

March 25, 2021

Re: Building a More Diverse Housing Stock for Los Angeles

To Members of the Los Angeles County State Assembly and State Senate Delegation:

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 Los Angeles.

As you know, the State-mandated Regional Housing Needs Assessment (RHNA) prepared by the Southern California Association of Governments determined that L.A. County will need to build roughly 800,000 residential units by the end of 2029, and nearly 478,000 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

- L.A. County needs 340,000 more affordable homes, just to meet the needs of very low- and low-income (VLI/LI) households (<80% of AMI). While recent affordable production has picked up, 6th cycle affordability goals will require 42,500 VLI/LI affordable units per year or about 42% of total build, an increase of >7x the current rate.

#### Issue 2: Affordability

- L.A. County needs 470,000 more affordable homes, just to meet the needs of very low- income households (<80% of AMI); and recent affordable production has been ~6,000 housing units per year, compared to the goal of ~13,000 units. Meeting 6th cycle affordability goals will require 59,000 affordable units per year or about 37% of total build.

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- Ninety percent of new housing that is being built is for above moderate-income earners, while 80% of renters in L.A. County, are either low or moderate income.
- 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 cities and developers work collaboratively to spur the development, preservation, 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, to accelerate this progress.

We are sharing a number of recommendations below for your consideration on the current state housing legislative agenda and knowing that these housing challenges cannot be achieved alone, are sharing a copy of the letter we have sent along to the Mayor of the City of Los Angeles and members of the City Council, with suggestions on what the City must do better.

### **Land Use & Streamlining**

- **Better Utilization of Commercially Zoned Office and Retail Spaces (SB6 and AB115)**
  - **Recommendations on SB 6 (Caballero):** The City of Los Angeles' successful Transit Oriented Communities density bonus program offers a roadmap. Like TOC, affordability requirements in SB 6 should be tied to the level of rent that the project receives. Instead of a one size fits all affordability requirement, there should be a scaling range-- a lower percentage of the building should be income restricted when those units are for people with incomes that are extremely low. A higher percentage of the building should be restricted when the incomes are closer to average.
  - **Recommendations on AB 115 (Bloom):** The same as for SB6-- a one size fits all approach doesn't make sense-- project economics mean that housing that is targeted at extremely low-income people have a different set of economics than those with units set aside for average income people. Affordability requirements should reflect this reality.
  - **Recommendations on both bills:** To facilitate adaptive reuse of aging commercial structures, we recommend that both bills incorporate 1) no net new parking requirements, 2) no density limits and 3) no limits on unit size on projects that are legalized as a result of AB 115/SB 6. This would apply

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many of the incentives that [made the Adaptive Reuse Ordinance for downtown Los Angeles so successful](#) to projects statewide.

- **CEQA Streamlining of Large Housing Projects - SB 7 (Atkins):** We support this bill to streamline environmental review for housing elements and related rezoning measures, allowing them to move forward faster.
- **CEQA Streamlining for City Compliance with Housing Element and Planning - AB 1486 (Carrillo):** We support this bill and recommend inserting language to mitigate the risk and increase the penalties for frivolous lawsuits.
- **Conversion of Abandoned Retail Sites into Affordable and Workforce Housing - SB 15 (Portantino):** We support this bill to provide incentives in the form of grants allocated as provided to local governments that rezone idle sites used for a big box retailer or a commercial shopping center to instead allow the development of workforce housing.
- **Extending the 5-year Sunset on the Housing Crisis Act of 2019 (SB 330) – SB 8 (Skinner):** We support this extension of SB 330 – The Housing Crisis Act – because it is needed to continue to support expedited and facilitated affordable and market-rate construction by proving early vested rights, limiting ad hoc fee increases on housing projects, barring local governments from reducing the number of homes that can be built, and cutting the time it takes to obtain discretionary project approvals.
- **Strengthening the State’s Density Bonus Law - SB 290 (Skinner):** We support this bill because it seeks to address four barriers that limit density bonus applicability. It: (1) allows low-income student housing projects to receive up to one incentive. (2) aligns the density bonus approval requirements with those in the Housing Accountability Act (3) expands the definition of for-sale projects beyond common interest developments, including units that can be sold to low-income families. (4) adds a parking waiver for housing developments within one-half mile of transit that include 40% moderate- income, for-sale units.

#### Reducing Costs

- **Limit On-Site Parking Requirements for New Housing Near Transit - AB 1401 (Friedman):** We support this bill because it is needed to eliminate poorly designed, one-size-fits-all parking requirements, even in transit-rich areas. Allowing property owners to determine how much on-site parking to provide is a key step towards lowering housing construction costs, reducing car dependency, and creating more vibrant, pedestrian-friendly neighborhoods.

**Raising Revenues**

- **Housing Bond - SB 5 (Atkins):** We support this bill to authorize the issuance of bonds to be used to finance housing-related programs that serve the homeless and extremely low income and very low-income Californians. And recommend that 10-20% of the funds should be allocated to moderate-income housing production and homeownership initiatives and ensure that any public subsidies to build affordable and PSH provide preference to projects that are delivered at a capped average price per unit and use innovation such as off-site construction to deliver the projects faster.

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

Respectfully,



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



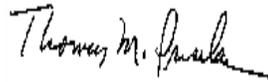
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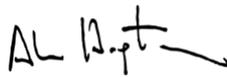
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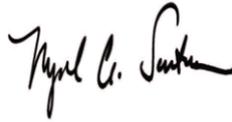
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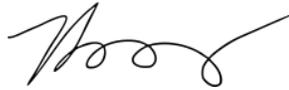
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