



Los Angeles County
Department of Regional Planning

Planning for the Challenges Ahead



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Director

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TO: Supervisor Hilda L. Solis, Chair
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REPORT ON BOARD MOTION REGARDING THE EQUITABLE DEVELOPMENT WORK PROGRAM (AGENDA ITEM NO. 2, DECEMBER 8, 2015)

On December 8, 2015, the Los Angeles County Board of Supervisors (Board) instructed the Director of the Department of Regional Planning (DRP), in coordination with the directors of other appropriate departments, potentially including but not limited to Public Works (DPW), Public Health (DPH), Parks and Recreation (DPR), Community Development Commission (CDC), County Counsel, and the Fire Department (FD), to initiate an Equitable Development Work Program consisting of the following:

- Update the Density Bonus Ordinance to further ease and incentivize the development of affordable housing. The update should reflect state law changes effected by Assembly Bill (AB) 2222 and AB 744, including the incorporation of a “no net loss” policy and parking requirement revisions; establish targets for deeper and higher levels of affordability, including a category for extremely low-income households; and other changes to strengthen the effectiveness of the ordinance.
- Initiate discussions with the City of Los Angeles on a nexus study for the creation of a linkage fee.
- Provide a menu of options for the implementation of an inclusionary housing program. The program should consider on-site affordable units as a mandatory component of for-sale housing projects and propose approaches to requiring rental projects to provide on-site affordable units in exchange for discretionary entitlements, public subsidy, and other public concessions.
- Review the regulatory barriers to the establishment and expansion of community land trusts and other shared equity models, and potential incentives to provide their greater adoption.

- Propose additional strategies to preserve existing affordable housing and incentivize the protection of new affordable housing; identify any necessary procedural and state and local legislative adjustments.
- Produce a map of contaminated sites, such as Superfund sites, brownfields, and toxic “hotspots” in the unincorporated areas, and provide recommendations on targeted land use policies that can be used to improve the health and quality of life for surrounding residents.
- Develop tools, including heat maps, equity scorecards, healthy design guidelines, and other approaches to evaluate, monitor, and advance equity objectives in the implementation of the General Plan, using relevant data from other County departments as necessary to ensure a comprehensive analysis.
- Direct the Director of the DRP to develop a framework for facilitating robust engagement with affordable housing, economic development, and environmental justice experts designed to provide technical assistance in carrying out this work and to support the Board in strengthening these equitable development tools and exploring new policies that promote equitable growth. The framework may include establishment of an advisory committee.
- Develop the Equitable Development Work Program in consultation with the Healthy Design Workgroup, the Homeless Initiative, and the Affordable Housing Steering Committee, to ensure efficiencies and coordination, and report back to the Board in writing quarterly with an update on the status of implementation and a timeline for the advancement of ongoing initiatives.
- Chief Executive Officer to coordinate with the Director of the DRP and other departments, and to include real estate development and building industry experts in the potential advisory committee and outreach of the Equitable Development Work Program.
- To include the following in the report back to the Board: An explanation of AB 2222 and the “no net loss” policy; whether density bonuses are ministerial or require a public hearing; whether density bonuses are usually met with community opposition because additional California Environmental Quality Act (CEQA) analysis is not required, but create additional traffic; whether density bonuses are subject to the same parking requirements as market rate units; the definition of a linkage fee; the necessary analysis to determine the impact a linkage fee will have on housing development; the reason for joining with the City of Los Angeles on a linkage fee study and how the revenue would be split with them; whether DRP has the resources to deal with proposed linkage fees; the number of units necessary to have a mandatory affordable housing program; the definition of a community land trust; examples of other shared equity models; the definition of equity scorecards and how they can be used for or

against new development; whether the objectives can be accomplished in an individual Community Standards District or Countywide; and whether to include representatives from the development community, including builders, engineers and architects on the advisory council.

This report back provides an overview of DRP's and other relevant departments' efforts over the first quarter of 2016. It also provides additional clarifying information as requested by the Board.

I. AFFORDABLE HOUSING

Density Bonus Ordinance

AB 2222 (Nazarian) is a bill that amended the State Density Bonus Law and became effective in 2015. The bill extends the duration of affordability for rental projects from a minimum of 30 years to 55 years. It also extends the provision for for-sale projects, which requires that the initial occupant be qualified and be subject to equity sharing upon resale, to affordable housing set asides for very low and lower income households. Furthermore, the bill includes a replacement or "no net loss" requirement, which prohibits density bonuses for projects unless onsite housing is accounted for and replaced. Affected properties are those that are or were considered affordable to very low and lower income households during the past five-year period.

DRP is currently updating the County's Density Bonus Ordinance. Under the County's existing Density Bonus Ordinance (adopted in 2006), projects are subject to an administrative review if generally consistent with the State Density Bonus Law, or discretionary review. Density bonus projects are not subject to the same parking requirements as non-density bonus projects, but the parking rates prescribed in the State Density Bonus Law. Parking reductions may also be requested as an incentive, or as a waiver or modification to a development standard, per the State Density Bonus Law. Affordable housing can be met with opposition from members of the community for a number of reasons, including traffic and the scale/height of the building. However, staff's observation over the past decade of implementing the Density Bonus Ordinance is that traffic and CEQA have not frequently been raised as major concerns for administratively reviewed projects.

In this first quarter, DRP met with CDC to identify and discuss common issues and challenges in permit processing, affordable housing monitoring, and fee and penalty collection. DRP will continue to coordinate with CDC to streamline the permitting process and monitoring procedures. In addition, DRP formed an internal work group comprised of case processing staff to identify common problems in the current permitting process for density bonus projects. Finally, DRP worked with County Counsel to prepare a draft interim memo to implement AB 2222 to facilitate continued compliance with the State Density Bonus Law until the ordinance update is completed.

