspections. These individuals provided tremendous insight into the reality of garage conversions that could never have been derived from newspaper articles or books. Without them this thesis would never have been written.

I also wish to acknowledge the assistance and advice of my committee members, Phil Clay and Lisa Peattie, both of whom were helpful in their comments and suggestions.

Since this thesis also signifies the conclusion of my academic career, I would like now to thank my family, whose concern for my well-being throughout my entire educational experience has always been deeply appreciated.

Lastly, I would like to thank Grey Gallo, whose encouragement and support throughout this process have meant more to me than he will ever know.



**OXNARD-VENTURA  
(PART)**

**LOS ANGELES-ANAHEIM-RIVERSIDE  
(PART)**

**RIVERSIDE-SAN BERNARDINO  
(PART)**








**LOS ANGELES-LONG BEACH  
(PART)**

**SAN BERNARDINO  
(PART)**

34°

34°

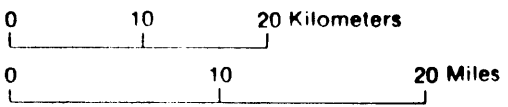
**LEGEND**

-  Consolidated metropolitan statistical area (CMSA)
-  Primary metropolitan statistical area (PMSA)
-  Metropolitan statistical area (MSA)
-  Place of 100,000 or more inhabitants
-  Place of 50,000 to 100,000 inhabitants
-  Place of 25,000 to 50,000 inhabitants
-  MSA central city of fewer than 25,000 inhabitants

State capital underlined

All political boundaries are as of January 1, 1980

**SCALE**



U.S. Department of Commerce

BUREAU OF THE CENSUS

119°

118°

CMSA, PMSA, and MSA boundaries are as defined on June 30, 1986

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## **1.0 INTRODUCTION**

### **1.1 OBJECTIVE**

This thesis is an exploratory study of illegal garage conversions for residential purposes in Los Angeles County. Specifically, the intent of this thesis is to prescribe a solution that takes advantage of the discovery of garage conversions as a housing resource. Thus, the impacts associated with garage conversions and the various local government responses to this particular type of conversion activity will be examined in detail.

Prior research and studies have shown that residents of Los Angeles County are not housed adequately, either because of a lack housing units or the lack of affordability. The challenge facing many municipalities today is to meet the housing needs of their residents in times of decreasing federal aid, a weakening economy and a growing population.

Converting garages is one method homeowners and tenants alike are adopting in Los Angeles County to meet their personal needs of affordable housing and extra income. Garage conversions are auxiliary structures to primarily single-family homes whose use have been changed from that of parking to living quarters, either as additions to the house or as residential rental units.

The purpose of this thesis is not to suggest that garage apartments will meet the entire housing need of the county, but rather that it may be part of the answer and thus its potential should not be underestimated.

## **1.2 ORGANIZATION**

Section 1.0 provides a brief description of the thesis and its intent, describes the methodology and offers some definitions for the key terms used in the thesis.

Section 2.0 presents information on the current status of housing conditions in Los Angeles County and identifies some of the causes of the current housing crisis. Section 3.0 examines the phenomenon of garage conversions in Los Angeles County in some detail, including a discussion of the impacts on the city and the community. Section 4.0 describes the various responses and programs local municipalities have devised to deal with the phenomenon. Section 5.0 contains a summary of findings and presents policy options and recommendations.

## **1.3 METHODOLOGY**

### **1.3.1 LITERATURE REVIEW**

The uniqueness of converting garages to residential units in the United States is reflected in the lack of literature regarding this

phenomenon. The closest resemblance to this type of conversion activity is the increasing practice of individual homeowners of converting space within their homes or adding on additional units to accommodate guests, family members, and renters. The emergence of these accessory apartments and "granny flats" is evidenced in the increasing literature documenting the use and usefulness of this type of residential units. Most notable are books and reports written by Martin Gellen, a professor at the University of California at Berkeley who has done extensive research on accessory apartments on the West Coast, and Patrick Hare, a consultant based on the East Coast who is a staunch advocate of accessory apartments for the elderly.

The practice of utilizing garages as dwelling units is similar to the creation of accessory apartments. In some literature the conversion of garages and the creation of accessory apartments are grouped within the general category of second units (Verrips, 1983). These second units include all separate living units situated on the same lot as a single-family detached home (known as the primary dwelling). Thus, detached cottages, accessory apartments, basement conversions, second story additions, and attic conversions also fall within this category (Verrips, 1983).

Few garages, however, have actually been studied as part of the conversion process. Gellen and Verrips were the only two researchers found to have mentioned garage conversions in their studies. In

Accessory Apartments in Single-Family Housing. Gellen mentions garage conversions within the context of attached garages used as additions to the primary dwelling, not as rental units. Verrips' Second Units: An Emerging Housing Resource does, however, reference the conversion of detached garages in his report. But again, the allusion is fairly brief.

One reason why detached garages are seldom studied as residential dwelling units is that as existing auxiliary structures to single-family homes, garages have traditionally been used for parking purposes. Thus, its use as a housing resource is often not even considered.

The main difference between garages and other type of second units is that the amenities associated with other type of second units (i.e. plumbing, electricity and sewage hookup) are not always present in the typical garage dwelling. Whereas more converted garages appear to have these amenities in recent years, it is still not considered standard like other types of second units. Thus, garages tend more often than not to be substandard units and violate many aspects of the building and safety codes.

Thus, the bulk of the information from the literature specific to garage conversions was derived from newspaper articles in the Los Angeles Times dating as far back as 1985. Although other articles were printed in local papers, such as the Montebello News, they were less accessible because of a lack of a formal index.

Due to the lack of literature specific to garage conversions, additional related literature was reviewed in order to create a better understanding of the phenomenon of garage conversions, its impacts, its relationships and its implications. These other topics include the responses of developing countries to squatter settlements, accessory apartments and other second units, Los Angeles culture and housing issues, and code enforcement issues.

### 1.3.2 INTERVIEWS

The primary source of information for this thesis, however, stemmed from interviews conducted with 22 individuals personally familiar with this phenomenon. This group of people included code enforcement officers, building inspectors, planners, a staff member to a city councilman, a housing attorney, a city editor of the Los Angeles Times, and two tenants of illegally converted garages. A total of 14 municipalities, including the county, were included in the research. Exactly half of the interviews with municipalities were conducted in person, the other half through the telephone. With the exception of two interviews lasting under 30 minutes, all interviews ranged between 45 minutes to two hours, with an average of one hour.

In addition to the formal interviews, several academics and professionals in the housing field in Los Angeles County also contributed to this thesis through informal discussions.

#### **1.4 DEFINITIONS**

To facilitate understanding of the various terms used in this thesis, the following standard definitions will be used:

Accessory Apartment: A separate living unit created from existing space within a single-family structure and containing both a separate kitchen and a separate bath.

Affordable: Housing whose rent does not exceed 30% of the median income for households.

Garage Dwelling: A separate living unit created from the conversion of a garage, generally in a single-family neighborhood (R1). This unit may or may not contain plumbing, electricity or sewage hookup.

Illegal Unit: A dwelling unit that was constructed without the permission of the locality in which it is located.

Lower-Income Households: Households with incomes at or below 80% of the median income for the area.

Second Unit: A separate living unit with a kitchen, bathroom and sleeping area located on the same parcel as the primary unit (generally a single-family residence).

## **2.0 SETTING THE CONTEXT: HOUSING CONDITIONS IN LOS ANGELES COUNTY**

### **2.1 INFORMAL HOUSING: A SUBMARKET**

Among the many housing options that comprise an urban housing market, there exist a distinct series of submarkets which operate under different procedures, standards and costs and meet the various housing needs of different population groups (Payne, 1989).

Housing can generally be classified into two economies, the formal sector or the informal sector. Housing within the formal sector includes housing constructed by private, nonprofit or public means. It refers to legal dwelling units that meet the building codes and housing standards established by federal, state and local governments, thus operating within the realm of legality. In the United States, this type of housing includes single-family homes, multifamily rental units (apartments), townhomes or rowhouses, and condominiums. For lower-income households, public housing or other federally assisted housing units, mobilehomes/trailers, single-room occupancy hotels, and shelters fit this mode.

Housing in the informal economy, sometimes mentioned within the context of a "shadow market", can be legal or illegal. It refers to dwelling units that are created through rehabilitation, conversion or the reclaiming of space from existing structures (Baer, 1986). This type of

housing is privately generated, resulting from an adjustment process by property owners to accommodate the demand for inexpensive housing by those with limited resources. The end result, however, is often a housing product that is not legal and does not fully conform to the housing standards established by local, state or federal governments for purposes of safety, decency and sanitation. Among the different types of structures converted and reclaimed for residential purposes in the informal housing sector, legal or otherwise, are accessory apartments, warehouses/lofts, basements and garages.

#### 2.1.1 ILLEGAL HOUSING

Illegal housing is not a new phenomenon. Where population exceeds the available housing stock, or where rents are high and low income people numerous, people have always found ways to adjust. These lifestyle adjustments or coping mechanisms include households doubling up or living in illegal units and whole families living in single room occupancy hotels meant for individuals or enduring other similar substandard slum conditions. Faced with difficult budgeting choices, studies have suggested that most households would rather cut back on the cost of housing and live in units of lower quality than to cut back on other basic necessities such as food and clothing (Dwyer, 1975; Hoek-Smit, 1977; Frieden, 1980). According to Turner, living near an



employment center is considered another important reason for the tradeoff.

One example of illegal housing can be found in developing countries, where a vast proportion of the urban population currently live in substandard dwellings in housing termed squatter settlements, spontaneous housing or slums. Historically, the response in developing countries has been to evict tenants and demolish this type of housing, but in the last 20 years some researchers and local officials have begun to change their attitude and treatment of these settlements. There is an increasing recognition among the more liberal planners that demolition as a method of curbing the creation and expansion of squatter settlements only serve to exacerbate the housing problem (Dwyer, 1975; Hoek-Smit, 1977; Anthony, 1979).

### 2.1.2 ACCESSORY APARTMENTS

Another example very similar to the phenomenon of garage conversions, derived from the United States, is the creation of second units such as accessory apartments in single-family neighborhoods. Accessory apartments are independent dwelling units created from existing surplus space within single-family residences. The European and Australian version, known as "granny flats" or ECHO housing (Elder Cottage Housing Opportunity), consists of separate moveable dwelling units installed in the rear or side yards of the main house. That is,

granny flats are structures constructed on the property or attached to single-family homes, as opposed to structures that are created within single-family residences.

Accessory apartments are also popular in Canada and gaining popularity in various parts of the United States (Minnesota, New York, Washington, D.C. and Connecticut). According to Liebmann, as of 1984, the states of California and Hawaii both have state enabling legislation providing for accessory apartments (despite the fact that the regulations may be strict), and 18 localities have specifically passed ordinances addressing this type of conversion.

The main difference between converted garages and accessory apartments lie in the fact that accessory apartments are created from existing space within single-family homes and are increasingly becoming legal, whereas garages are existing auxiliary structures of single-family homes whose conversions are unquestionably illegal. While similar neighborhood concerns surround both types of conversions, garage conversions are generally considered less desirable. Section 3.0 will address some of the differences but primarily the similarities between accessory apartments and garage conversions in further detail. These issues will become important when examining the potential for legalization of garage conversions.

## **2.2 LOS ANGELES COUNTY**

Los Angeles County is one of the most publicized places in the world. It is a region known for, among other things, its warm climate, its economic base and its diverse mix of inhabitants. Physically, the county is the largest in the United States. According to the 1990 Census, the county's population increase of 1,242,000 within the last decade is the largest population increase in the nation. The county is currently home to more than 8.8 million people, speaking over 104 different languages (Bills, 1991). Consisting of 87 incorporated cities, these municipalities range in population from a low of 152 (the industrial city of Vernon) to over 3.4 million (the City of Los Angeles). The physical size of these cities range from one square mile to over 468 square miles.

In terms of population composition, Los Angeles County has an extremely diverse mix of people, second only to New York. The county has the largest Japanese population outside of Japan and the largest Mexican population outside of Mexico (Nelson, 1976).

