

BUSINESS

SUNDAY, JANUARY 17, 2016 • LATIMES.COM/BUSINESS

Real Estate: A water-oriented Neutra in Tarzana. 10

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L.A.'S HOTTEST ZIP CODES

Last year, buyers flocked to Westside communities near Silicon Beach and gentrifying, cheaper neighborhoods near downtown.

By Andrew Khouri



SANTA MONICA



HERMOSA BEACH



MARINA DEL REY



EAST LOS ANGELES

If you were a seller, the Southern California housing market was a good one last year.

The economy improved. Sales jumped after a lethargic 2014. And prices climbed even higher, making an already expensive region even more so. By the end of November, the median home price for the six-county market was \$438,000, up 6.8% from the same month a year earlier, according to the data from CoreLogic.

Still, the real estate frenzy cooled through late summer and fall. To what extent the slowdown could be blamed on the typical seasonality of home sales or to the price hikes that have made housing increasingly unaffordable is unclear. A better picture of the market's health should emerge during the busy spring buying season.

Economists generally expect further improvement in the market, though they predict that the price increases will slow as fewer families are able to buy into it — a trend that started in 2015.

"Affordability is dulling demand," said Leslie Appleton-Young, chief economist for the California Assn. of Realtors, which projects the state's median home price to increase 3.2% this year, about half the pace of the 6.3% gain in 2015.

For now, many of Los Angeles County's hottest burbs fall into two categories: Westside areas in the midst of a tech-industry boom and communities near downtown coveted for their older homes and short drive to an increasingly vibrant city center.

Even with the demand, some of these neighborhoods are seeing sales fall amid a

lack of inventory, but Appleton-Young said they are likely to see further price growth. And despite affordability constraints, she's bullish on Southern California's housing market for the year.

"The signs are good," she said, citing predictions for job and wage growth that should support the overall economy.

To gauge L.A. County's hottest neighborhoods, The Times ranked them by the change in the median price per square foot for a single-family home. The median is the point at which half the homes are sold for more and half for less. The per-square-foot metric was chosen to best account for changes in the sizes of homes selling, such as older smaller houses that are desirable but have relatively lower price tags.

[See Housing, C7]

When is it worth it to divest?

MICHAEL HILTZIK

Silicon Valley and the entertainment and biotech sectors have secured California's reputation as an investment nirvana. Here's the other side of a coin: the state is a national leader in divestment actions too.

California initiatives aimed at stripping socially unpopular industries out of institutional portfolios include Senate Bill 85, signed by Gov. Jerry Brown last October, effectively mandating that the state's two giant public pension funds, CalPERS and CalSTRS, divest from the coal industry.

The University of California system last year sold \$200 million in endowment and pension fund holdings in coal and oil sands companies. Stanford University divested from coal companies in 2014, and in November agreed to consider dropping investments in oil and gas after students staged a sit-in protest.

These moves build on a longer tradition. Tobacco companies, firearms makers and companies doing business in Iran and Sudan have all been targeted for divestment over the years by CalPERS and CalSTRS — the California Public Employees' Retirement System and California State Teachers' Retirement System. Just last month, UC moved to unload \$30 million in holdings of private prison companies. Fossil fuel companies are the prime targets today.

"On the global stage, California is seen as a bellwether on climate action," says May Boeve, executive director of 50.org, an organizer of the fossil fuel divestment campaigns and other climate-change initiatives. "To have all this divestment happening here helps it take off in other pieces around the world."

But the fossil fuels divestment movement raises broad questions about divestment in general and the fossil fuels campaign itself. Does divestment work? And if it does, can the lessons learned from the fossil fuel campaign be applied to other industries targeted by California activists, such as firearms and private corrections companies?

Many targets of divestment campaigns present easy choices: they're small industries with insignificant weights in portfolios, or may be losing their investment allure anyway. Big industries...

[See Hiltzik, C8]



CUTTING EDGE

Artificial intelligence is real deal

Apple's purchase of Emotient adds to the technology's boom in Silicon Valley.

By PHILLIP MOLNAR, GARY ROBBINS AND DAVID PIERSON

The arms race in Silicon Valley is on for artificial intelligence.

Facebook is working on a virtual personal assistant that can read people's faces and decide whether or not to let them in your home.

Google is investing in the technology to power self-driving cars, identify people on its photo service and build a better messaging app.

Now Apple is adding to its



IMAGE RECOGNITION technology powered by artificial intelligence is set to take off. Above, Intel cameras with the technology enable users to interact with it.

artificial intelligence arsenal. The iPhone maker purchased Emotient, a San Diego maker of facial expression recognition software that can detect emotions to assist advertisers, retailers, doctors and many other professions.

Apple confirmed the purchase this month, but did not give details of the deal. Emotient could not be reached for comment.

The purchase comes during fevered interest in artificial intelligence, or A.I., which relies on algorithms powered by troves of data to bridge the gap between computers and natural human thinking.

