October 28, 2016

Via electronic mail

Los Angeles City Council
Planning and Land Use Management committee
200 N. Spring Street,
Los Angeles, CA 90012

Re: The Reef - Council Files 16-1058, 16-1058-S1, 16-1058-S2, 16-1058-S3

Dear Honorable City Council Members:

United Neighbors in Defense Against Displacement (UNIDAD) submits these comments to express our strong objections to the proposed development at 1900 South Broadway ("the Project" or "the Reef").[1] As currently conceived, the Reef will cause significant harm to families living in the neighborhood, and will fall terribly short of any standard for affordable housing and equitable development (see tables below). Unless significant changes are adopted, UNIDAD urges the Council to deny the requested entitlements.

At the end of this letter you will find recommendations, as well as in Exhibit A.

PHR LA MART, LLC, (the "Applicant") is asking this Council to approve over a dozen discretionary entitlements in order to develop multiple high- and mid-rise buildings with up to 1,444 market rate condominiums and apartments, significant retail use, a 208 key hotel, and tens of thousands of square feet of billboard advertising in a low-income neighborhood in historic South Central LA. The Applicant has consistently proposed to construct *zero* affordable units on a site that is less than a quarter mile from a major transit stop. At its August 11, 2016 hearing, the Planning Commission recommended a new Development Agreement term that would require "five (5) percent of the approved number of rental dwelling units to be reserved for Low Income Households."[2] However, because the affordability requirement applies only to the 549 proposed rental units, the Planning Commission recommendation amounts to just 28 units of affordable housing – ***1.9% of the total units in the Project.*** Facing an unprecedented affordable housing crisis, we simply must do better than 1.9%.

Standard for Affordable Housing	**The Reef falls short by*:**
The Grand Metropolitan, project located across the street from the Reef, community benefits included	151 units of affordable housing
Proposition JJJ (ballot measure for November 8, 2016 election)	99 units of affordable condos + 51 units of affordable rental units
Mayor's Affordable Housing Linkage Fee Nexus (Feasibility) Study	$35 million
State Density Bonus and Value Capture Draft Ordinance	94 units of affordable housing
Community Plan of Southeast LA, Draft CPIO	159 units of Extremely Low-Income affordable housing

***Table abbreviated. See complete table in Exhibit B.**

[1] We renew and incorporate by reference herein, all comments previously submitted by UNIDAD with regard to the Project.
[2] Los Angeles City Planning Commission, Letter of Determination for Case No. CPC-2014-1772-DA, 8.

The Project, as proposed, is inconsistent with community standards for equitable and inclusive development, contradicts numerous General Plan policies, improperly undermines legal requirements for density increases, and falls well short of several affordable housing standards contained or proposed in current planning processes.

UNIDAD is a coalition of tenants, homeowners, workers, business owners, students, teachers, health providers and advocates, faith congregations, and community-based organization who work together to create a healthy and strong South Los Angeles community by ensuring that the interests of low-income communities, especially low-income communities of color, are represented in the decisions and processes that drive development in our neighborhoods. Our collaborative was formed in the early 1990s. In all of our work, we have sought to deepen the quality of community resident engagement in land use and economic development policy creation and implementation, knowing that such engagement ultimately results in better planning and implementation. We have built capacity among local residents to be active participants in the planning processes through community-based programs, such as People's Planning School. Through this process residents have created a set of Equitable Development Principles that guide our work.

These comments draw upon our years of experience living and working in this community and engaging in land use planning and development processes, including the LA Live development, the USC Specific Plan, the Lorenzo housing project at the 23rd St. Expo Line station, the Grand Metropolitan mixed use project at the Washington/Grand Blue Line station, the City's Housing Element, the Health and Wellness Element, and the updates to the Southeast LA and South LA Community Plans. Our member organizations are long-standing members of this community and are active in numerous economic development projects and programs, affordable housing and commercial development, health care service provision, social services, faith-based community building, the Community Plan Advisory Committees, and the Los Angeles Department of Public Health's Community Prevention and Population Health Task Force.

