



March 25, 2021

Mayor Eric Garcetti  
200 N. Spring Street, 3<sup>rd</sup> Floor  
Los Angeles, CA 90012

Re: Building a More Diverse Housing Stock for Los Angeles

Mayor Garcetti,

As leaders of the Los Angeles business community, we would all like to express our strong support for an affordable housing agenda that will spur the development of a more diverse and affordable housing stock, with good access to jobs, transit and public resources, for the growing number of Angelenos who continue to stretch financially to secure housing in the City.

As you know, the State-mandated Regional Housing Needs Assessment (RHNA) prepared by the Southern California Association of Governments determined that the City of L.A. will need to build roughly 455,000 residential units by the end of 2029, and nearly 259,000 of those need to be affordable to households who make 120% or less than the City's median income.

Though there is good news from the City of L.A. - 58,437 permits were issued for new market-rate units and 10,877 permits for new affordable units between 2017 and 2019; we have two main concerns moving forward:

#### Issue 1: Production

- The City of L.A. will need to increase its current production rate of 16,000 to 20,000 housing units per year by three times the current rate to meet the 6th cycle allocation, starting in October 2021.

#### Issue 2: Affordability

- Recent affordable production has been 3,000 to 5,000 housing units per year. Meeting 6th cycle affordability goals will require 23,000 affordable units per year or about 185,000 more affordable homes, just to meet the needs of very low and low-income households (<80% of AMI).
- Ninety percent of new housing that is being built is for above moderate-income earners, while 80% of renters in L.A., are either low or moderate income.

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- Only 3% of the new housing stock within the past decade has been built for wage-earners (80-120% AMI) who represent a significant portion of L.A.'s essential [public](#) and [private](#) sector workforces.

We strongly believe that L.A.'s RHNA goals are obtainable with the right tools and resources in place that help the city and developers work collaboratively to spur the development, preservation and rehabilitation of more affordable housing units, while promoting opportunities for Angelenos to own their own home.

More specifically we support closing L.A.'s housing gap by bridging low- and mid-rise redevelopment that capitalizes on the ongoing expansion of public transit and is within current zoning, while encouraging further prioritization of affordable housing through all city processes.

Please find below a number of city-wide housing solutions for your consideration and knowing that these housing challenges cannot be achieved alone, we will share with you a copy of the letter we will send to the members of the Los Angeles State Delegation and hope you will consider adding many of our suggestions in that letter to the City's lobbying agenda for the year.

### **Solutions to House LA's Workforce**

#### ***Planning and Zoning Solutions***

**Update the Adaptive Reuse Ordinance and Expand it Citywide:** COVID-19 has presented uncertainty for the future of how we use office, retail and hotels, and it has also made apparent the importance of being nimble. There is approximately 155,000,000 square feet of office space in the City of LA – converting just 10 percent of that space to housing would result in the creation of about 15,000 housing units, and thousands more if hotels and retail spaces could also be converted. Proactively unlocking more space for conversion to housing or other uses can help revitalize vacant spaces and neighborhoods, bolster our economy and tax revenues, while also addressing our housing crisis. We can do this by acting quickly to update Downtown's Adaptive Reuse Ordinance, expanding it to cover all regions of the city and all commercial buildings (not just those with a historic designation).

**Allow P (parking) Zoned Parcels to Utilize Adjacent/Abutting Zone:** Retail centers have been dramatically impacted due to the COVID-19 pandemic and need support to adapt for future uses. Many retail centers have parking lots that could be redeveloped for higher and better uses but are currently P zoned, an antiquated planning approach, which makes redevelopment difficult. Obtaining a zone change is a lengthy, costly and uncertain process. We recommend taking action to allow sites in P zones to be developed using adjacent/abutting zoning.

**Clarify Active Ground Floor Rules for Mixed-Use Buildings:** As mentioned, we know retail has been dramatically impacted by COVID-19 and flexibility is needed now more than ever. Instead of requiring retail on ground floors, a more comprehensive approach would be to more generally require "active uses." These uses could be defined broadly and include uses like residential lobbies, gyms, and other common areas. This would provide the ability to more easily program spaces at the street level, keeping them active and fostering a strong public realm amid a challenging economic climate for retail businesses.