Image recognition technology similar to Emotient's is helping law enforcement identify terrorists. It's allowed...

[See Cutting Edge, C8]

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HERE HOMES ARE HOT

Sales and median prices reflect transactions involving existing single-family houses. The comparison is for the 11 months ended November 2015 with the same period a year earlier. All neighborhoods had at least 30 sales. (Source: CoreLogic)

(Housing, from C1)

Santa Monica
(90402)
North of Montana (90402)
Median price per square foot: \$1,420, +37.5%
Median price: \$3,237,500, +1.7%
Sales: 10, unchanged
The ritzy neighborhood north of Montana Avenue saw the largest gain last year. At \$1,420 a foot, that's the equivalent of \$2.84 million for a 2,000-square-foot house. Known for larger homes than other city neighborhoods, the area has long attracted those looking for a spacious spread near the beach.
More recently, the neighborhood has grown even more exclusive amid a surge of international buyers and executives from the growing Silicon Beach tech hub, said Gregg Rustad, a real estate agent with Rodco Realty.
"It's not just Asia, it's South America, Russia — the stability of the housing market compared to some [of foreigners' other investment options] is very strong," he said.
Also fueling the appreciation are developers picking up smaller, older homes at a premium so they can tear them down and build modern mansions. The surge in these smaller tear-downs helps explain why median per-square-foot price soared while the overall median for existing single-family homes dipped, Rustad said.
Agent Tracey Hennessey said she sees values continuing to skyrocket.
"We are seeing more and more money coming into Santa Monica like never before," she said.



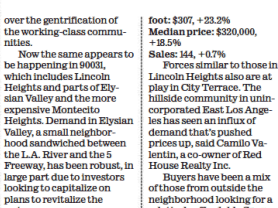
TOLUCA LAKE: \$570 a square foot, up 9.6%



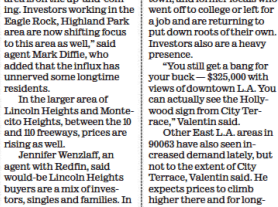
HERMOSA BEACH: \$967 a square foot, up 28.6%



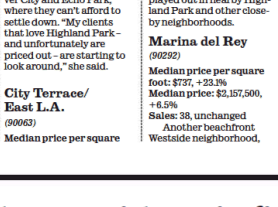
LINCOLN HEIGHTS: \$419 a square foot, up 28.3%



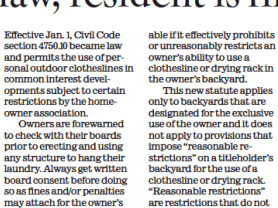
MANHATTAN BEACH: \$1,021 a square foot, up 21.4%



MARINA DEL REY: \$636 a square foot, up 20.1%



COMPTON: \$278 a square foot, up 10.3%



STUDIO CITY: \$620 a square foot, up 10.8%



SAN FERNANDO VALLEY: \$1,022 a square foot, up 3.2%



COMPTON: \$278 a square foot, up 10.3%



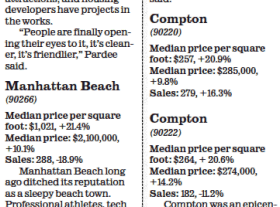
STUDIO CITY: \$620 a square foot, up 10.8%



SAN FERNANDO VALLEY: \$1,022 a square foot, up 3.2%



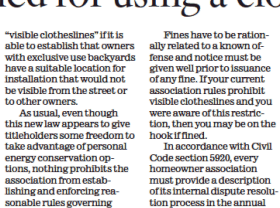
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Lulu Robles said. Families are doubling up — parents and a grown child with their spouse isn't uncommon — to afford the mortgage. Low interest rates and down-payment programs also are giving more families the ability to buy, she said.
All of the demand has helped two neighborhoods — 90220 near north Carson and the adjacent 90222 near Willowbrook — see some of the strongest price growth. Investors also have scooped up many homes to renovate, lifting values for those properties and the surrounding neighborhood, Robles said.
"It's helping the area come up in pricing," she said.

Playa del Rey
(90293)
Median price per square foot: \$836, +20.1%
Median price: \$1,575,000, +26.5%
Sales: 40, -21.6%
Real estate in this relatively low-key beach-side neighborhood at the end of Culver Boulevard is red hot. The culprits? Strong job growth and a dearth of homes for sale.
In particular, demand is heavy from workers in the growing technology and advertising hubs of nearby Playa Vista, agents say. In some cases, prices — at least on a nominal basis — have risen past those seen during last decade's housing bubble, agent Jane St. John said.
For example, she said she recently listed a home for a client at \$2.8 million. In 2006 — amid the housing bubble — it changed hands for \$2.6 million.
"If you look at the number of advertising agencies along Jefferson Boulevard, many of those were not there three or four years ago," she said. "That corporate expansion in our area is definitely driving things up."

