



April 14, 2015

Planning and Land Use Management Committee
 Councilmember Jose Huizar, Chair
 Councilmember Gilbert A. Cedillo
 Councilmember Mitchel Englander
 Board of Public Works Edward R. Roybal Hearing Room 350
 200 N. Spring Street
 Los Angeles, CA 90012

Re: Items 11 & 12- Onni Group Projects at 1212 Flower Street and 820 South Olive Street

Dear Councilmembers,

Established in 1924, Central City Association (CCA) is L.A.'s premier business advocacy organization whose 450 members employ over 350,000 people throughout Los Angeles. As the voice of business and the primary architect of the Downtown Renaissance, CCA believes the continued development of residential units is critical to the long-term economic viability of Downtown and Los Angeles as the region's hub for job creation.

CCA strongly supports the Onni Group developments and urges approval. We object to the appeals filed by CREED LA and believe the entitlement process should not be coerced by special interest organizations. The Onni Group could have avoided the entitlement process and built low-rise projects that did not require the Transfer of Floor Area Rights (TFAR) ordinance however; they choose to build high-rise projects that will deliver 1,252 units of housing helping the City meet its goal of 100,000 new housing units by 2021. TFAR is necessary to create density in Downtown and developers should not be subjected to arbitrary standards when it is utilized. **It is very important for the Planning and Land Use Management Committee to approve these projects and send a clear message to the development community that the City of Los Angeles welcomes quality development.**

The projects before you are located in close proximity to Metro stations and are prime examples of smart growth. The proposed project located 1212 Flower Street consists of two high-rise towers with 730 residential units and approximately 8,000 square feet of commercial space on the ground floor. The proposed project located 820 South Olive Street is a high-rise tower consisting of 522 residential units and 4,500 square feet of commercial space on the ground floor.

Approval of these projects will result in: critical new housing units and extensive community benefits including support for the L.A. Streetcar, the Broadway Streetscape Master Plan, Pershing Square Renew and support for a Downtown way-finding system. Each of these community benefits are being provided in accordance with the TFAR ordinance.

CCA is extremely concerned about the increased pressure on privately funded projects utilizing the TFAR ordinance by special interest organizations. Most of Downtown is zoned with a 13:1 FAR to allow for high-rise construction. However, without TFAR, developers cannot construct high-rise development and meet the City's goal of creating density and fostering smart growth in the Downtown area. Specifically,

these project sites are zoned with a "D" development limitation which limits a 6:1 FAR for the project sites.

Onni Group must purchase TFAR at fair market value from the City to fully develop these sites with a high-quality residential project. The TFAR ordinance is an important planning tool in Downtown Los Angeles and developers should be encouraged to use it. Developers are investing in the future of Los Angeles and deserve a fair and consistent approval process. The TFAR ordinance should not be used in an inappropriate manner to negotiate the use of union labor for projects throughout Downtown.

The TFAR ordinance spells out developer obligations including code required payments at fair market value. TFAR is not a gift to developers. It is an arms-length transaction between the City and the developer. The developer must pay a Transfer Fee as well a Public Benefits Fee and is code-required to pay fair market value for every square foot.

The TFAR ordinance is not a City subsidy. Its purpose is to generate transfers to appropriate development locations and generate public benefits. The proposed projects meet these objectives. The TFAR ordinance is a benefit to the City and Downtown. It provides the City with a Transfer Payment and a Public Benefits Payment to support community benefits. In addition, the ordinance facilitates the construction of iconic and architecturally significant high-rise buildings which require skilled labor and generate more employment opportunities than wood frame construction.

CCA strongly supports Onni Group's projects and hopes each of you will take this opportunity to reaffirm your commitment to the creation of new housing units in the midst of the housing crisis and development that supports the vision of a 24/7 Downtown.

Sincerely,



Carol E. Schatz
President & CEO