By excelling in economic activities associated with major metropolitan area, such as services, manufacturing, government, retail, wholesale, transportation and construction, Los Angeles County (as part of the Southern California region), has attracted large numbers of migrants annually, searching for employment opportunities ranging from day laborers to highly trained professionals (Steiner, 1981). This in-migration has been fundamental to the county's evolution as a major

metropolitan region. By the same token, however, the ever increasing population due to the large number of people migrating into the area has negatively impacted the quality of life in the county, as evidenced by such indicators as the cost of living, traffic congestion, pollution and specifically, affordable housing.

### 2.2.1 ORIGINS OF THE HOUSING CRISIS

By the 1990's, the general consensus among housing advocates and housing professionals in Los Angeles County is that the housing affordability problem has reached almost crisis proportions. As an indicator of the demand for affordable housing, the number of people on the public housing waiting list in the county number the thousands. County officials could not provide exact numbers, but indicated that the waiting period for the county's stock of 3,191 units in unincorporated areas is between five to ten years. In the city of Los Angeles, the waiting list contains over 20,000 names.

In 1988, Mayor Tom Bradley of the city of Los Angeles publicly acknowledged the seriousness of the housing problem and convened a Blue Ribbon Committee on Affordable Housing to study the causes and problems of affordable housing in the city. The Committee, consisting of individuals from the public, private and community sectors of Los Angeles, included housing advocates, bankers, elected officials, religious leaders, university professors and private and nonprofit developers. This

group concluded that the housing crisis in the city was not restricted only to the poor and families on welfare, but also negatively affected the working class, senior citizens and the disabled (Blue Ribbon Committee on Affordable Housing, 1988). The factors they identified that led to the current housing affordability problem in Los Angeles can be grouped into one of three types of factors: demographic changes, market conditions and public policy. These findings can similarly be applied to the County.

#### *2.2.1.A Demographics*

Rapid population growth, due in large part to documented and undocumented immigration from Mexico, Central America and Asia, has raised the demand for housing. The population of the county increased by 18.53% in the last ten years, from 7.48 million over 8.86 million.<sup>1</sup> Because of the limited economic resources of most immigrants, the need for affordable and well-located housing for this group and other lower-income households has intensified.

Household formation has also changed in the last 10 years. Between 1980 and 1990, average family household size decreased from 3.84 to 3.51, a factor caused by an increase rate of divorce and the tendency for couples to delay forming families. In fact, the percentage of family households has decreased 6.02% while families without children has increased 92.85%.

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<sup>1</sup> All figures in this section, unless otherwise noted, were derived from United States Bureau of the Census, 1980 and 1990.

### *2.2.1.B Market Conditions*

Housing production in the county, however, has lagged substantially behind population growth over the last ten years. In the city of Los Angeles, where the annual net population growth is 25,000 households (approximately 80,000 people), the net growth in the housing supply is only 14,000 units. This has led to a shortfall of 11,000 units annually (Blue Ribbon, 1988).

In the city of South Gate, where the land area is only 7.2 square miles, the population has increased by almost 20,000 people in the last ten years. Private housing production, however, has numbered less than 100 units annually (Horner, 1990).

Maywood, with almost 32,000 people crowded into 1.2 square miles, had fewer than 100 units built in the last five years.<sup>2</sup>

Meanwhile, contract rents and home values have skyrocketed. As Exhibit A indicates, the median contract rent in Los Angeles County increased 133.61% in the last ten years. Rents over \$500 increased over 1204.00%. Home values demonstrated similar increases in Exhibit B, with the median rising from \$87,400 to \$226,400 (159.04%) during the same ten year period.

---

<sup>2</sup> Burns, Melinda. "Latinos Turn Southeast into Booming Port of Entry," Los Angeles Times, Southeast Edition, February 21, 1985. Interview with William King, October 14, 1991.

### **EXHIBIT A**

#### CONTRACT RENTS IN LOS ANGELES COUNTY BETWEEN 1980 AND 1990

	1980 <u>(Absolute Numbers)</u>	1990	Change <u>(Percentage)</u>
TOTAL RENTER OCCUPIED UNITS	1,407,074	1,548,722	10.07%
Less than \$250	705,257	91,588	-87.01%
\$250 to \$499	578,252	445,441	-22.97%
Over \$500	74,393	970,162	1204.10%
Median	\$244	\$577	133.61%

Source: U.S. Bureau of the Census

### **EXHIBIT B**

#### HOMES VALUES IN LOS ANGELES COUNTY BETWEEN 1980 AND 1990

	1980 <u>(Absolute Numbers)</u>	1990	Change <u>(Percentage)</u>
TOTAL OWNER OCCUPIED UNITS	1,323,397	1,440,830	8.87%
Under \$ 50,000	138,480	17,205	-87.58%
\$ 50,000 to \$ 99,999	541,874	72,606	-86.60%
\$100,000 to \$149,999	227,811	170,955	-24.96%
\$150,000 to \$199,999	84,982	241,665	184.37%
Over \$200,000	108,895	701,555	544.25%
Median	\$87,400	\$226,400	159.04%

Source: U.S. Bureau of the Census

Despite the escalating rents and home values, various market factors continue to inhibit the construction of apartment units. First, because of the scarcity of land in an already overbuilt environment, land and production cost are extremely high in certain areas of the county. These two factors have made it increasingly more difficult for private developers to build affordable housing. Any development that does occur tends to consist of two bedroom units, with prices aimed at middle to

upper income households, not the mass of lower-income households migrating into the area.

Second, current economic conditions nationwide have also affected the Los Angeles region. Due to the weak economy and the precarious banking environment, tighter underwriting standards are now in place. Credit is difficult to come by, especially for construction of housing for lower-income households.

Third, since real income has not kept up with the rate of inflation, and has in fact been shown to be declining, the competition for existing affordable units has intensified. The group of people generally considered the middle class, the would-be home buyers, are increasingly remaining as renters and are scrambling for the same affordable units as lower income households (Inman, 1990). Thus, the filtering theory, whereby higher income households pass their vacated units onto lower-income households in favor of more expensive units, is not working in Los Angeles County.

Fourth, due to the high cost of living, many manufacturing and industrial businesses are relocating from Los Angeles County into suburban, outlying areas. As such, the labor market of Los Angeles County now consists primarily of low wage service jobs and high wage technical jobs, with hardly any jobs in between (Blue Ribbon, 1988).



### **2.2.1.C Public Policy**

Policies implemented on both the local and national level have exacerbated the housing problem. By imposing certain development standards, local jurisdictions artificially keep production costs high, thus discouraging the construction of multifamily apartments by making the development financially unfeasible. Zoning and building regulations with fixed minimum lot sizes and setback requirements are geared towards protecting single family residences and neighborhoods.

The slow growth movement in Los Angeles suburbs is primarily a homeowners' movement advocating for the protection of property values and neighborhood exclusivity (Davis, 1990). Homeowner associations, numbering in the hundreds in Los Angeles County, have become very effective in restricting not only the development of affordable housing but any type of multifamily units in their single-family neighborhoods, which are the type of housing that is most affordable to lower-income households (Blue Ribbon, 1988). The attitude of this politically powerful group, also referred to as the NIMBY syndrome (not-in-my-backyard), is prevalent among homeowners throughout Los Angeles County and heavily influences the manner in which city officials respond to illegal garage conversions (see Section 4.0).

On the national level previous production incentives in the form of tax credits and write-offs for the construction of multifamily residences have been substantially reduced by the Tax Reform Act of 1986. In

addition, federal appropriations for housing have been cut drastically in the last ten years. For the city of Los Angeles alone this has resulted in a 75% reduction in federal aid (CHAS, 1991).

Aggravating the housing problem in Los Angeles County is the expectation that over 20,000 federally subsidized units in the county will be lost within the next ten years due to expiring affordable use restrictions on below-market-rate loans subsidized by the federal government 20 years ago. Owners who pre-pay their 40 year mortgages will no longer have their rents restricted to affordable levels as established by the federal government. The currently affordable units (approximately \$250 a month) may now be brought up to full-market rents, or be converted to condominiums.

The combination of all these factors, demographic changes, market conditions and public policy, has resulted in widening the gap between families who are in need of affordable housing and the options available to them. This gap has led to overcrowding, extreme rent burdens (with tenants paying more than 50% of their income for rent) and homelessness. All three undesirable events are increasing in Los Angeles (Blue Ribbon, 1988).

### 2.2.2 LOCAL ATTEMPTS TO COPE WITH THE HOUSING CRISIS

Different cities are attempting to deal with the housing issue in their own way, with the limited resources available to them. The county

government is aggressively pursuing funding for the construction of affordable housing. To better utilize its resources, the Community Development Commission of Los Angeles County (CDC) recently took over the production role of the County's Housing Authority.

Furthermore, as the County's redevelopment agency, the CDC has wide powers and expertise in pursuing grants, locating sites, providing funding, and negotiating with private developers and lenders to build affordable housing.

The City of Los Angeles within the last year and a half created a Housing Preservation and Production Department (HPPD), consolidating its housing functions under one lead agency. This department implements numerous housing programs, addressing a wide variety of housing needs for the city's large population (i.e. cold/wet weather program, residential rehabilitation loans, transitional housing, etc). The city's redevelopment agency has some similar programs. There is also an extensive network of nonprofit service organizations in the downtown area of Los Angeles (Skid Row) that caters primarily to low income clients, including the homeless.

Individual, smaller cities within the county also have various community development programs as well. But their resources, in manpower and absolute dollars, are not as vast as those of the city or county of Los Angeles, and are almost entirely from federal grants such as Section 8 Certificates or Vouchers and Community Development

Block Grants (CDBG). As such, their housing programs are extremely vulnerable to reductions in federal aid.

Federal money, in fact, has decreased substantially over the last ten years. Ironically, with the reduction in federal assistance there has been a corresponding increase in administrative responsibilities. For example, in addition to the Housing Element required by the State of California, all cities who wish to continue receiving money from the Department of Housing and Urban Development (including CDBG money) must now submit a report every five years detailing the city's efforts or strategies in meeting the affordable housing needs of their respective cities, referred to as the CHAS requirement (Comprehensive Housing Affordability Strategy).<sup>3</sup>

### 2.2.3 SELECTED HOUSING OPTIONS FOR THE POOR IN THE CITY OF LOS ANGELES

As awareness of the housing crisis in Los Angeles County increased, officials in the city of Los Angeles have initiated different programs to meet the housing needs of their low-income residents. As the lead city in the county, some of the Los Angeles' housing programs deserve some special attention, if only to demonstrate the problems that this city, among others, face in their attempts to provide affordable housing.

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<sup>3</sup> Required under the National Housing Affordability Act of 1990.

### *2.2.3.A Trailers As Transitional Housing*

In 1988 the Mayor of Los Angeles purchased 120 trailers for a pilot transitional housing program implemented by the Community Development Department (before the creation of HPPD). The trailers were intended for occupancy by homeless families as an attempt to stabilize families by providing affordable temporary shelter (up to six months). Thus, wage earners in the family would be able to pursue job training or job searches without fear or worry about housing.

But by the end of the two year pilot program, only a little over 50 trailers were in use, with the remaining number sitting empty on city-owned lots, neglected and vandalized. The city's biggest difficulty was its inability to find sites to locate the trailers. The city faced enormous opposition by every community where it attempted to place a trailer (an example of the NIMBY syndrome at work). The communities' objection was extended not only to trailers located in scattered sites, which was the city's original preference, but also to the establishment of a trailer park, which the city tried to create only after its scattered site program failed.

### *2.2.3.B Shelters*

There are numerous nonprofit organizations that provide shelters in the County of Los Angeles. But for the estimated 30,000 homeless

individuals in the county, the 7,938 available beds are not enough.<sup>4</sup>

Further study has shown, however, that the dilemma of getting homeless individuals and families off the street is not restricted to just a lack of beds, but also to the perception that the shelters, with their dorm-like setups, are unsafe. Thus, either because of a lack of beds or a negative perception of safety, many homeless individuals as well as families are unwilling to seek lodging in the shelters.

