



MOVING TO LA

# The Los Angeles homebuying guide

*Everything you need to know before launching a house hunt in LA*

By **Elijah Chiland** | Updated Jan 21, 2020, 8:20am PST

In Los Angeles, home prices vary widely by neighborhood. | Christopher Fowler

Buying a home can be a truly daunting task. In Los Angeles, where **prices are sky-high** and still rising, it requires that many prospective homeowners sink their entire life savings into a single purchase—one that also happens to be the place they plan to live.

For many buyers, particularly those who have never owned property before, pricing isn't the only stumbling block standing in the way of a purchase. There are also questions of where to start looking, what price range to consider, and how to obtain a loan.

This guide will give enough information to get you started on your search (or convince you to keep renting instead—seriously, no pressure).

## How much do homes cost in LA?

Los Angeles County's median price was \$650,000 for a single-family home and \$530,000 for a condo in November, according to real estate tracker **CoreLogic**.

The median sale price includes starter homes and smaller residences meant for one or two occupants, meaning it may actually understate the priciness of the LA market. The median asking price per-square-foot was \$440 in November, meaning that a **typical single-family home** of around 2,000 square feet could be expected to retail for about \$880,000.

But prices are very **neighborhood dependent**. In some parts of LA, that amount of money could go much further; in others, you'd be lucky to get a **tiny bungalow**.

## Why is it so expensive?

The cost of buying has been **steadily rising**, and homes are now pricier than they were even in the **housing bubble** years leading up to the Great Recession. Real estate experts blame a variety of factors for LA's high home prices, including the area's **persistent desirability** among well-heeled buyers and a **dearth of new construction** to satisfy buyer demand.

Sam Frost

## What kinds of homes can I buy in LA?

Los Angeles is famous for its picturesque **single-family residences** (from **Spanish-style to midcentury modern**), but those aren't the only types of home available. As local leaders focus on developing **dense housing around transit**, the city's housing types could grow even more diverse.

**Single-family homes:** Your classic **American-style house** that sits by itself on its own plot of land (white picket fence and swimming pool optional).

**Duplexes/triplexes:** A property with more than one self-contained unit (each with its own kitchen and bathroom). These are often snapped up by investors, but can be good options for buyers purchasing homes with extended family in mind—or those planning to take on a renter to help pay the mortgage.

**Condos:** Condos are basically apartments that you can buy instead of lease. Unlike single-family homes, a condo building and the land beneath it are co-owned by everyone in the complex who has purchased a unit.

Amenities and upkeep in a condo complex are paid for by a homeowner's association, which is funded through monthly fees paid by residents. Single-family homeowners don't have to pay these fees—but they are also shoulder any home maintenance costs themselves, rather than dividing them up with neighbors.

**Townhomes:** Generally attached to neighboring units, these offer the space and feel of single-family homes, but they function more like condos. Residents share ownership of the land around the homes and pay monthly homeowner dues.

**Small lot homes:** Somewhat unique to Los Angeles, **small lot homes** might look like townhomes from a distance, but they are, in fact, more similar to single-family residences. The units in small lot complexes do not touch and sit on tiny pieces of land barely larger than the house itself. Buyers don't have to pay dues to a homeowner's association and instead pay much smaller maintenance fees for upkeep of communal space.

Developers of small lot homes often bill them as (slightly) more affordable alternatives to traditional houses. Right now, for instance, a **three-bedroom small lot home** in Eagle Rock is listed for more than \$400,000 less than a similarly sized **single-family home** a few blocks away.

**Co-ops:** It's possible to find some co-ops in Los Angeles, though they are not nearly as common as in other cities, like **New York**. These are **similar to condos**, except that

buyers don't technically own their units. Instead, they own shares in an association run by a very powerful board that often vets potential residents. Co-ops are also usually a bit cheaper than condos.

**TICs:** TIC—short for **Tenancy in Common**—housing has become more common in Los Angeles in recent years. As with co-ops, buyers don't actually own their homes. Instead, they share ownership—and maintenance responsibilities—with other residents of the same complex.

TICs are some of the most affordable starter home options in Los Angeles, but there's a catch: Most complexes are converted from pre-existing rental properties, meaning that **renters were often evicted** to make way for buyers.

**Vacant lots:** It's possible to **buy vacant land** and then build something of your own in Los Angeles, but the rules around this are complex, and the process can be costly. Don't do this if your only preparation is reading this guide.

Most loan providers don't require 20 percent down. Heidi's Bridge  
**How much of a downpayment will I need?**

If you're paying in cash, congratulations on your success and/or luck in life. You can skip this question. Otherwise, you'll need to **save up for a mortgage agreement**, and that **may take time**.

Trying to produce a **traditional 20 percent down payment** can be a significant obstacle in Los Angeles, given the area's high housing costs. Working with the \$650,000 median price calculated by CoreLogic, that's a \$130,000 sum up front.

Fortunately, most loan providers don't require 20 percent down. Many home shoppers now pay 10 percent or less up front when purchasing a home (intrepid buyer and Curbed contributor **Danielle Directo-Meston** made a **4 percent down payment** when buying in 2017).