**Increase or Eliminate Site Plan Review Thresholds:** Currently, development projects in the City of Los Angeles with more than 50 housing units or guest rooms (as well as commercial projects of a certain size) must undergo Site Plan Review (SPR), a discretionary action which also triggers review under the California Environmental Quality Act (CEQA), even if a project otherwise conforms to a site's zoning. This process needlessly slows the production of housing, increases costs and exposes zoning compliant projects to time consuming legal challenges, creating increased risk and uncertainty in the development process. In New York, 90-95 percent of developments are built by-right, but in Los Angeles about half of all projects, at most, are built by-right. As the second largest city in the country and a dynamic global metropolis, we do not need to slow down new housing based on a low and arbitrary unit count. The proposed Hollywood Community Plan would increase the Site Plan Review threshold to 200 units for projects using the CPIO incentives - we recommend setting the Site Plan Review threshold to 200 units for all projects citywide.

### *Addressing Inequity*

**Use the Housing Element to Plan for Equitable Citywide Growth:** The Housing Element gives Los Angeles opportunity to promote strong housing growth citywide, especially in high-resource neighborhoods that have frequently used exclusionary zoning to block new affordable housing opportunities. Planning should develop a housing element that distributes new housing opportunities across L.A.'s neighborhoods, especially in high-income areas with good access to jobs, transit, schools, and parks. The Los Angeles Times editorial section [recently endorsed this approach](#), recognizing that reforming zoning and land use policies to achieve strong housing growth in high-opportunity neighborhoods is a path to lower housing costs, a healthier climate, less displacement, and a stronger economy. Rather than updating Community Plans one at a time, leading to endless, zero-sum disputes, we should use the Housing Element to set broad goals and responsibilities for each Community Plan to meet.

### *Improving City Governance*

**Create an LA Housing Finance Agency:** The City of LA needs a new joint powers agency designed to finance affordable housing by leveraging the capital of the bond markets. The Los Angeles Housing Finance Agency (LAHFA) would be a newly created Joint Powers Agency (JPA) that would complement the activities of HCIDLA, by providing new financing tools for the creation of affordable housing and amplifying the use of funds devoted to that goal by a factor of 12.5 to 1. LAHFA would be an independent, self-sustaining agency that could pay for itself within four years. A LAHFA would unlock significant public benefits, including increased housing development and associated economic activity, through job creation and increased tax revenue.

**Upgrade City Systems to Allow Electronic Case Processing for Plan Submittal:** The City made great progress pivoting many physical systems and processes online during the pandemic, but there are still some outdated filing requirements where plans must be physically placed in a drop box for submittal. We suggest working with relevant City departments to build upon and expedite existing City efforts through Build LA.

**Work with DWP to Create Reasonable Rules for Transformer Placement:** DWP requires transformers to be accessible from the sky and on all sides unless a developer seeks a variance. There are no guidelines for a variance and the rule of the accessibility from the sky is rarely achievable for infill-multistory residential projects making the rule something almost every new affordable and permanent supportive housing project in LA must deal with and it causes delays. There must be a recognition from

DWP that if nearly every project is forced to seek a variance, then the rule is not practical and should be modified.

***Better Leveraging Approved State Law***

**Implement AB 2345:** The state recently approved this bill which increases the density bonus up to 50%. The city has been quick to interpret that it is exempt from AB 2345 because the TOC Guidelines provide density bonuses up to 50%; however, the TOC guidelines cannot be used in all parts of the city. The density bonus and TOC programs have been among our most powerful citywide tools to create new housing, including nearly 6,300 rent-restricted affordable units without a single cent spent by the City over the past five years. The city should embrace and fully implement AB 2345 as way to expand the density bonus and deliver increased affordable housing.

**Embrace SB 330:** This bill adopted two years ago prohibits cities from downzoning parcels to promote housing production, among also imposing stringent requirements on replacing units that would be redeveloped. The city has focused on replacement requirements but has continued to pursue downzoning in certain areas of the city which conflicts with SB 330. As an example, ADUs are not allowed in hillside areas, and baseline zoning allowances are proposed to be reduced in several Community Plan updates, including in Downtown and Hollywood.

Thank you for your leadership on behalf of Angelenos and we welcome having a dialogue on these recommendations with you and the members of your staff to further the development of more homes, especially ones in thriving urban cores with good access to jobs, transi, and public resources.

Respectfully,



**Russell Goldsmith**  
Chairman  
L.A. Coalition &  
City National Bank



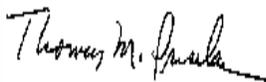
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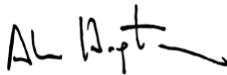
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CC: Council President Nury Martinez  
Councilmember Gil Cedillo, Chair, Housing Committee  
Councilmember Marqueece Harris- Dawson, Chair, Planning & Land Use Management  
Committee  
Los Angeles City Council  
Vince Bertoni, Director, City Planning  
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