### *2.2.3.C Single Room Occupancy Hotels*

On any given night, up to 8,000 people can be found sleeping in one of the 50 single room occupancy hotels in the Skid Row area of downtown Los Angeles (Horowitz, 1991). Housing primarily the elderly, the mentally ill and drug addicted individuals, this 55 square block area is one of the city's largest remaining affordable stock of housing. Its cheap rents (\$160 to \$350 per month) have at times even attracted families desperate for shelter.

Unfortunately, many of the landlords of these buildings are slumlords. When fined for the buildings' numerous health and building code violations and faced with the cost of renovating the building to make it habitable, many owners choose to either abandon the buildings or demolish them and replace it with parking lots.

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<sup>4</sup> Shelter Partnership, Short-Term Housing Directory of Los Angeles County, Fall 1990, p.i.

If the SRO's are not being torn down because of safety concerns, it is being demolished in favor of downtown redevelopment interests. With Skid Row located just a few blocks southeast of downtown Los Angeles, the area is in serious danger of being taken over by real estate developers and organizations intent on improving or expanding the central business district (Horowitz, 1991).

Thus, in the city of Los Angeles, and easily mirrored throughout the county, community opposition, lack of resources and differing level of standards are negatively affecting the production or preservation of affordable housing.

#### 2.2.4 IMPACTS ON LOWER-INCOME HOUSEHOLDS

The responses of lower-income households to the housing crisis have varied. Overcrowding is certainly on the rise, due to households doubling and even tripling up in dwelling units. According to the U.S. Bureau of the Census, the number of households in Los Angeles County with more than one person per room has increased substantially between 1980 and 1990. While the number of households with less than one person per room remained relatively stable (it decreased less than 1%), the number of households living in units with more than one person per room increased 88.47%. Households with more than 1.5 individuals per room increased 128.16%. Many Orange County communities are now also dealing with the overcrowding issue.

Another response to the housing crisis has been the acceleration of garage conversions for residential purposes in Los Angeles County. Whereas a number of these garages had previously been converted by homeowners for use as additional bedrooms or family rooms, the majority of the converted garages today are being rented out to individuals and families as primary places of residence.

The next section will explore specifically the phenomenon of this particular type of illegally converted structure. Although this phenomenon was originally thought to be restricted to particular geographical areas within Los Angeles County, garage conversions are now found to be occurring throughout the county: from northern Los Angeles County in the San Fernando Valley, to the beach communities of Hermosa Beach, Manhattan Beach and Redondo Beach, to the Southeast areas such as South Gate, Montebello and Whittier, and to the southernmost areas of Long Beach.<sup>5</sup>

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<sup>5</sup> Although a formal interview was not conducted with any city official from Long Beach, a brief conversation with a code enforcement officer confirmed the existence of garage dwellings in the city.



### **3.0 THE LOS ANGELES COUNTY EXPERIENCE**

#### **3.1 WHERE IS THE CONVERSION OCCURRING?**

In November of 1987, the Los Angeles Times published an article detailing the phenomenon of people living in garages in Los Angeles County. Using a statistical sample of 500 households, the writers estimated that close to 210,000 people were living in 42,000 garages in the county. This number was originally met with both amusement and disbelief by many people, including those working within the housing field. Despite the initial surprise created by the article, no public response by city officials nor housing advocates occurred. If anything was done about the situation, it was not publicized. Because the newspaper article dealt primarily with the situation in predominantly Latino communities in the San Fernando Valley and in the southeast area of Los Angeles County, some people also regarded the phenomenon as largely specific to immigrant communities and thus it was not considered a county-wide phenomenon.

But throughout areas of the county, in cities ranging from a population of 20,000 to 3.5 million, garage conversions were beginning to surface everywhere. Every once in a while, an article about garage conversions would appear in a local municipality's paper, but was not significant enough to be repeated in the Los Angeles Times or the Los Angeles Herald, the two largest papers in the county at the time.

Research has shown that the conversion of garages in Los Angeles County is an extremely widespread practice, spilling over into Orange County. Whereas this assertion is not quantified in numerical terms, based on the interviews conducted it is sufficient to say that many more communities are attempting to deal with this situation than originally suspected. Illegal garage conversions are not restricted to only the southeast section and northern parts of the county, but also found to be occurring in the beach communities, the eastern part of the county and the southern and central areas of the county as well. Because this type of conversion activity is so widespread, occurring in areas other than immigrant communities, it is relatively safe to assume that the phenomenon is not only a settlement issue.

## **3.2 GENERALIZATIONS**

### **3.2.1 SIMILARITIES**

Because of its physical size and population composition, the County of Los Angeles as a whole defies generalization. This difficulty can also be applied to ascertaining the essential physical features of converted garages, the basic characteristics of landlords who convert their garages for residential rental purposes or the principal characteristics of garage inhabitants. It is possible, however, to conclude from the interviews and personal inspection that despite the vast

differences in geography and demographics of the county some similarities do exist among converted garages.

First, the neighborhoods in which the conversions are occurring are in predominantly older sections of the cities. The vast majority of the garages that are converted for rental purposes are detached from the main house, located near the rear of the house and in single-family neighborhoods (R1 zones). The city of Maywood, with only R3 zones, is an exception.

That is not to say, however, that conversions are not occurring in multifamily residential areas as well, such as R2 and R3 neighborhoods. In some cases, as in the city of Whittier, there have even been discoveries of people living in commercial garages (i.e. storage-for-rent places).

Second, garages that are converted are primarily two-car garages, approximately 20 x 20 square feet (in newer garages at 20 x 22 square feet and older garages at 18 x 18 square feet). In a few rare cases, however, single-car garages averaging 10 x 10 square feet are also converted.

More than half of the garages discovered by local authorities have windows, and almost all have doors installed and used as the main entrance since the overhead garage door is almost always sealed off. The size of the doors and windows, however, almost never meet the safety requirements as fire egress.

Additionally, many of the units have floor coverings of some sort, such as carpeting, whose provision (by the landlord or the tenant) is uncertain.

Third, based on visual inspections and interviews, the converted garages are almost always serviced with some form of electricity, although in many cases it is bootlegged wiring. That is, where outlets in the garage do not exist, electricity is brought into the unit through extension cords hooked up to the main house. With electricity, tenants are able to bring in small household appliances such as hot plates, radios, microwaves, etc.

Running water is common also, with the majority of the dwelling units equipped with toilets. Showers, sinks and kitchen stoves are less common.

Fourth, the rents, depending on the size of the garage, its location (i.e. proximity to the beach or employment center) and the degree to which the landlord has provided amenities, range anywhere from \$200 to \$1000 a month, with an average of \$450 to \$600.

Fifth, depending on the community in which the conversions are occurring, the vast majority of the owners do not live on the premises, even though the conversions are occurring in single-family neighborhoods. This is unlike accessory apartments where the majority of the property owners live on the premises. Nonetheless, the consensus derived from the interviews is that almost all the owners are aware,

either because they converted the garages themselves or granted tenants permission to convert, that the garages on their rental property are being used as residential dwelling units. In a few rare instances where the landlord is sincerely not aware of the conversion, it is because the tenants of the rental property rented out the garage without seeking permission from the landlord. In these cases, the garage is almost always rented to friends or relatives. The low rents derived from the informal survey are generally from this category of renters.

### 3.2.2 DIFFERENCES

After these five generalizations, the specific characteristics of garages, tenants and landlords become more complicated and appear to be more geographically based. This is best exemplified when trying to categorize the inhabitants of the garages. Predominantly Hispanic communities and the beach communities present the most interesting comparisons.

In cities with a large Hispanic population such as Bell, Bell Gardens, Commerce, Huntington Park, Maywood, Montebello, Pico Rivera, South Gate, Whittier, and parts of Los Angeles, the garages tend to be occupied by families rather than by individuals, also of Hispanic origin. The relationship of the household in the main house to the inhabitants of the garage is more likely than not personal to some degree, such as friends, relatives or co-workers. The dwelling units, while

possessing electricity, may or may not include running water for sinks and toilets. The typical rent range between \$400 to \$600.

In the beach communities of Hermosa Beach, Manhattan Beach and Redondo Beach, garage inhabitants tend to be individuals such as singles and divorcees, ranging from 20 to 40 years of age. The majority of the tenants are white and do not have any personal relationship with the household in the main house. The units are more sophisticated, generally equipped with all the basic necessities, including electricity and running water for sinks, toilets and showers. The rents in these units are typically between \$600 to \$800.

The garage conversions in the beach communities, more than any other area of Los Angeles County, most resemble the conversions of accessory apartments by virtue of the amenities provided and the contractual nature of the rental units.

### **3.3 WHY CONVERSIONS ARE OCCURRING**

#### **3.3.1 RENTERS**

Several factors have already been cited in the previous section as to why people in Los Angeles County are beginning to live in garages (see Section 2.0). The cost of housing is a major consideration. Some tenants prefer to live in poorer quality housing and to spend their hard-earned money on something other than rent. Others prefer to find housing near

their employment center. Still other renters, while able to pay the monthly rent, simply cannot save enough to put down the last month's rent and cleaning and security deposit generally required for moving into a rental unit in Los Angeles County.

In the case of recent immigrants, many are poor and are of Hispanic origin with limited language skills in English. A basic distrust of government coupled with perhaps their undocumented status are factors that make them wish to remain as inconspicuous as possible. While illegally converted garages provided an opportunity for them to remain as illicit as their housing, they are also an easy group to be exploited by unscrupulous landlords precisely because of their undocumented status or their limited English skills. Fear of being reported or bothered by government officials has prevented many tenants from complaining about substandard situations in their rental units.

One other reason why garages are sometimes chosen as the mode of housing for this group of renters is that their status in the United States is temporary. The priority of these migrating workers is to make enough money to send back to relatives in their country of origin. Thus, quality housing is sometimes not a consideration.

The beach cities present an added dimension to the phenomenon of garage apartments. These communities are different from other areas of Los Angeles County where conversions are occurring. The tenants in

the coastal cities represent a different type of renter. Not all of the households are poor, but the cost of housing in these communities is extremely high. The strong desire of this group of renters to live near the beach has left them no other choice but to rent whatever is available to them, in this case garages. For this group of renters, it is fairly clear that real income, no matter what the salary level, has lagged severely behind the high cost of housing (i.e. the average re-sale price of a home in Hermosa Beach is over \$300,000).

As many researchers have suggested, it is the cost of housing that is of utmost priority for low-income renters. Previous studies have suggested that for lower-income households, people would rather cut back on the price of housing and thus endure lower quality shelter than to scrimp on food and clothing (Dwyer, 1975; Hoek-Smit, 1979; Frieden, 1980). Thus, garages as residential dwelling units are not as appalling to these renters as it may be to others. As one renter indicated, "at least I have a roof over my head. This beats being out in the rain."

### 3.2.2 HOMEOWNERS

The reasons why property owners convert their garages for residential rental purposes are almost always economic in nature also. In the predominantly Hispanic communities, many code enforcement officers have been told by homeowners that financial hardship was the reason for the conversion. The cost of maintaining a single-family home



has risen sharply in the last several years. In periods of economic distress, much like the one Southern California is currently experiencing, many homeowners must find other means of meeting their mortgage payments. Since the demand for rental housing is so high, converting garages is one relatively simple way to generate additional income. Although the vast majority of homeowners know "in their hearts that [renting out their garages] is not right," it is "hard to resist when someone waves \$300 in [their] faces."<sup>6</sup> Coupled with the threat or reality of layoffs, homeowners are becoming increasingly dependent on this source of income. Other homeowners, rather than purchasing larger homes, are converting their attached garages into additional residential space as a means of expanding the size of their homes.

A large but undetermined group, however, are just homeowners out to make money. These are the property owners trying to maximize the return from their investments. Many are absentee owners, living either elsewhere within the city or in a neighboring city. These owners are often cited by code enforcement officers as the most uncooperative and the most likely to take advantage of their tenants. While some owners take great pains to add improvements to their garage rental, such as drywall to create separate rooms, the conditions in more than half of the units with greedy landlords are poorer than in most other

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<sup>6</sup> Telephone interviews with Stephanie Chavez and Rita Gonzalez, September 17, 1991.

garages in terms of provision of basic services such as running water and toilets.

