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The Honorable City Council
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Date: October 12, 2016

RE: VALUE CAPTURE POLICY (COUNCIL FILE: 14-1325-S1)

Dear Honorable City Council Members:

On September 6, 2016 the Planning and Land Use Management (PLUM) Committee continued discussion of CF 14-1325, regarding the feasibility and analysis of a "value capture" policy, and requested the Department of City Planning report back with a summary of potential strategies. This report includes the Department's requested response.

Policy Options for a Value Capture Ordinance

The Department's May 27, 2016 report presented three policy options for structuring affordable housing requirements under a potential value capture ordinance. The options include:

1. *Fixed Requirement* - This structure would trigger a flat rate affordable housing percentage set-aside on eligible projects receiving a General Plan Amendment or zone change.
2. *Fixed Requirement with Multiple Income Targeting* - Similar to above, the amount of the affordable housing requirement would be fixed, but this option would require more specific multiple income ranges to promote housing for underserved groups such as those with moderate or extremely low-income.

3. *Proportional Requirements* - Affordable housing requirements would vary according to the amount of additional density or residential floor area being requested through a zoning entitlement, as with the Density Bonus program. The set-aside percentage would increase in relation to the requested level of residential density.

The Department is ready to begin work on this topic once directed by City Council.

If you have any questions please contact Matthew Glesne at (213) 978-2666 or matthew.glesne@lacity.org.

Sincerely,



VINCENT P. BERTONI, AICP
Director of Planning