Linkage Fee

A linkage fee is a fee on new development to fund affordable housing. The fee is based on the premise that employment-generating uses create a demand for affordable and workforce housing. A study is required to demonstrate the nexus between new development and the demand for affordable and workforce housing, determine fees that are proportionate to the impacts, and to assess the economic feasibility of the proposed fees. The City of Los Angeles has indicated its intent to prepare a nexus study and establish a linkage fee on new development. DRP has had a brief conversation with City of Los Angeles staff, and at this time, have committed to coordinating to identify opportunities for collaboration and information exchange.

In this first quarter, DRP focused on securing funding for the study and coordinating with the Homeless Initiative Team at the Chief Executive Office (CEO) to develop Strategy F2: Linkage Fee Nexus Study. DRP also hosted a discussion with a team of housing and redevelopment experts on the best approach to understanding the applicability and impact that a linkage fee would have on the unincorporated areas. The next step is to develop a scope of work for a consultant team that can prepare the necessary analyses for a comprehensive affordable housing strategy that is tailored for the unincorporated areas.

Inclusionary

In this first quarter, DRP has been tracking AB 2501 (Mullin and Chiu), which allows a local jurisdiction to establish, as a condition of development, inclusionary housing requirements. The next step is to develop a scope of work for a consultant team that can prepare the necessary analyses for a comprehensive affordable housing strategy that is tailored for the unincorporated areas (as previously discussed in the Linkage Fee Section). This analysis will help inform the number of units necessary to have a mandatory affordable housing program for the unincorporated areas.

Community Land Trust and Other Shared Equity Models

Shared equity refers to an affordable homeownership strategy that emphasizes long-term affordability. A community land trust is a shared equity model that removes the cost of land from the sale price of the home. The buyer leases the land from a community land trust, which is a third party (such as a non-profit) that owns and manages the land. Other roles that a community land trust might play include land acquisition and offering homeownership education.

Other shared equity models include deed restricted housing with a resale restriction recorded with the property for a given period of time, and limited equity housing cooperatives, in which buyers purchase a share of stock in the cooperative, which entitles them to occupy a unit at an affordable rate. There are no barriers today from the County to work with community land trusts to develop affordable housing. DRP will continue to evaluate community land trusts and other shared equity models, and incorporate them into affordable homeownership strategies

as appropriate. As previously discussed, this will be included in the scope of work for a consultant team that can prepare the necessary analyses for a comprehensive affordable housing strategy that is tailored for the unincorporated areas.

II. ENVIRONMENTAL JUSTICE

Toxic Hotspots Map

The Toxic Hotspots Map, which will identify locations of various stationary pollution sources Countywide, is being developed to inform the development of the Green Zones Program. The Green Zones Program is a multi-year environmental justice effort to address undue pollution burden in communities that also experience socio-economic challenges.

In this first quarter, DRP conducted research on various data sources and background information. Data sources include CalEnviroScreen 2.0, as well as data from the United States Environmental Protection Agency (EPA) and the California Environmental Protection Agency. DRP also initiated conversations with DPH's Toxic Threat Strike Team to coordinate efforts and learn about challenges at the community level that are not captured in federal or state data. DRP will continue to collect and organize various data sources from the federal and state agencies, while collaborating with other County departments to gather input on local conditions. DRP anticipates having a draft map by the next quarterly report.

III. TOOLS

Equity Scorecard

The Equity Scorecard Committee (ESC) was created in conjunction with the Healthy Design Workgroup to develop the Equity Scorecard, a data-driven tool that could be used to evaluate, monitor, and advance equity objectives in the implementation of the General Plan. The ESC brings together the Geographic Information Systems (GIS)/data management and policy advisory staff from various departments including DRP, DPW, DPH, CEO, Chief Information Office (CIO), DPR, Internal Services Department (ISD), and FD. During the reporting period, the ESC convened twice (on February 24, 2016 and March 31, 2016) to develop its mission statement, define "equity," discuss the potential uses of the tool, identify potential data sources, and develop the project timeline. DRP will continue to lead and coordinate the activities of the ESC and its three subcommittees – Policy Advisory, GIS/Data Management, and Public Outreach. In addition, DRP reached out to Metro, DPH Health Impact Evaluation Center, and the CEO on the County's involvement in the Local and Regional Government Alliance on Race & Equity to discuss concurrent and related initiatives, and to explore opportunities for collaboration and coordination. This process will be facilitated over the course of a year.

IV. STAKEHOLDER ENGAGEMENT

In February 2016, DRP initiated conversations with a group of stakeholders to provide an overview of the Equitable Development Work Program and to garner input on developing a framework for robust community engagement. Representatives included legal aid organizations, non-profits, funders, community organizers, public health experts, and affordable housing developers. The group discussed the challenges and opportunities of ensuring meaningful community engagement, given the complexity and scale of the unincorporated areas. The group also provided preliminary policy recommendations and pointed to helpful resources. DRP will reconvene the group in early May, and include builders, engineers, architects, and representatives from the real estate and building industry.

In the first quarter, DRP also initiated conversations with a small group of environmental justice advocates and agencies—primarily through the Los Angeles Environmental Justice Network. To date, DRP has convened three meetings to receive stakeholder input on the Green Zones Program and the Recycling and Solid Waste Ordinance.

Overall, stakeholders are encouraged by the Board's direction to integrate equity and environmental justice into the implementation of the General Plan.

The next report back will be provided to you no later than June 30, 2016.

Should you have any questions about this report, please contact Connie Chung, General Plan Development and Housing Section, at (213) 974-6417 or cchung@planning.lacounty.gov.

RJB:MC:CC:cc:ems

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