### **3.4 IMPACTS AND IMPLICATIONS**

The impacts and implications of illegal garage conversions are considerable. Because the effects of this type of conversion are so enormous, it is difficult to find one person, city official or community member, passive about this issue. Advocates and adversaries of garage conversions for residential purposes all have plenty to say about this type of conversion activity, whether about its potential for creating affordable housing or its potential for endangering the community. Many of the issues raised by both groups are similar to those posed by the creation of accessory apartments.

#### **3.4.1 NEGATIVE IMPACTS**

##### ***3.4.1.A Infrastructure***

For those against garage conversions, especially city officials, the main objection to this type of dwelling unit is that "garages were never meant to be used as habitable units".<sup>7</sup> As such, garages are not readily equipped with the infrastructure necessary to comply with acceptable living standards for safety, decency and sanitation.

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<sup>7</sup> Interview with Chon Cervantes, October 10, 1991.

Many garages lack plumbing. Running water, or the lack thereof, is vital in dwelling units for maintaining both health and hygiene standards. No running water means no sinks, toilets, showers or bathtubs. It means no method by which one can wash or physically relieving oneself. On occasion reports have surfaced of children going to school smelling foul and of people urinating in the yard surrounding the garage and main house.<sup>8</sup> If water is available, it is illegally brought into the garage through hoses or tapping of main water lines.

#### *3.4.1.B Fire Hazards*

Many garages are also not legally wired for electricity. Garages built after 1930 often have at least one outlet in the structure, enabling tenants to plug in appliances such as hot plates and mini-refrigerators. If an outlet does not exist, tenants or landlords often bootleg the electrical currents into the garage with the use of extension cords strung from the main house.

The problem with this method and even a standard outlet is that tenants have a tendency to over utilize the outlet by plugging in too many appliances (hot plates, radios, lamps, small televisions, and even microwaves and mini-refrigerators), thus creating potential fire hazards. The extension cords are also almost never weatherized. Exposed to the

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<sup>8</sup> Chavez, Stephanie and Quinn, James. "Garages: Immigrants In, Cars Out," Los Angeles Times, May 24, 1987. Interview with Robert Froehlich, October 16, 1991.

environment (rain or heat), fires attributable to exposed wiring can and have occurred in the cities of Hawthorne, Huntington Park, South Gate, and Whittier.

For households not fortunate enough to have electricity, candles are frequently used. Often left unattended late at night, lit candles may tip over and ignite other flammable materials. This type of hazard in illegal garage apartments has resulted in at least one death.

One reason for the concern for potential fires is that the garages, upon conversion, frequently offer no other means of egress other than the front door that is installed. The overhead door for the garage is almost always sealed off. Windows, if at all constructed, are not to regulation and thus generally too small or too high off the floor to constitute an exit in the event of a fire. Therefore, if a fire should ignite, the possibility of being trapped is increased.

#### *3.4.1.C Increase in City Services*

Another concern of city officials is the undue strain on city services caused by the increased, and unexpected, number of people living in the community. In addition to the stress on the sewage and water system, trash pickup, mail delivery services and the school system are also affected. To compensate for replacing infrastructure or hiring extra employees to service the increased number of people living in the area, rates for these local services are increased for the legal residents in the neighborhood. Consequently, legitimate residents are unfairly forced

to subsidize the use of these facilities for illegal residents. The assessed value of the property also does not accurately reflect the use of the garage as income property. Hence, property owners do not pay their fair share of property taxes either.

#### *3.4.1.D Neighborhood Impacts*

The issue of overcrowding extends to parking, property maintenance and per unit density problems as well. Since garages are no longer used for storage of cars, they are forced out onto driveways and the street. Assuming each household has at minimum one car (although two cars may be a more appropriate assumption for the automobile-dominated region), the additional unit created by the garage conversion would add another automobile onto the street, resulting in a minimum of two cars per lot. For older communities with narrow streets, emergency vehicles such as fire trucks and ambulances often cannot maneuver their way around cars parked on both sides of the streets (Martin, 1990).

The conversion of garages also displaces normal household storage items. These items generally get crowded onto the yards and create eyesores for the neighborhood.

Since the units are illegal, they are not regulated by any means. Consequently, unscrupulous landlords are able to rent a standard 400 square foot garage to entire families or to many unrelated individuals. In the city of Bell Gardens, one inspection led to the discovery of a dorm-like garage barrack lined with 14 beds. The city of Los Angeles

encountered a similar situation: a two-car garage with 10 stalls and one bathroom.

Neighborhood residents voice similar concerns. According to code enforcement officers and other city officials, parking and traffic problems are the biggest complaints by neighbors, followed by a fear of declining property values due to increased density. The adverse change in the character of the community is also a concern, since many of the conversions are occurring in older single-family neighborhoods. Infrastructure capacity and replacement of facilities at the expense of legitimate residents is another homeowner consideration. And lastly, the plight of children found to be living in garages is often the motivation behind a neighbor's complaint.

### 3.4.2 BENEFITS & BENEFICIARIES

#### *3.4.2.A Counter-arguments*

Housing advocates and city officials who believe that garages may be an additional, albeit unusual, source of affordable housing recognize and have attempted to counter the issues and concerns raised by their adversaries. Most believe, as with proponents of accessory apartments, that both neighborhood and city concerns can be mitigated, if not alleviated, by openly acknowledging these units and consequently rigorously regulating it.

By providing a process by which current and future garage units can be legalized, code enforcement officials and building inspectors can positively affect the conversion phenomenon so that garage conversions meet decency, safety and sanitation standards that would protect both tenants and property owners. The general consensus even among housing advocates is that garages are not the most desirable housing units in existence, but given the alternatives (i.e. homelessness), "bad housing is better than no housing."<sup>9</sup> Thus, formally recognizing garage conversions would give cities the opportunity to manage the situation in a more equitable manner. For owners who convert, cities can assess the properties at full value and require the owners to pay their fair share of property taxes. As landlords, homeowners would be required to take some responsibility for their tenants. Renters living in recognized units would have safe housing and would be required to pay their share of utility consumption as well.

As for the issue of the many fire hazards and sanitary problems created by people living in garages, legalization and its companion, regulation, should alleviate these threats. Legalizing, or just permitting, the conversion of this type of structure for residential purposes allows property owners opportunities to obtain professional contractors to improve the units and to install proper hookup to sewage and plumbing

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<sup>9</sup> Telephone interview with Barbara Zeidman, December 6, 1991.

lines and wiring for electricity. Prior to legalization owners may have been fearful of hiring outside contractors to do this type of work and face being reported to authorities. Thus, this may explain why many chose to do the structural work themselves, despite the fact that it may have been done haphazardly. Legitimizing garage conversions also enables owners to seek financing for the construction of these dwelling units from established financial institutions, such as banks.

The issue of overcrowding, specifically parking and increased density, is perhaps the most difficult issue to address. With regulation, however, parking restrictions may be built into the ordinance whereby homeowners who do not meet the required number of parking spaces will not be permitted to convert their garages, or a predetermined number of garage conversions would only be allowed in certain neighborhoods or streets. It has been suggested, however, that renters who can not afford better housing other than garages probably do not own cars.<sup>10</sup> Thus, the perceived parking problem may not be as profound as opponents of garage rentals believe, or in fact caused by the original occupants of the primary house.

Additionally, density can be controlled by restricting the number of conversions per block or requiring that owners adhere to the

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<sup>10</sup> Telephone interview with Barbara Zeidman, December 6, 1991.



maximum residents per room per dwelling unit as established by local ordinances or the federal government.

The fear of declining property values and changing character of neighborhoods could also be addressed through regulation. By holding property owners to certain design standards, such as limitations on the changes that can be made to the appearance of the house or the garage, these concerns could be eased. Owner-occupancy requirements for conversion should also help to ensure that properties will be well-maintained and that the character of single-family neighborhoods remains intact.

Additionally, some have argued that the opportunity for homeowners to convert their garages into income properties often have the effect of raising, not lowering, the value of the property.

#### *3.4.2.B Advantages*

Many other advantages to garage conversions exist. First, because garages are already in existence, it is relatively inexpensive for the structure to be converted. By utilizing existing space, property owners will not incur the construction expense typically associated with building new units (Goldberg, 1984). Furthermore, in newer single-family homes, washer and dryer hookups are frequently placed in the garage. Thus, water and electricity are readily accessible in the structures.

According to a report written by Goldberg in 1984, the average cost of adding an accessory apartment (which is similar to improving a

garage) depends on who does the work, whether a bathroom has to be added and the type of kitchen appliances included. In Minneapolis the cost ranged between \$2,000 to \$15,000. By comparison, the HUD Area office priced the construction of a one bedroom garden apartment at \$30,000. Verrips conducted a similar study in Northern California in 1983, with a few references to garage conversions. He found that the cost per square feet for converting detached garages ranged from \$24 to \$50 depending on the amount of owner involvement and the quality of materials used. Assuming a garage of 400 square feet, the conversion cost in his study would range between \$9,600 to \$20,000. In the private market within the same locality, production costs ranged from \$62 per square foot for a low rise apartment to \$131 for a high rise unit.<sup>11</sup>

Second, because rehabilitation costs are lower in the conversion scenario, correspondingly rents should be relatively lower for these units as well. Assuming that the cost to convert a 400 square feet garage that would meet the requirements of the building code is currently \$23,000, an owner who obtains financing for the entire amount from a conventional bank at 10.0% interest for an amortization period of 15 years would have a monthly payment requirement of \$247. If owners charge tenants enough to cover the cost of the monthly payment plus an

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<sup>11</sup> The Minnesota Housing Finance Agency conducted a similar financial and economic study in 1982 in order to determine an appropriate loan program for owners who wish to create accessory apartments. Garage conversions, however, were not considered in the study.

extra \$200 a month for profit (or for expenses associated with increased property taxes and insurance). The monthly rental income of \$447 would still be below the county's median rent of \$570.

Third, if legalized, garage conversions also have the potential to increase or create affordable housing in areas where it has been traditionally more expensive to build, primarily established single-family neighborhoods. Liebmann's argument that accessory apartments would diversify neighborhoods by bringing in people of different ages and income levels also applies in this case to garages converted into dwelling units.

#### *3.4.2.C Beneficiaries*

The same client groups who benefit from the creation of accessory apartments also benefit from safe and sanitary garage conversions. The most obvious group is low-income renters. Faced with choices of paying more than 50% of their income for rent, doubling or tripling up with another household or becoming homeless, the option of living in a converted garage is relatively more appealing.

Another group of beneficiaries are homeowners, and not just the landlords out to maximize the return on their property. Many of the communities where garage conversions are occurring are in older neighborhoods with lower-income homeowners (or first time home buyers). In more than one instance the extra income derived from the rental of their garage was reported to be essential to their ability to

continue making mortgage payments.<sup>12</sup> Especially within the context of stagnant salaries and layoffs in the currently weak local and national economy, this source of income has become increasingly more important for this group of homeowners.

Another group of homeowners who would benefit from the opportunity to convert their garages are single parents with children (Goldberg, 1984). Although not a large group, divorced or widowed women with children without jobs or not enough income to make their house payments may find it helpful to be able to rent out their garages.

Although some of the literature identify the elderly as one client group who may benefit from the ability to create accessory apartments, elderly people have not figured prominently within the submarket of garage conversions in Los Angeles County, either as landlords or tenants. Three reasons why accessory apartments are so popular among the elderly, however, can also be applied to garage rentals.

For homeowners, the extra income from the rental of their garage can be an extremely valuable source of supplementary income for elderly people who own their own home but are on limited resources. In light of rising maintenance costs and fixed earnings (i.e. social security and pension plans), the extra income will allow them to use the money to maintain their homes, rather than selling if unable to make their

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<sup>12</sup> Cited in Hermosa Beach, Manhattan Beach, Montebello, South Gate and Whittier.

mortgage payments (Goldberg, 1984). Second, the elderly may be able to profit in another manner by deliberately renting their garages in exchange for assistance in running errands such as grocery shopping (Liebmann, 1991; Goldberg, 1984). These two specific benefits to elderly homeowners will enable them to continue living independently, financially and physically (Krohn, 1972; Goldberg, 1984).

