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October 25, 2018

Los Angeles City Council
c/o Office of the City Clerk
City Hall, Room 395
Los Angeles, California 90012

Attention: PLUM Committee

Dear Honorable Members:

AFFORDABLE HOUSING OPTIONS – WARNER CENTER SPECIFIC PLAN; CF 13-0197-S9

On May 4, 2018, the City Council adopted a motion requesting that the Department of City Planning report options for including affordability requirements within the *Warner Center 2035 Plan (WC 2035 Plan)*. The options would identify opportunities to create strong incentives and requirements that are integrated and balanced with the recently adopted Affordable Housing Linkage Fee (AHLF) Ordinance (Council File No. 17-0274).

Background

The *WC 2035 Plan* is generally bounded by the Los Angeles River to the north, the Ventura Freeway to the south, De Soto Avenue to the east, and the west side of Topanga Canyon Boulevard on the west and comprised of approximately 1,000 acres or 1.5 square miles. The Warner Center Specific Plan was originally adopted by the City Council in June 1993 to encourage residential growth and create a jobs-housing balance. In 2013, City Council adopted the *WC 2035 Plan* to provide an updated blueprint for redevelopment, designate the Warner Center as a transit oriented district, and reinforce the area as the West Valley's employment regional center.

The *WC 2035 Plan* offers unlimited height in most districts (except where transitional height zoning provisions apply) and density is limited only by floor area ratio (with a minimum dwelling unit size). The Graduated FAR Table allows for a higher ratio of

residential FAR as the overall FAR increases for a project. Section 9.3 provides an exemption from the otherwise applicable Cultural Amenities Development Fee if the residential project provides a minimum of 5% Very Low Income affordable units or 10% Low Income affordable units as restricted by covenant.

Under the *WC 2035 Plan*, over the life of the Plan until the year 2035, approximately 20,000 new market rate housing units are estimated to be built. Since its effective date in December 2013, the trajectory of market rate housing development under the *WC 2035 Plan* was on track to meet and/or exceed this estimate of 20,000 units.

Since the adoption of the *WC 2035*, the Council adopted the Affordable Housing Linkage Fee (AHLF) Ordinance (December 2017) implementing fees based on new or added floor area, market area, and type of development. The Warner Center Specific Plan area is located in the Canoga Park – Winnetka – Woodland Hills – West Hills Community Plan, designated as a Medium Residential Market Area for purposes of applying the linkage fee. Therefore, projects with residential uses of six or more units located within the *WC 2035* area will be subject to a linkage fee of \$10 per square-foot. The following study concepts aim to keep the spirit of the Affordable Housing Linkage Fee in Warner Center while allowing for the trajectory of housing development to maintain the 20,000 unit estimate.

Concepts

The following concepts are an initial step to identify a variety of affordable housing options in Warner Center to encourage the creation of mixed-income communities. Each concept assumes its application would reduce or waive the Citywide AHLF. The objective is to find a balance where housing production continues its positive trend in Warner Center while yielding the most beneficial mix of affordable housing.

Concept 1: Inclusionary Housing

Residential developments would be required to include on-site affordable housing dwelling units at a specific percentage which could be as low as range of 5% or a range of percentage options up to 20%. The affordable dwelling units would be targeted to include a range of income levels, such as a dedicated proportion of moderate income units and a dedicated proportion of low income units, to encourage mixed-income communities.

Concept 2: Incentive Program

The Incentive Program would encourage developers to provide affordable housing beyond a base minimum requirement to qualify for incentives. Residential developments would be required to provide on-site affordable housing dwelling units at a set percentage. The affordable dwelling units would be targeted to include a range of income levels, such as a dedicated proportion of moderate income units and a dedicated proportion of low income units, to encourage mixed-income communities. The Department of City Planning would develop a *Tier Table* with each tier at a corresponding percentage of affordable housing dedication and a corresponding *Incentives Menu*. Developments would be able to select a combination of incentives from a weighted menu of options based on their affordable housing tier. A project with a higher tier of affordable housing would be eligible to select more from an *Incentives Menu*. Projects that only provide the base affordable housing requirement would not be eligible for incentives.

Concept 3: Community Benefits Program

The Community Benefits Program would require projects to provide a corresponding percentage of affordable housing but with an option to reduce the requirement by providing a combination of community benefits. The affordable dwelling units would be targeted to include a range of income levels, such as a dedicated proportion of moderate income units and a dedicated proportion of low income units, to encourage mixed-income communities. The Department of City Planning would develop a *Tier Table* with each tier at a corresponding percentage of affordable housing dedication and a corresponding *Community Benefits Menu*. Developments would be required to provide a combination of community benefits from a weighted menu of options to qualify for a reduction of affordable housing.

Concept 4: Tailored In Lieu Fee

The City would establish a Warner Center In Lieu Fee tailored specifically for the Warner Center residential market. This fee would be fully or partially in lieu of the AHLF established Citywide and would be used for developing affordable housing projects within the boundaries of the *WC 2035 Plan*. This fee may be used in conjunction with land dedication and would apply to only residential projects or the residential portion of a mixed-use project. Non-residential projects in Warner Center would still be subject to the Citywide AHLF.

Applicable to All Concepts

Land Dedication Exemption

As a component of all of the above options, the Department of City Planning recommends a land dedication exemption aligned with the deduction/credit provided in the Affordable Housing Linkage Fee Ordinance.

Recommendations

The Department of City Planning recommends a focused study and an outreach program to support the development of affordable housing policy options for the *WC 2035 Plan*. The Specific Plan Maintenance Unit would oversee an economic analysis and nexus study to clarify possible impacts associated with each concept and help refine options. An outreach program will better assess and clarify community needs regarding the topic of affordable housing specifically at Warner Center and the surrounding neighborhoods.

If you have any additional questions, please contact Blake Lamb at (818) 374-9914 or Blake.Lamb@lacity.org.

Sincerely,

VINCENT P. BERTONI, AICP
Director of Planning

A handwritten signature in black ink, appearing to read 'K. J. Keller', with a long horizontal flourish extending to the right.

Kevin J. Keller, AICP
Executive Officer

VPB:KJK:bl