The disadvantage of making a low down payment is that, in most cases, you'll be hit with **private mortgage insurance** payments that drive up your monthly costs. These payments usually last until you have 20 percent equity in your home—meaning that you've paid off one-fifth of the total value of your loan.

Zillow notes that PMI payments average between \$30 and \$70 for every \$100,000 borrowed. So if you buy a \$650,000 house and put 5 percent down, that could temporarily add between \$200 and \$400 to your monthly payments.

With less equity in your home, you may also be more susceptible to downswings in the housing market, making it easier to end up **underwater** on a home loan.

### **What resources are available for buyers who can't afford a huge downpayment?**

Numerous programs are in place for buyers without much cash on hand. They include **Federal Housing Authority loans** for first-time buyers, **VA loans** for veterans and active servicemembers, and **Home Possible Mortgages** for buyers with low or mid-level incomes.

There are also programs in the Los Angeles area available **specifically for first-time buyers**. They include **California's first mortgage programs** and LA County's **First Home Mortgage Program**. Both offer financial assistance to cover down payment and closing costs.

### **Should I bother getting pre-qualified?**

Yes. Getting a loan can be a long and difficult process, and, in a competitive real estate market like Los Angeles, it's best to start as soon as possible. Getting pre-qualified—or better yet, **pre-approved**—by a loan provider will give you the ability to make a quick offer, should you come across the home of your dreams.

Working with a lender in the early stages of buying will also give you a better sense of what kind of budget you have to work with, and if there are any special loan programs you might be eligible for. It's also a good opportunity to work out any potential kinks in the lending process (whoops, you added an extra zero to last year's tax return) before going into escrow, when you'll have less time to correct these issues.

Buying a home in Los Angeles can take anywhere from one day to three years. Chris Mottalini

### **Do I need a real estate agent?**

Technically, no. But trying to navigate the ins and outs of purchasing a home—particularly if you haven't bought before—can be a real challenge without the help of a professional. Not only can an agent help you with things like finding homes in your price range and arranging showings, they will be able to guide you through the process of negotiating a price with the seller and agreeing upon the terms of the sale.

### **Am I going to get into a bidding war?**

According to the [California Association of Realtors](#), Los Angeles County homes sold for 99.1 percent of their listed price in November, suggesting that some houses sold for more than the sticker price.

### **How long is this going to take?**

**Agent Tracy Do, also with Compass, says the homebuying process can be as short as a single day and as long as three years. Where your search falls in that time frame will depend on how prepared you are, how picky you plan to be, and whether you get a bit of luck along the way.**

**“Typically in this market, a buyer that stays focused on their home search should be able to identify a property and close escrow within a six month period,” says Do.**

To avoid a drawn-out house hunt, Tami Halton Pardee, founder and CEO of the Westside brokerage **Halton Pardee and Partners**, advises buyers to jot down a list of their 10 must-haves and expect to find about seven of them. “When buyers aren’t clear about what they want, they’re going to be in the market for a long time, and they’re going to get frustrated and confused,” she says. “I can’t tell you how many times I’ve heard ‘I should have bought that.’”

### **Do prices vary by neighborhood?**

Yes. Prices can vary dramatically, even within relatively small areas. According to CoreLogic, home prices in Inglewood during the month of November varied from \$371 in the Hollywood Park area to \$594 in North Inglewood. In Santa Monica, sale prices were higher, but there was still variance. In the Wilshire Montana area homes sold for \$1,066 per square foot; in the North of Montana neighborhood, they sold for \$1,540.

Walkability, schools, crime rates, proximity to parks: All these can impact how much a home costs in a certain area. Even a neighborhood’s history might have an impact; in the city of Los Angeles, some areas are designated as special **historic preservation zones**—meaning owners of homes there get tax breaks for keeping them in good condition.

### **What about gentrification?**

Los Angeles has one of the **lowest rates of homeownership** in the nation, and **buying a house isn’t attainable** for many residents. If you are able to buy—even if it’s not a mansion in the Hollywood Hills—you’re probably doing better financially than most Angelenos.

That’s important to recognize, particularly if you’re **moving into a new neighborhood**. Take some time to get to know your neighbors, and be sensitive to the fact that there may be history and cultural aspects of the area you aren’t aware of yet.

### **Should I just rent instead?**

Possibly. **Buying vs. renting** can be a tough decision, and the answer depends on how long you're planning to stay, and whether you're ready to make such a large financial commitment. If you are willing to stay put for five or more years, buying can be a smart investment. If not, renting may make more sense, given the flexibility it provides and the lower amount of risk.

## **When is the best time to buy?**

### **Timing**

**Late summer is a good time for bargain hunting, as owners chop prices and buyers looking to move before the start of the school year exit the market.**

Despite its reputation to the contrary, Los Angeles **definitely has seasons**, and the same goes for the local real estate market. According to **Zillow**, late spring is when you'll have the freshest offerings, with the number of residences hitting the market rising sharply between April and June.

That's not necessarily when you'll find the best deals though. According to the real estate listings website, homes in the Los Angeles area also tend to sell for a premium in springtime. In the second half of May, homes fetch roughly \$6,000 above the yearly average—versus \$7,800 below average in late December.

[View full story on la.curbed.com](#)