For elderly renters, converted garages become an opportunity to live near their grown children yet still maintain housing affordability, privacy and independence.

And ultimately, the cities could be beneficiaries as well. By allowing garage units, which are already in existence, cities have an opportunity to increase their revenues by re-assessing properties with converted garages and to improve housing conditions through regulation for thousands of people in the county who are already living in these garages. Additionally, another housing option would be available in the affordable housing stock for a segment of society most often neglected, the low-income renters.

## **4.0 LOCAL GOVERNMENT RESPONSES**

### **4.1 EXTENT OF THE PHENOMENON**

#### **4.1.1 MYTHS**

The conversion of garages for rental purposes is not a rare phenomenon that is occurring sporadically in unique communities in Los Angeles County. From the coastal cities of Hermosa Beach, Manhattan Beach, Redondo Beach and Malibu to the inland regions of Hawthorne, Los Angeles, Whittier, Bell Gardens and Maywood, almost every city has had cases of homeowners illegally converting their garages for residential purposes.<sup>13</sup>

Other than the same pressing demand for affordable housing within the context of the current economy, there does not appear to be anything else unique about these cities that would make them more susceptible than others to garage conversions. Of the 15 communities initially contacted for this project (including the unincorporated county offices), 14 municipalities admitted to having a problem with illegal garage conversions. The only city contacted without this problem was the industrial city of Vernon, with a population of 152.

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<sup>13</sup> Malibu was not among the cities studied. Information about this city was derived from newspaper articles in the Los Angeles Times.

In addition to Los Angeles County, garage conversions are occurring, although perhaps not as rapidly nor as profusely, in neighboring Orange County and various other parts of the state (the Bay Area and in central California cities such as Watsonville) and the country (Massachusetts and Florida).

Garage conversions for rental purposes are also not a new phenomenon. In communities throughout Los Angeles County, some city officials admit to having known about this type of illegal conversion since the 1960's. Most, however, began to notice an increase in conversion activity in the early 1980's.

Until recently, however, this type of illegal activity was either condoned or ignored, generally because of the lack of resources to enforce the building and zoning codes forbidding conversions, lack of concern on the cities' part in viewing this phenomenon as a serious problem (issue of priorities), or other political reasons.

## **4.2 DEGREE OF PROBLEM**

### **4.2.1 ILLEGALITY**

Complicating the matter of garage conversions are grandfather clauses allowing conversions. In some municipalities, permits were issued allowing the conversion of garages for residential use many years ago. Or, as in the case of Hermosa Beach, a change in zoning from R1 to

R2 for a particular neighborhood between 1956 and 1988 provided homeowners the opportunity to legally add a second dwelling unit through the conversion of garages or other type of construction. But in 1988 the neighborhood was downzoned back to R1, making it illegal again for homeowners to add any second units henceforth.

As cities grew in population and density became more noticeable, building codes restricting this type of activity became more common. Subsequently, all code enforcement officers today must first conduct a fairly thorough check on the property to determine if the conversion was actually permitted before requesting an inspection or sending a notice of violation to the property owner.

In the majority of the cases where conversions were indeed allowed, the garages were converted for use within the household, such as an additional playroom, family room or bedroom. Even now, there are instances of owners converting garages for internal household use, such as the cases found in Pico Rivera where tracts of land are relatively small (i.e. 1,300 square feet). The common tendency today, however, appears to be conversion for rental purposes.

For some observers of the phenomenon the economic position of the residents in a particular neighborhood is an indicator of how garages are generally used. In poorer neighborhoods, garages are often converted for rental purposes as independent dwelling units. In more affluent



neighborhoods, garages are more commonly used as family rooms or playrooms and thus were seldom rented out.

#### 4.2.2 NUMBER OF VIOLATIONS

For many cities, it is not clear exactly how many illegal garages exist. Almost all the records kept of violations are the result of complaints phoned in by neighbors. Yet if no complaints are received, it does not necessarily mean that illegal conversions do not exist.

Compounding the difficulty of tallying the number of garage conversions in cities is the method by which cities keep their records. Some municipalities group illegal garage conversions within the general category of code violations (i.e. substandard housing, property maintenance, etc.) while others tally illegal conversions in the aggregate, which may include patio and tool shed conversions, illegal additions to existing dwelling units and the subdivision of one dwelling unit into several. Few cities, in fact, specifically detail the number of illegal garage conversions reported to the city, often because of the lack of a formal program targeting garage conversions.

For example, the city of Redondo Beach reported 3,000 violations last calendar year. This number, however, included all types of zoning violations as well as illegal garage conversions. Manhattan Beach recorded 500 violations since 1985, and 40 since January 1991. But again, this number is not restricted only to garage conversions.

For cities that do have fairly formal counts, the numbers are relatively high with respect to the size of their population. City officials in Maywood counted approximately 100 illegal garage conversions in 1990. But the city of 32,000 is on land that equals only one square mile.

The city of Commerce receives a complaint every second or third day. Yet the number of housing units in this city of 12,000 total only 3,330.

In the city of Bell, with a 1980 population of 25,450, one code enforcement officer estimates that a minimum of three violations are reported per week. If the three code enforcement officers had no other duties and actively pursued illegal garage conversions, she estimated that each enforcement officer would probably cite five cases a week.

One of Montebello's code enforcement officers believes the problem is fairly widespread. On an average week, her office receives approximately three to five calls a week from the 59,000 residents of the city. When illegal garage conversions are identified as the "target of the month" (about once a year), she may receive up to 10 complaints a week (see 4.5 Special Programs).

Pico Rivera, with a 1980 population of 54,340, recorded approximately five to ten calls a month in the last year.

One of the most thorough attempts to document the number of illegal conversions was undertaken by the city of South Gate in 1984. City officials, going from door to door, found so many converted garages

and encountered so much community opposition that they were forced to stop the program. By that time the tally had reached over 900 garage conversions in the city of 66,784 residents.<sup>14</sup> The current building director believed that if the inspection program had continued, the city would have uncovered at least 2,000 illegal conversions. The city has since abated more than 750 of those garages. The number of violations reported appear to be decreasing as well, from 192 confirmed cases in 1989 to 180 in 1990.

In late October of 1991, the city of Whittier conducted a similar count of garage conversions, but based their count on a sampling of census tracts rather than a tour of the entire city. Of the 26 census tracts sampled, the percentage of homes with suspected conversion activity ranged from a low of two percent to a high of 45%, with only five tracts reporting no conversion activity.

#### 4.2.3 REPEAT OFFENDERS

The number of violations reported by the communities annually and the physical size of the cities suggest that repeat violations probably occur. When questioned, more than half of the code enforcement officers interviewed could cite examples where this had in fact taken place. While some homeowners wait up to four years before attempting to convert

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<sup>14</sup> By 1990, the population as indicated by the U.S. Bureau of the Census had increased to 86,000. The director of Building and Safety estimated that the true population was closer to 96,000.

their garages again, some wait for just six months. City officials in these cases are less lenient with the homeowners. As one building inspector claimed, "the city comes down harder on these owners."<sup>15</sup> Those cases are generally reported to the city prosecutor immediately.

#### 4.2.4 RATE OF CONVERSION

Because concrete data on the exact number of illegal garages in each city was not available, it is difficult to determine whether garage conversions are increasing or decreasing in Los Angeles County.

Interviews conducted with various city officials were also inconclusive.

For example, in addition to the city of South Gate, Redondo Beach and Manhattan Beach officials also believe that the number of garage conversions in their cities are decreasing. These communities attribute their success in reducing, no matter how slight, the total number of conversions in their city by community awareness programs and in some small measure the current economic climate.

By promoting community awareness in maintaining neighborhoods free of code violations and fire hazards, code enforcement officers believe residents are becoming more active in identifying illegal conversions in their neighborhoods and subsequently aiding city officials' efforts to abate the garages (see 4.4.4 Politics and Peer Regulation).

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<sup>15</sup> Telephone interview with Ed Dougan, October 21, 1991.

Because residential real estate prices and interest rates have both decreased, these code enforcement officers believe that mortgage payments have correspondingly been reduced to more tolerable levels and thus the need for rental income through garage conversions has also been reduced.

Other officials, however, believe that this type of conversion activity is increasing, an assumption based primarily on the increasing number of cases reported. For the cities of Maywood, Pico Rivera and Whittier, the fact that they are receiving more and more complaints from their residents lead them to believe that it is a real enforcement issue for many of their constituents, especially when they find an increasing number of neighbors reporting on each other.

In addition, these same code enforcement officers believe that conversion activity will worsen before it improves due to the present condition of the economy. As layoffs continue, they expect more homeowners to become dependent on the extra income provided by garage rentals and more renters to become dependent on this relatively inexpensive form of housing.

#### **4.3 TYPICAL PROCEDURES/RESPONSE**

Very few cities currently have formal programs to deter homeowners from converting their garages for residential purposes. Many cities, including the county, are reactive to this phenomenon,

responding mainly to complaints but not actively out in the field pursuing garage conversions. Only in a few instances when the workload is not excessive do they take a proactive approach and seek out garage conversions. Occasionally, they may happen to stumble across conversions in the course of their field work for other code enforcement purposes.

This laissez-faire approach to control, as termed by Gellen, is really a response to the politically sensitive nature of this issue. On the one hand, if nothing is done unless someone complains, cities may actually be encouraging illegal conversions by making it more convenient for homeowners to convert since no penalties would be associated with this illegal activity. This approach depends heavily on "informal social controls" and is "therefore self-regulating (Gellen, 1985)."

On the other hand, strict enforcement leads to eviction and displacement of tenants and may lead to additional overcrowding or homelessness. The competing interests of this issue and the do-nothing approach utilized by many municipalities will be explored in Section 4.5.3 Selective Enforcement and 4.5.4 Politics and Peer Regulation in further detail.

#### 4.3.1 IDENTIFICATION

There are several external signs indicating that a garage has been converted. Code enforcement officers look for sealed up overhead garage

doors, extra doors on the side of the garage or through the garage (sometimes with mats), windows cut into the garage overhead door or on the side of the garage covered with drapes, installation such as electrical wiring and pipes sticking out of the garage, two mailboxes in a R1 zone, a slide-through mailbox cut into the garage overhead door, and excess garbage cans overflowing in front of a single-family residence.

Complaints by neighbors are probably the principal way local authorities find out about garage conversions. The calls range from complaints regarding excess people and noise in the area surrounding the house to people physically relieving themselves in the yard to parking density in front of certain homes.

#### 4.3.2 STANDARD PROCEDURES

With a few variations, once a complaint has been received or a garage conversion cited by city officials, code enforcement officers generally follow similar procedures to pressure the owner to abate the structure.

First, almost all inspectors initiate a thorough search on the property to determine whether the converted structure had previously been allowed (via title searches, zoning classification, master plans, city databases, deferment files and building cards).

Second, they try to gain entry, either through tenants living in the unit or by writing directly to the owner to request an inspection within a

certain time limit, usually ten to 14 days. In a few rare cases inspection warrants were necessary.

Third, if the unit has indeed been converted without proper permits, the inspector sends a Notice of Violation to the owner, requiring that the owner remove the violation by restoring the structure to its formal, legal use. It is the responsibility of the owner at this point to evict the tenant. The owner is usually given a deadline by which to comply. Thirty days is usually considered due process unless the conditions are determined to be extremely hazardous, although the city of Commerce grants only ten days and Pico Rivera and Hawthorne grant only two weeks. If the owner makes a genuine effort to comply, however, all cities interviewed will grant extensions.

For a small number of cities, fines, a permit to reconvert or additional inspections by a building inspector may be required. In the city of Maywood, the permit to reconvert is \$216. For South Gate, owners are charged \$75 for the first violation, \$150 for the second. In Bell, an additional inspection by a building inspector will cost the owner \$135.

