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To: Sharon Gin (PLUM)
Richard Williams (Housing)

Re: Council File Numbers 14-0692 and 14-0692-S1

The Echo Park Improvement Association supports efforts to effect real growth in the development of affordable housing. We offer the following observations and recommendations partly based on our observations of the implementation of SB1818 in the City of Los Angeles and upon reflection of the proposed language of SB222.

- 1) We would recommend that any incentives offered must be based on “net-gain” thresholds. With SB1818, we have seen units that the market considered “affordable” be demolished to make way for either a break-even or net-loss of affordable housing units from the market’s point of view.
- 2) Affordability determination of pre-existing housing must use the affordability index that the Housing Departments uses.
- 3) The way that the City of Los Angeles offers the entire range of “on and off-menu” incentives for any development that fulfills a minimum inclusionary housing component is a disincentive to the development of anything above the minimum, and can lead to highly inappropriate development as well. We would recommend that:
 - a) Incentives need to be scalable so that they apply proportionately from small developments to large development.
 - b) Net-gain tiers should be established that are proportionate with the size of the overall project.
 - c) Developments that meet minimum requirements should be given minimum incentive, from a menu of incentives. As developments cross various established tiers, additional incentives should be given.
- 4) We believe that developers should not be allowed to build separate structures for the affordable element, essentially creating “mini-projects.” Affordable units must from the exterior be indistinguishable from market rate units.
- 5) We do not think that any incentives should apply to the offering of “affordable” “For Sale” units. The problem that must be addressed is the bottom portion of the housing market – the creation of affordable rental units.

On a final note, we must point out that we believe that these incentives will never be able to address the shortage of affordable housing that is a reflection of an overall supply and demand problem. The only way for this to be resolved is with incentives to simply build substantially more housing. (continued)