Toluca Lake/Studio City
(90202)
Median price per square foot: \$570, +9.6%
Median price: \$1,022,500, +3.2%
Sales: 11, +3.7%
The San Fernando Valley has not experienced the pace of price increases of some other areas. But it's not a surprise that Toluca Lake and Studio City are standouts.
The area has long been attractive to Hollywood executives and wealthy families looking to be near elite private schools. More recently, Studio City has become a hot spot for young urban professionals amid an explosion of bars and restaurants.
And with all the talk of the Federal Reserve hiking interest rates, real estate agent Matt Epstein said many buyers decided that it was time to make their move. He said developers also are shelling out for older homes to renovate or tear down to build towering replacements.
"Developers are willing to pay a premium," he said. "The flood of activity here — like the market as a whole — has slowed its pace in recent months, but Epstein doesn't foresee a bubble about to pop."
"I don't see prices going down, but leveling out," he said.
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Manhattan Beach
(90266)
Median price per square foot: \$1,021, +21.4%
Median price: \$2,300,000, +10.1%
Sales: 288, -18.9%
Manhattan Beach long ago ditched its reputation as a sleepy beach town. Professional athletes, tech executives, Hollywood types and other high-income earners are drawn to this city by its beach lifestyle, good schools and gourmet restaurants.
But buyers on the hunt for a home find all that competition means there are few for sale and at top prices.
The median price for an existing single-family home hit \$2.1 million last year, up 10.1%. The median price per square foot grew about twice as fast to \$1,021.
Developers are also playing a role in driving up prices, buying a dwindling supply of cottages and throwing McMansions up at a rapid pace.
Real estate agent David Keller said he sees the dynamic holding steady, given the extremely low inventory in the city and lack of room for new development.
"I don't think anything will change dramatically anytime soon — unless there's some sort of economic catastrophe," he said.

Compton
(90220)
Median price per square foot: \$278, +10.3%
Median price: \$285,000, +6.8%
Sales: 278, +10.3%
Compton was an epicenter of the housing bust as buyers who financed their homes with subprime loans went belly up. But prices have been rebounding for years, as has the city's reputation. Crime has plummeted and after once shunning the city, large retailers have moved in.
Families from the South Bay and Long Beach areas are increasingly looking to Compton for a cheaper home, real estate agent

Studio City
(91606)
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ASSOCIATIONS

Despite law, resident is fined for using a clothesline

By DONIE VANITZIAN

Question: I was excited to learn California now allows residents to once again dry their laundry using personal outdoor clotheslines. My homeowner association's board of directors has instructed the management company to fine residents with visible clotheslines and confiscate the line. I've just been fined and don't know what to do now.
Answer: California Gov. Jerry Brown signed Assembly Bill 1448 recognizing California's need for "personal energy conservation."

Effective Jan. 1, Civil Code section 4750.D became law and permits the use of personal outdoor clotheslines in common interest developments subject to certain restrictions by the homeowner association.
Owners are firewarded to check with their boards prior to erecting and using any structure to hang their laundry. Always get written board consent before doing so as fines and/or penalties may attach for the owner's improper use.
More important, the law makes it clear that any governing document provision is void and unenforce-

able if it effectively prohibits or unreasonably restricts an owner's ability to use a clothesline or drying rack in the owner's backyard.
This new statute applies only to backyards that are designated for the exclusive use of the owner and it does not apply to provisions that impose "reasonable restrictions" on a titleholder's backyard for the use of a clothesline or drying rack. "Reasonable restrictions" are restrictions that do not significantly increase the cost of using a clothesline or drying rack. This cannot permit your association to prohibit certain types of

"visible clotheslines" if it is able to establish that owners with exclusive use backyards have a suitable location for installation that would not be visible from the street or to other owners.
As usual, even though this new law appears to give titleholders some freedom to take advantage of personal energy conservation options, nothing prohibits the association from establishing and enforcing reasonable rules governing clotheslines or drying racks. To be fair, the association's rule should not lack specificity and not be more extensive than is necessary.

Fines have to be rationally related to a known or given violation and notice must be given well prior to issuance of any fine. If your current association's rules prohibit visible clotheslines and you were aware of this restriction, then you may be on the hook if fined.
In accordance with Civil Code section 5603, every homeowner association must provide a description of its internal dispute resolution process in the annual policy statement circulated to all titleholders. Contest the monetary fine or penalty based on this new California law by requesting that the

board meet and confer under Civil Code section 5605.
The association must provide a fair, reasonable and expeditious procedure for resolving this dispute and the "meet and confer" is part of that process.
Zachary Levine, a partner at Walk & Levine, a business and intellectual property law firm, co-wrote this column. Vanitzian is an arbitrator and mediator. Send questions to Donie Vanitzian, J.D., P.O. Box 8498, Marina del Rey, CA 90295 or noexit@mindspring.com.