Fourth, if nothing is done within the 30 days, a second notice may be sent out with a shorter deadline (i.e. seven days for Pico Rivera and ten days for Redondo Beach) or a conference with the city prosecutor may be scheduled.



Finally, when all of the above steps still fail to bring about compliance or a response from the owner, the case will go to criminal court and the owner will be tried on the basis of a misdemeanor.

For all cities, the goal is to bring about compliance. Therefore, at all stages of this process, including the day before the trial, all cities will allow the owner to comply and have all charges against him dropped.

This compliance ethic applies also to the city of Bell Gardens, who happens to have one of the strictest enforcement policies of the 14 municipalities studied. If the property being cited is not for sale, then the Notice of Violation, the "Please" letter, will be sent. If the property is up for sale, then a Declaration of Substandard Property is filed with the County Recorder's office so that it becomes difficult for potential buyers to obtain financing on the property. A series of nine inspections will be made at the property between the time the converted garage is first brought to the attention of the city and the arraignment date. In addition to the cloud on the owner's title, a Notice of Non-Compliance will be sent to the State Franchise Tax Board. In a few rare cases the city has even obtained abatement warrants from the courts to disassemble the garage's use as a dwelling unit.

Most cities, however, claim to obtain fairly good compliance rates (approximately 75%) with their first notice.

### 4.3.3 RECOURSE TO THE COURTS

With the exception of the city of Hawthorne who takes their violators to civil court, all the cities interviewed charge code violators with misdemeanors in a criminal court.

Despite the cost of court trials and even with all the opportunities cities provide for violators to comply, invariably a few cases do wind up in court. The numbers range from one court case in the city's history (Bell in 1989) to 20-30 cases a year (Bell Gardens). In one of Bell Garden's cases, the owners were found to be repeat violators. Again refusing to cooperate, the cost of the trial to the couple this third time around was close to \$22,000 in penalties, assessments and attorney fees.

Hermosa Beach and Redondo Beach each have one or two cases a month. In one case it took Hermosa Beach four years to get a Redondo Beach homeowner who illegally converted four garages in two cities to court.

In Montebello, most zoning and code violators receive a suspended jail sentence and are put on probation. The only court case directly related to garage conversions involved two owners who had illegally converted their garage to living quarters twice within the same year. In addition to fines of under \$500, the couple received an eighteen month jail sentence which was suspended with the defendants placed on

probation. Should the violation occur again, the city may elect to return to court and ask for jail time.

Fines imposed on violators in the city of Whittier are usually \$500 or six months in jail for each day the garage remains as a dwelling unit.

In South Gate, one person actually went to jail over garage conversions. Like Bell Gardens, the city has periodically been granted abatement warrants from the courts to abate a few garages.

#### **4.4 WHAT HAPPENS TO THE TENANT?**

During the compliance period, none of the cities keep track of the evicted tenants of illegally converted garages. When questioned, local authorities admitted to having no idea where they go. City officials in Maywood and Pico Rivera make conscious efforts to help evicted tenants find new lodgings by providing phone numbers of Fair Housing Agencies and local housing departments who offer Section 8 certificates. In Montebello some tenants remain in touch with one of the code enforcement officers; she often testifies on behalf of tenants who go after owners in court.

The problem with this type of arrangement, as some city authorities note, is that tenants who are recent immigrants have a tendency to avoid public confrontations, perhaps for fear of being too conspicuous. Authorities in Pico Rivera have tried to convince these renters that "as long as they pay their rent, there are places for them to

go. But they just disappear."<sup>16</sup> The city of Los Angeles' Relocation Ordinance requires owners to provide relocation assistance (cash allowances of \$2,000 or \$5,000 and assistance in locating comparable units) to tenants they displace, even in the case of illegally converted units.<sup>17</sup> If an owner does not comply with the ordinance, the Rent Stabilization Division will assist the tenant in pursuing the owner for damages. But ultimately, the final action is up to the tenant, who must eventually sign a complaint form. For low-income renters and recent immigrants, most tend to let the matter rest.

Officials in South Gate believe these tenants just move from one city to another in search of other garages.

#### **4.5 EFFECTIVENESS IN CURRENT ENFORCEMENT**

It has generally been understood that enforcement of building and zoning codes is of little value if effective enforcement mechanisms are not in place and vigorously pursued (Grad, 1968). In practice, the particular legal techniques available to code enforcement officers are often less important than the environment in which the technique functions and

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<sup>16</sup> Interview with Esther Keosababian, October 16, 1991.

<sup>17</sup> A loophole in the ordinance, however, exempts units located on lots with only one or two units. Thus, tenants of illegally converted detached garages of single-family homes are ineligible under the Relocation Ordinance. Garages attached to the home, however, are considered duplexes, which are covered under the ordinance.

the way in which it is administered. For example, depending on the priority of the locality, it may be more important to have an sufficient number of inspectors to identify all garage conversions than a large number of legal tools such as fines and court options available to penalize owners.

To this end, the determination of how effective a city is with regards to code enforcement can be drawn from determining whether formal programs exist, what the size of the staff is, how arbitrary enforcement is applied, and if politics and peer regulation affect the way enforcement is administered.

#### 4.5.1 FORMAL PROGRAMS

Few cities have initiated long-term programs dealing specifically with garage conversions. Rather, there is a reliance on establishing procedures for responding to citizen complaints. A standardized procedure to address complaints may be considered efficient by some standards, but without a formal program code enforcement officers find it difficult to make a real dent in eliminating the number of illegal garage conversions in their cities. If the real intent is to eliminate them entirely, then the reactive approach is not enough. The fact that "[eliminating garage dwellings] has always been a part of code enforcement but [the city] has never aggressively gone out to look for the problem" may be one

reason why for some cities this problem appears to be a "constant, unending" one.<sup>18</sup>

The active pursuit of garage conversions is extremely labor-intensive, requiring frequent inspections. Besieged with other responsibilities, most code enforcement officers have enough to do just relying on neighbor complaints. Until the workload is light, which is infrequent, code enforcement officers will not drive through neighborhoods to look for violations.

For cities such as Hermosa Beach and Manhattan Beach who each hired a specialist in 1985 to deal specifically with illegal units, formal programs still do not exist. In fact, because of the caseload, Manhattan Beach went from a proactive approach of code enforcement to a basically reactive one. Pico Rivera began following up on its Notices of Violations with reinspection visits only in the last three to four years. Prior to that time caseloads for city officers were so heavy it was difficult for them to follow up on deadlines and reinspection.

#### 4.5.2 STAFFING

One reason code enforcement is so difficult for these cities, most of them small, is a lack of resources. For a city with a 1980 population of 25,450, the city of Bell is luckier than most with three full-time code enforcement officers. Like all code enforcement officers county-wide,

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<sup>18</sup> Interviews with Robert Froehlich and Meg Perry, October 16, 1991.

however, these officers have other duties as well, such as dealing with property maintenance, substandard housing, abandonment of inoperative vehicles, illegal garage sales, and other types of zoning violations. The city of Maywood, with a population of 32,000, has one full-time code enforcement officer, as does Manhattan Beach, with a population of approximately 40,000. Montebello with 59,000 residences have two. The city of Hermosa Beach doesn't even have a code enforcement officer; the building inspector does double duty.

Bell Garden's staff is so small the building inspector operates on a half-time basis and the personnel director and city planner both assist in inspections as well. Redondo Beach's three code enforcement officers were hired just four years ago; prior to 1987 one part-time person handled all code enforcement issues in the city.

#### 4.5.3 SELECTIVE ENFORCEMENT

Despite established procedures, code enforcement for these cities appear to be fairly arbitrarily applied. The first indication of this is the reactive approach adopted by many municipalities to enforcement, referred to also as the do-nothing or laissez-faire approach. Dependent on complaints by neighbors, code enforcement officers only enforce the code where residents judge it necessary. Thus, neighborhoods that are more organized and politically active will be able to keep garage conversions out of their neighborhoods while in other less active

communities the practice will proliferate if continued unchecked. As mentioned earlier, just because local authorities do not receive any or receive minimum complaints do not necessarily mean that conversions are not occurring.

Another sign of arbitrary enforcement is that there does not seem to be a maximum number of extensions that city officials could grant. As long as city officials believe that the owner is making progress towards reconverting the garage back to its original use, the city will grant the owner another extension. This method of granting extensions is even more subjective when more than one code enforcement within the city is allowed that power. Thus, the typical case can take anywhere from 30 days to four years to resolve.

In more than half the interviews conducted, code enforcement officers also tend to feel sorry for tenants of the garages. This empathy for the residents sometimes translates again into more leniency in deadlines for owners to reconvert, thereby allowing tenants more time to find another place to live. One code enforcement officer was so appalled at the living conditions in one garage that he pressured the owner to return the money to the tenant.

In another case, although manpower and fiscal constraints were the reasons why code enforcement officers in Bell have the discretion of requiring an additional inspection by the building inspector, this decision is still arbitrary and should be of special concern because of the



\$135 fee that is charged to the owner when an inspection is required. There does not appear to be any standards by which code enforcement officers decide to call for an additional inspection.

#### 4.5.4 POLITICS AND PEER REGULATION

The conversion of garages is also a very political issue.

Incumbents to city council in both South Gate and Hermosa Beach have lost elections based either on platforms of leniency towards garage conversions or an absence of an opinion on the issue.

Homeowners groups are extremely politically active in Southern California. When caught with an illegally converted unit, many property owners appeal to the city council and the courts to argue that these restrictive policies are in effect a taking of property rights. The tension between homeowners who desire the right to convert and homeowners against garage conversions is dynamic, and local authorities are caught right in the middle.

Homeowners who wish to convert or do not have objections to garage conversions are generally a less vocal group, surfacing only when a situation immediate to their attention arises. Local authorities find it difficult to tell these homeowners what they can or cannot do with their property. Building inspectors often find themselves walking a fine line between protecting the health and safety of the community and being

criticized for being overly-zealous.<sup>19</sup> In Redondo Beach, zoning appeals to the city council have been so political that on one occasion the council created a new variance, a "legal nonconforming variance," for an owner to allow the continuing existence of his garage apartment.

In comparison, homeowners who oppose garage conversions do so primarily out of fear of declining property values due to increased density as a result of conversions. These homeowners, part of the slow-growth movement of the 1980's, tend to take an extremely proactive approach to preventing the emergence, much less the legalization, of garage conversions. In the city of Los Angeles, a property owner's request to legalize his converted garages after being cited by the Department of Building and Safety in 1986 was denied by the Zoning Administrator in 1987. Based on the owner's appeal, the Zoning Board of Appeals overturned the ruling early in 1988. A subsequent appeal to that decision by a *neighbor* in late 1988 was granted in part, resulting in the temporary allowance of the garage apartments for two years. At the end of the two years the property owner was required to reconvert the structures back to its original use as a parking facility.

As Davis noted, "the Los Angeles homeowner ... love their children, but they love their property values more." When their neighborhoods are perceived to be threatened, they will show up in large

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<sup>19</sup> Borchelt, Don. The Hidden Housing Supply: Accessory Apartments in Boston, May 1988. Interview with Chon Cervantes, October 10, 1991.

numbers to public hearings and deluge their local councilman with letters and phone calls. Since their numbers appear to be so large, local councilmen find it difficult to ignore their demands, particular during election years.

These types of tension lead to conflicting directives for council members. No good options appear to exist. Strict enforcement would only lead to displacement of tenants without replacement housing alternatives. But to do nothing would lead to the wrath of many homeowners capable of expressing their anger at the election polls. Because they are "caught between a rock and a hard place," the best option at times appears to be for council and other city officials to rely on informal regulating mechanisms, such as peer pressure. This approach, however, may be effective to the extent that it curbs the activity where owners do not want it. Ultimately, however, it ignores the real issues of safety, decency and sanitation problems of lower-income renters, protecting mainly homeowners, not tenants.

#### **4.6 SPECIAL PROGRAMS**

From the interviews conducted, many cities were mentioned as having strict code enforcement programs. On further research, however, it appears that those programs were really more along the lines of procedures and penalties than actual long term programs with the potential to eliminate or preserve illegal garage conversions. Of the cities

contacted, South Gate and Redondo Beach were the only two cities with established programs. Montebello, in an effort to determine the number of illegally converted garages in the city, implemented a deferment program in 1988, in effect legalizing the city's existing converted units. The city currently does not allow garage conversions.

