

Craig Lawson & Co., LLC

Land Use Consultants

May 28, 2009

Honorable Bernard Parks, Chair
Budget & Finance Committee

Honorable Ed Reyes, Chair
Planning and Land Use Management Committee

Los Angeles City Council,
Office of the City Clerk, Room 395
City Hall, 200 North Spring Street
Los Angeles, CA 90012-4801

**RE: Department of City Planning
Comprehensive Fee Study and Recommendations for Fee Increases**
Joint Budget and Finance Committee and PLUM Committee Hearing Date: June
1, 2009
Council File No. 09-0969

Dear Honorable Members of the City Council:

I am writing in **opposition** to the proposed Filing Fee increases for land use entitlement applications filed with the Department of City Planning (DCP). I have reviewed the April 17, 2009 DCP Comprehensive Fee Study Results and Recommendations, and while I understand the City's desire to achieve full cost recovery for case processing services, I strongly disagree with the fee increases outlined in the Proposed Fee Schedule, dated May 12, 2009.

As a land use consultant, I am often in a position to advise a potential applicant on whether or not to begin the land use entitlement process in the City of Los Angeles. I review many potential projects and provide advice to clients ranging from well known developers and non profit institutions to small business owners and single family homeowners. For a number of reasons, there are many projects that never reach the stage of actually filing an application for discretionary approval with the City of Los Angeles. One of the key reasons is the cost of the land use entitlement process, including the cost of the Filing Fees, Review Fees, Plan Check Fees, Permit Fees, and the cost of carrying out the public improvements that may be required.

I fully recognize that the City needs to raise additional revenues in order to balance the budget. However, the assumption that dramatically increasing the Filing Fees will result in a significant increase in fee revenues to the City of Los Angeles is not valid. In fact, for many applicants these increased Filing Fees will lead to one of several unsatisfactory options, including cancelling the project, choosing to develop the project in another jurisdiction such as Glendale or Burbank, or avoiding the City review process altogether and developing the project without the necessary entitlements or permits. In each case, the City of Los Angeles would not be receiving additional fee revenue, and, in fact, will be losing an opportunity to receive additional tax revenues (business license taxes, sales taxes, property taxes, etc.).

The Proposed Fee Schedule includes dramatic increases in Filing Fees, from over 100% (for Conditional Uses applications to the APC or CPC) to over 1,000% (for ZA Interpretations for Yard and Use Regulations in hillside areas). If an applicant wants to build an affordable housing project, the fee for a Density Bonus application for "on menu" incentives would go from \$1,278

to \$7,115, while the application fee for "off menu" incentives would go from \$4,490 to \$23,287. These proposed fee increases are alarming, and should not be approved.

The following are several suggestions, for your consideration as you review the DCP Filing Fee increase recommendations:

1. Consider whether fees for entitlements that are related to affordable housing projects, such as applications for Density Bonuses, should be increased at a time when the City is in need of more affordable housing units. The non-profit community is already facing dramatic decreases in charitable donations and grants from foundations, and the last thing that they need is to pay additional Filing Fees for new projects.
2. Consider whether the specified entitlement application is optional (such as a request for a reduced yard setback or an over-height fence) versus applications that are absolutely necessary (such as a Conditional Use Permit for a new school, church, synagogue, or cultural institution, or a Plan Approval to expand a restaurant or bar). From an economic standpoint, the City would essentially be punishing those applicants, especially non-profit organizations and small business owners, who have no choice but to file for discretionary approvals.
3. Consider whether a "one fee fits all" approach is fair. The pending fee increase proposal would require a Filing Fee of \$134,508 for the establishment of a new Supplemental Use District (SUD), such as a Sign District. This exorbitant Filing Fee amount is most likely based upon a review of a recent application for a Supplemental Use District for Signage which has been pending with the DCP for more than 2 years. Is it fair to charge applicants in future SUD's the same amount, when much of the work completed on this SUD can be utilized in reviewing future SUD applications? It would be more equitable for the DCP to establish a base fee, such as \$10,000, and charge an additional fee if the amount of hours spent reviewing the SUD exceeds that base amount. This same hourly fee recovery process is presently being used in the Expedited Processing Unit of the DCP, and it has been successful.

I strongly recommend that you place this item on hold until these fee increases can be fully reviewed by those who would be most affected by them, the business community, the non-profit sector, and by homeowners who are trying to play by the rules. Thank you for your consideration of my comments.

Sincerely,



Craig Lawson
President

cc. Lauraine Braithwaite, Los Angeles City Clerk's Office
Barbara Greaves, Los Angeles City Clerk's Office