In 1984, South Gate began a crackdown on illegal dwelling units in the city by systematically counting the number of illegal units in the city. This first step towards a concentrated code enforcement program was met with extreme opposition by residents who believed that the city was trying to identify illegal immigrants in the area. When the foot patrols finally stopped, city authorities counted over 900 illegally converted garages. The city currently conducts inspection on a call by call basis.

In 1985, South Gate began its second step to eliminate garage conversions. City Council passed an ordinance requiring the inspection of all single-family residences upon owners' intent to sell the property. This Pre-Sale program allows code enforcement officers to require homeowners to correct any "major structural additions, modifications and alterations" to the property if done without permits prior to selling the home. The violations, specifically garage conversions, are recorded at the Los Angeles County Recorder's Office. Owners who do not register for inspections with the city or do not correct the violations are subject to

misdemeanor charges with penalties of up to \$1,000 in fines and a six months jail term.

The city ventured into its third step towards a comprehensive program in 1991 by contracting out for legal services with a special code enforcement prosecutor. City officials believe that the special prosecutor, as someone who is better acquainted with code enforcement issues and deals primarily with such cases, will be able to devote more time and expertise to these cases than the city attorney with a myriad of other responsibilities.

Redondo Beach's program is very similar to a Pre-Sale program. Before property changes hands in a residential transaction, the program requires potential buyers to obtain a real estate report from the Building Department detailing the type of permits associated with the unit for sale, including permits for conversion or construction. The intent of this program is to ensure that buyers are aware of what they are purchasing and to prevent buyers from claiming ignorance in subsequent years.

If violations are found to exist, the seller is generally required to correct the problem, although the buyer may do the corrections. In any case, the unit must comply with zoning and building codes by the time the real estate transaction is completed. If the buyer waives his right to see the report, and a converted unit is subsequently found to be illegal, the new owner will be the liable party.

In 1988, the city of Montebello implemented a deferment program for homeowners in R1 neighborhoods with existing illegally converted garages. Under this program (which was added to the city municipal code), the city will defer enforcement of illegally converted garages if owners obtain a Certificate of Deferment, recorded at the County Recorder's Office. Upon resale or transfer of title, however, the owner is required to convert the structure back to its original use as a parking garage, or build a new garage. A new Certificate of Occupancy will be issued upon reconversion, which will have the effect of voiding the Certificate of Deferment.

Close to 300 homeowners participated in this program. A fee of \$45 was charged to each homeowner for the initial inspection required to qualify for the program. In some cases corrections were required to be completed by the owner to ensure the health and safety of occupants before a Certificate of Deferment was issued.

According to the supervisor of Building and Safety, city employees compare the list of properties sold every four months to the deferment list and conduct inspections to ensure that the garage has been converted back to its legal use. Owners without Certificates of Deferment or owners who illegally convert in other residential areas are subject to immediate enforcement.

Additionally, the city began a "Target Violation of the Month" program three years ago as part of their community awareness efforts.

Every month code enforcement officers release a description of the code violation that is being targeted for the month. The targeted violation is publicized in three local newspapers, on cable television and through flyers to all city employees. Montebello targets garage conversions approximately once a year, and the number of calls received always boost the number of reported violations by at least 50% to 75%.

The city of Los Angeles has been fairly quiet throughout the garage conversion controversy. In 1989 a pilot program targeting building and safety violations was instituted in the 8th Council District (South Central Los Angeles). The Councilman's subsequent efforts to expand the program citywide meet intense opposition from other members of the council. The end result was an abandoned pilot program that punished tenants (with evictions), with minimum penalties for property owners who subsequently re-converted their garages a few weeks later.

That same year, a section of the Rent Stabilization Ordinance of the city of Los Angeles was amended. The section on relocation assistance was amended to require landlords to provide relocation assistance not only to tenants they displace because of impending demolition or change in use of the property, but also to tenants of illegally converted units who are evicted by city authorities when the illegal units are discovered. Unfortunately, a loophole in the ordinance did not allow garage tenants to benefit from this amendment. Only units

with more than two dwellings per lot could be considered under the ordinance. Thus, tenants of detached garages of single-family homes (the more commonly converted garage structure) are not eligible for this assistance. If the converted garage is attached to the main house, however, it can be re-classified as a duplex, which is covered under this ordinance.

Public acknowledgement of the problem of illegal garage conversions surfaced in the 1990's. First, housing administrators began to consistently quote the statistic derived by the Los Angeles Times survey when referring to the housing problem in Los Angeles. Second, the requirement by the Department of Housing and Urban Development for cities to identify and address their housing needs in a Comprehensive Housing Affordability Strategy report (CHAS) gave the city an opportunity to specifically address this issue. In a section focusing on preservation, the city will form a task force to determine minimum habitability requirements for garage dwellings and will establish a three-year pilot program for legalizing garage conversions by 1993.

#### 4.5.1 Wish List

For cities without formal programs, there is often a "wish list" for dealing with garage conversions. For the city of Whittier, plans for a Rental Inspection Program, where all non-owner occupied units would be registered with the city on a semiannual or annual basis, was shelved



just a month ago. Under this program, code enforcement officers would have been able to systematically control for property maintenance and minimum standards of habitability. Considered key to a comprehensive code enforcement program, putting the rental inspection program on hold was a disappointment for code enforcement officers of the city.

One code enforcement official would also like to see all rental units licensed as businesses (currently only buildings with five or more units are required to be licensed). Other desires include charging fees for inspections, granting certificates upon inspection and obtaining additional resources for hiring more inspectors to conduct aggressive enforcement programs.<sup>20</sup>

Bell Gardens would also like to have a Pre-Sale program, but their first wish is to obtain the necessary resources to check each house in the city and record violations at the County Assessor's Office. The supervisor of the division is not so much after penalizing owners as he is interested in ensuring that future home sales without disclosures do not occur. The goal is to prevent new owners from claiming ignorance and thus being allowed to keep the converted units. In addition, the establishment of a code enforcement organization in southeast Los Angeles County would allow communities to share ideas and solutions to common problems.

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<sup>20</sup> An additional staff person was authorized by Whittier's City Council in November of 1991.

#### **4.6 THOUGHTS ON LEGALIZATION**

Unlike the more liberal response of Third World planners to normalize informal housing, almost all municipalities of Los Angeles County are not responsive to this type of approach. According to Payne, local responses to widespread illegal housing in developing countries can generally be classified into one of three stages: hostility, where the intent is to identify and eradicate the illegal units, acceptance, where the units are condoned and considered mainstream housing, and support, where local authorities actually provide assistance and incentives for homeowners to convert. In Los Angeles County one might add denial as the first stage.

Most cities appear to have passed beyond the denial stage and are presently in the hostility stage. Montebello for a brief period entered into the acceptance stage but retreated. The city of Los Angeles appears now to be the only city thus far to have even cross into the last two stages, acceptance and support. But consensus, however, was by no means achieved.<sup>21</sup>

Throughout all the interviews, code enforcement officers and building inspectors throughout the county do not appear to be amenable even to a discussion of legalization. Citing sympathy for the tenants, city

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<sup>21</sup> The portion of the CHAS report dealing with converted garages came under heavy scrutiny at public hearings. Public opinion and City Council opinion is still divided over the idea of allowing garage rentals.

authorities appear to be more angry at homeowners and see the situation more as a substandard housing and exploitation problem than as a potential for affordable housing. Responses range from general statements such as "its not right" to "garages were never meant to be habitable dwellings." Yet no comprehensive program to control the growth of garage conversions has been implemented by any locality to date, with perhaps the exception of South Gate.

Other reasons cited why conversions would never be allowed is the parking requirement of a replacement two-car garage in almost all the cities. The cities of Maywood and Pico Rivera require only that the parking area be covered, so a carport may be allowed but not in the original driveway of the garage. In all other cases, however, a two-car garage per dwelling unit is the requirement. In recent years the city of South Gate and Bell Gardens have passed even stricter regulations increasing the number of off-street parking spaces required, from one to two spaces per dwelling unit.

Depending on the proposed use of the garage, the zoning of the property may also act as a deterrent to conversion. For neighborhoods zoned R1, a second dwelling is never allowed. If the garage is attached to the house, conversion of the structure into a playroom or bedroom as an addition to the home may be permitted. But again, the parking requirement has to be met.

Setback requirements are another deterrent. For the city of Whittier, the conversion to a new unit is difficult because non-dwelling units such as garages could be right up to the lot line. If the unit is converted for residential purposes, zoning regulations would require that it be moved back 20 feet. Other minimum setback requirements include a five feet setback from side yards and a five feet setback in the rear of the lot.

If the lot size is large enough to accommodate another garage and still meet setback requirements, the homeowner must then apply for a building permit and meet the requirements for the construction of a new unit. Minimum square feet per dwelling unit is not too much of a problem if the garage is fairly new or if cities adopted the Uniform Building Code's (UBC) square feet allowance. Unknown to many localities, the UBC requires only a minimum of 70 square feet per person for dwelling units, with 50 square feet for each additional person. Thus, a standard 400 square feet garage could conceivably house up to six people. In older cities where single-car garages are plentiful, however, the garage is frequently not large enough for the families often found to be living in them.

A myriad of other building requirements must also be met, such as proper light and ventilation, fire egress, and electrical wiring and gas hookup.

For owners who have already converted and meet the parking regulations, the city may allow the conversion to exist only if owners consent to exposing the wiring in the garage so that it may be checked. Because this involves ripping out entire sections of the wall in the garage, it can be an expensive process. Homeowners in Pico Rivera appear to be the only residents in the county offered assistance by city planners to help in deciding whether it would be more expensive to reconvert back to a garage or to make the units legal and up to code.

In sum, unless the lot size of the residence is large enough to accommodate another garage that could also meet the setback requirements (i.e. near the rear of the property), legal conversion is virtually impossible. South Gate did have one case where an owner was able to construct another two-car garage on the property. After complying with all other code requirements, the owner was granted a permit to convert the attached garage into a bedroom and a playroom as part of the main house. But in the vast majority of cases, the ability for homeowners to meet all of the above requirements is extremely rare.

## **5.0 SUMMARY AND RECOMMENDATIONS**

### **5.1 SUMMARY**

Rapid demographic change, adverse market conditions and misguided public policy have fueled the current housing crisis in the County of Los Angeles. The increasingly noticeable response by both homeowners and lower-income renters have been a reliance on renting converted garages as a means of additional income and housing resource.

The issues associated with this conversion activity are extensive and profound. It is difficult to find any local official or homeowner passive about this topic. For low-income homeowners, garage conversions present an additional source of revenue in difficult economic times. To a small degree, a certain amount of altruism may also be a reason behind why homeowners rent out their garages. The problem, however, is that a large but undetermined number of homeowners are absentee landlords out to maximize the return on their property. These owners, among others, frequently do not build their units to code during the conversion of their garages and hence create substandard units for the informal rental market. As illegal units, there are no safeguards for renters against various safety and sanitary violations.

For another group of homeowners, declining property values as a result of increased density is the major issue. These homeowners are

quite active in their opposition to garage conversions and decry the deterioration of the single-family neighborhood. As a politically powerful group, they are quite successful in also preventing the construction of multifamily units in their neighborhoods.

For renters, although not ideal housing units, garage rentals are more desirable than the other housing alternatives now available (overcrowding, shelters, SROs or homelessness). With suspended construction of rental housing and reduction in federal assistance for subsidized units, garage apartments have become a relatively abundant and inexpensive form of housing for many households. Because of other needs and priorities, the quality of housing may not be as large a concern to these renters as some city officials may believe. Problems of exploitation, however, do become a major issue when dealing with tenants of Hispanic origin with language barriers who are unaccustomed to the code requirements of the county. Whereas the vast majority of the units are equipped with electricity in some form, running water is less common. Greedy landlords often take advantage of these households by charging excessive rents yet not providing the basic services necessary to bring the units up to code.

For municipalities, garage conversions may serve as an additional source of housing at a time when additional housing resources are so critical. But because so many of these units are not up to code, garage apartments pose serious health and safety issues for cities. The threat of

fires, increased density and its effects on the city's infrastructure and other city services are issues of most concern to municipalities.

The current response of most cities to garage conversions is virtually a do-nothing approach. This laissez-faire attitude is a direct reaction to the politically sensitive nature of code enforcement. Strict enforcement would result in the displacement of hundreds of households, with no alternative housing provided. Yet if cities continue to ignore this type of conversion activity, they are in effect condoning it and the landlords who create these substandard units.

The fact that illegal garage conversions are occurring in such large numbers solely on the basis of private initiatives is an indication that some kind of housing need is being met (Verrips, 1983). This submarket, because of its illegal and substandard nature, requires regulation in order to meet the objectives of minimum standards of health, safety and decency implicit in housing, building and zoning codes. Some academics and city officials have argued because the rate of conversion and its absolute numbers are so large, the best solution is to ignore this activity and to let peer regulation and selective enforcement take care of the situation. Doing nothing, however, is not a solution to the housing crisis of Los Angeles County, and is by no means a protection for the renters who are living in the garages.



## **5.2 APPROACHES TO REGULATION**

Code enforcement issues, including other types of building and zoning violations, are a major source of concern for many cities attempting to deal with density issues in their growing communities. Depending on the priorities and goals of the city, four different methods of regulation could be adopted.

### **5.2.1 ENFORCING THE LAW**

For communities firm about the dangers of garage conversions and intent on the complete eradication of garage rentals, strict enforcement of zoning and building codes is one option.

In order to be truly effective in their enforcement, however, cities' need to systematically identify all illegal units in their city. Responding to calls on a piecemeal basis, no matter how many calls are received, is really a patch up job. Currently, very few cities have devised formal programs to address the eradication of all garage rental units. Without a consistent long-term program such as a rental inspection program, cities will never be able to control the growth of garage conversions.

More resources for code enforcement departments also need to be provided in order to enhance the effectiveness of their enforcement procedures. When complaints are not followed up promptly or violations are not processed quickly, homeowners will find it easy to flaunt the codes without fear of being punished.

The advantage of this approach is that enforcement is uniformly applied with no arbitrariness. The disadvantage, however, is that without alternative housing provisions, massive evictions and displacements will occur. Thus, this option will ultimately lead to overcrowding and homelessness.

#### 5.2.2 THE DO-NOTHING/PEER REGULATION APPROACH

In contrast, cities could take a reactive approach to enforcement, relying mainly on peer pressure to regulate garage conversions. This is the approach currently adopted by the municipalities of Los Angeles County.

By enforcing the code only where residents complain, cities would avoid the risk of displacing tenants in neighborhoods where conversions are accepted yet also satisfy the complaints of neighbors where conversions are not wanted.

One advantage of this approach is that there is politically less risk for elected officials. By relying on neighborhood complaints, both homeowners and tenants in need of housing would be satisfied. Evictions would occur only randomly and in neighborhoods where conversions are not wanted.

The problem with this approach is that tenants are still not protected from greedy landlords, especially lower-income renters and renters of Hispanic origin. Substandard units would still exist. The only

protection offered is to the landlords; if they succeed in hiding the conversion, no complaints would be filed against them. This strategy would lead to an inequitable distribution of garage conversions throughout the county. Communities that are more politically active and have the resources to lobby for their needs would be able to exclude garage rentals from their communities, but in poorer communities garage conversions would proliferate.

### 5.2.3 GRANDFATHERING EXISTING UNITS

Another possible strategy is to regulate the existing converted garages by requiring that these units be brought up to code but forbidding the future conversion of garages. Montebello adopted this strategy in 1988 when it instituted its deferment program.

The advantage of this method is that as a condition of being grandfathered, cities could require that minimum habitability requirements be met. The existing tenants would be protected from substandard conditions and homeowners can operate the units openly, thereby allowing them to compete with other landlords in the rental market for rehabilitation and home improvement funds from the city.

The disadvantage of this approach is that homeowners who dared flaunt the law will be allowed to profit while homeowners who respected the law and did not convert will now be forbidden from ever entering this rental market.

#### 5.2.4 LEGALIZATION OF ALL UNITS

The fourth option to regulation is to legally allow garage conversions for residential purposes. This method would require owners of existing converted garages to bring their units up to code and would also make provisions for allowing future conversions, such as meeting minimum habitability requirements.

The advantage of this strategy is that renters would be protected from substandard units and homeowners who comply with safety and sanitation requirements would be able to convert their garages if and whenever they desire. More housing units would also be added to the existing stock of housing.

The disadvantage to this strategy is the potential impact of conversion on the city and the neighborhood if conversions were allowed unconditionally. But as discussed earlier and again in the section below, these impacts could be mitigated.

### **5.3 RECOMMENDATIONS FOR ACTIONS**

The reality of today's housing market in Los Angeles County is a compelling reason to explore alternative housing options for all renters, particularly lower-income households. Though recognized as last choice housing, garages are still an option above doubling up or homelessness. Given the current economic environment and its current proliferation, cities should regard garages as a housing resource. Thus, the

recommended strategy in the case of garage conversions is that an approach to legalization be adopted.

For those who insist that legalization will produce a large number of garage conversions, many studies have shown that the adoption of an ordinance allowing conversions does not automatically result in a large number of conversions (Goldberg, 1984; Hare, 1984; Wentz, 1981; Verrips, 1983; Borchelt, 1988). Conversion is a matter of choice and is based on a complex set of intangible factors. The real intent behind legalization is not so much a push for creating more garage units, but of public acknowledgement of the existing units and the management of reality. Because of the proliferation of garages in Los Angeles County, there is currently a need for better control of quality, design and impact.

### 5.3.1 MITIGATION OF IMPACT

#### *5.3.1.A Code Standards*

If code standards are raised so high that it becomes expensive to do improvements, no combination of laws will make owners comply (Grad, 1968). In Los Angeles County, since one of the major rationales behind regulation is to protect renters from substandard units, minimum habitability standards can not cause excessive expenses for homeowners who wish to comply. Owners will either not convert, continue to convert illegally or convert to code but charge higher rents.

### *5.3.1.B Conditional Use Permit*

Zoning is best used for preserving the status quo. It is a relatively static instrument, inflexible to the needs of a growing community. Three options have generally been identified for governing the use of land with regards to accessory apartments, which can similarly be applied to garage conversions (Reiger, 1983). Only one, however, has a flexible enough orientation to be adaptable to a wide variety of situations and circumstances. This method, based on performance standards, is often referred to a special permit or a conditional use permit (the others are permitted use and variances).

The advantages of a conditional use permit is that individual owners would be eligible for a zoning amendment, as opposed to a blanket prescriptive standard generated by permitted use ordinances. This method allows city officials to review each application as they come in. Conditional use permits, unlike variances, are special land use allowances for the owner, not to the land. Thus, when owners of a conditional use permit sells his property, the permit does not carry over to the new owner. To further prevent abuses in this system, city officials could grant permits for a two year period and require periodical review for renewals. This method would allow cities to control where conversions occur as well as design criteria. For example, requirements such as owner-occupancy, minimum lot size, distance between units and change to external appearance of property can be controlled and

adjusted to individual owners depending on their particular situation, circumstance and neighborhood.

#### *5.3.1.C Density and Parking Issues*

Parking and density issues could also be overcome by applying performance criteria to this issue. Prescriptive standards requiring all owners to provide replacement two-car garages are almost always impossible because of lot size. These standards should be relaxed and redefined based on the neighborhood of the conversions. For example, carports, tandem parking or driveway pads should be allowed if space permits. In some communities curbside parking is plentiful, and if this is the case, additional off-street parking spaces should not be the requirement. City officials should also keep in mind the type of tenant who live in garages. In many cases these tenants probably do not have the financial capacity to own cars.

#### 5.3.2 FINANCING

As a rule, commercial banks will not finance the purchase of a home with an illegally converted garage on the premises, nor will they lend money to homeowners who wish to illegally convert their garages. Even if garages are legalized, it does not appear that their place in the financing world will significantly increase.

First, homeowners who initiate and benefit most by garage conversions are generally lower-income households. Precisely because of

their low-income status, this group of homeowners may find it difficult to obtain personal financing from commercial banks. Second, even if garages were legal, most banks consider the rental of a garage a "room rental," and thus the rents are not figured into the value of the home.<sup>22</sup> Subsequently, owners of previously illegally converted units may also find it difficult to obtain funds to bring the units up to code. Therefore, financing options other than commercial lending should be provided by the city as part of a comprehensive enforcement program to eliminate substandard garage dwellings.

#### *5.3.2.A Financing Options*

Home equity loans may be possible if owners have owned their homes for a while, since banks will generally not deny loans to homeowners with available equity in their homes. But for first time homebuyers or lower-income households who do not qualify for equity loans, local funds should be made available with low interest rates. The city of Whittier provides funds for owners to correct code violations (in connection with their Home Rehabilitation Program) if no other means of financing are available. These same funds could be made accessible for homeowners who wish to convert. Studies have shown that housing finance agencies in the states of Maine and Minnesota have similar programs.

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<sup>22</sup> Telephone conversation with Don Knapp, December 19, 1991.



CDBG funds may be used for existing revitalization, housing rehabilitation and home improvement programs. Since all three programs apply to garage conversions as well, this federal money could be one financing source from which homeowners could draw. To prevent abuse and speculation by profit maximizing property owners, city authorities could place affordability restrictions on owners taking advantage of local or federal loan programs for a specific period of time.

### 5.3.3 OTHER INCENTIVES AND DISINCENTIVES

Other incentives, including disincentives, are necessary as part of the comprehensive code enforcement programs targeting garage conversions. First, an outreach informational program is often necessary to inform homeowners and residents of code requirements for garage conversions.

Second, design, contract and technical assistance should be made available to owners of illegal garage units to assist them in determining whether it is more economically feasible to meet the minimum building and zoning codes established or to reconvert their garages back to parking structures (as in the case of the city of Pico Rivera).

Third, penalties for non-compliance and exploitation should be fairly rigid. Since the rental of garages is an economic transaction, failure to bring units up to code often results in an economic benefit to property owners. Consequently, penalties imposed on owners who violate

the minimum habitability requirements should not be small fines indicative of misdemeanors but larger fines with real economic impact. Disincentives must be created such that the improvement of garages (or non-conversion) is cheaper than the risk and penalties of illegal substandard conversions.

#### **5.4 CONCLUSION**

The existence of converted garages used for residential rental purposes in Los Angeles County is a direct reflection of the inability of the formal housing market to absorb the increase housing demand of the population. Until other alternative forms of affordable housing can be provided, garage conversions will probably continue to exist and even grow in the next five to ten years. With the economy currently in recession, there is no indication that enough additional housing will be built in the near future to seriously impact the current shortage of affordable housing.

Precisely because of the large number of people living in these units, the majority of which are recognized as substandard dwellings, local government officials should regulate its existence and make provisions for future conversions. The strategy of benign neglect serve only to protect homeowners and harm lower-income renters. By allowing homeowners to illegally convert without fear of being punished or required to convert to code, exploitation and speculation can and do

easily occur. Dependence on peer regulation is also not a sound approach as this method will invariably lead to an inequitable concentration of garage conversions in a small number of older, politically inactive neighborhoods. Strict enforcement, however, is also not the answer as bad housing is often considered to be better than no housing.

Thus, in order for garages to be considered an alternative source of housing, municipalities must ensure that minimum standards of health, safety and decency are present in both existing and future garage dwellings. These standards can not be excessively expensive or homeowners will continue to convert illegally. By the same token, opportunities for homeowners to obtain below interest rate loans for improvement and rehabilitation purposes will further create incentives for meeting minimum habitability requirements. Regulations against illegally converted units must also be rigorously enforce to discourage exploitation and speculation.

Only by adopting a proactive approach to managing, not ignoring, the realities of garage conversions can converted garages ever be considered a potential housing resource for residents of Los Angeles County.

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