These comments also draw upon the results of a rigorous community engagement process over the course of several months in 2015 and 2016. UNIDAD organizations convened hundreds of South Central community members to discuss the proposed Project and to lift up a vision for development in this neighborhood. This visioning process culminated in a community-based analysis of impacts of the proposed Project and a community benefits proposal that called for funding and/or support for the following: affordable housing, displacement prevention, good permanent and construction jobs at the development and support for local job programs, support for existing small businesses, health and safety improvement measures, programs for the homeless, green space, youth development, and community benefits implementation. The full proposal is attached as Exhibit A, and can be found online at http://www.unidad-la.org/resources/.

We recommend denial of this Project not because we oppose all development in our communities. We are not NIMBYs. We welcome, support and actively work to bring equitable development in our neighborhoods. Our members build affordable housing and community-serving retail, and provide support and technical assistance to small businesses. We champion policies that align density and transit oriented development with affordability and displacement protections. We encourage investment that reflects the needs and priorities of low-income communities, especially low-income communities of color. Simply, the Reef does not meet this standard.

The Reef falls well short of equitable development standards for South LA and the proposed "benefits" are woefully inadequate against the backdrop of an unprecedented affordable housing crisis.

For decades South LA communities have been harmed by poor planning efforts that have resulted in ill-fitting development and a lack of investment in the people and health-promoting infrastructure. Polluting industrial uses were placed on top of residential areas. Mega development projects have been encouraged that have exacerbated displacement of longtime residents and neighborhood small businesses. And the promise of jobs for local residents has often fallen short both in terms of quality and quantity. In response, communities have taken it upon themselves to form a vision for a different way of doing development – one that benefits all residents, especially those most economically vulnerable. The UNIDAD coalition – along with many other groups – has shown through policy change, community benefits agreements, and demonstration projects that development can be done to support the health and well-being of its long-time residents, including African-Americans and Latino immigrants.

The community benefits that residents identified during UNIDAD's recent community engagement process support a vision of South LA where existing and future development create economic opportunity and decrease the displacement of low-income residents of color in the Figueroa Corridor area of South Los Angeles. In this vision, development promotes healthy and equitable neighborhoods through planning and land use that is rooted in the community. Over the last year, the Applicant has repeatedly boasted of the "placemaking" impacts of the Project, as if our communities are a blank canvass. But we know that the Reef would be built in an already-existing *place*: a resilient community, where residents, families and businesses have overcome enormous obstacles to build and promote an affirmative vision for their neighborhoods. These stakeholders should not be invisible. Unfortunately, as proposed, the Reef does not come anywhere close to meeting local standards for equitable and inclusive development.

This failure to meet community standards occurs against the backdrop of an unprecedented affordable housing crisis. Los Angeles is routinely cited as the least affordable city in the nation. We have the highest rate of rent-burdened households and our region has a deficit of nearly a half-million units affordable to lower income households. The historic South Central neighborhood of Council District 9 (CD 9) – where the project site is located – is among the most disadvantaged communities in Los Angeles and features the highest rate of overcrowding in the entire United States. Median income for the neighborhood is $30,000 and many families live on the brink of homelessness. In the last year, CD 9 has seen the greatest increase in homelessness in Los Angeles. To meet these glaring challenges, we need all the tools at our disposal, including significant affordable housing and mixed income development. The Reef, as an exclusively market-rate development with over 1,400 luxury units, will not relieve any of the extreme housing pressures felt by the very low-income residents of this community. As proposed, the Reef is a missed opportunity of enormous proportions.

The Reef will accelerate the gentrification and displacement pressures in CD 9 and Historic South Central.

The Reef is not *just* a missed opportunity to construct much needed affordable housing. The Project also threatens to exacerbate the affordable housing crisis by increasing housing prices in the surrounding neighborhood and accelerating the displacement of longtime residents and businesses. A recent Health Impact Study of the Reef Project, conducted by Human Impact Partners, found that over 40,000 people have a moderate to very high risk for financial strain and/or displacement as a result of the Project's impact.[3] In the South Central community near the Project, thousands of households are already rent burdened, and a large number of subsidized affordable housing units are at risk of converting to market

[3] Human Impact Partners, Assessing Health and Equity Impacts of the Proposed Reef Development Project in South Central Los Angeles, 19-20 (October, 2015) (hereafter, "Reef Project Health Impact Report"). Available at http://www.humanimpact.org/news/reefdevelopmentproject/.

rate in the near future.[4] Many local residents interviewed for the Health Impact Study reported that they fear becoming homeless as a result of increasing displacement pressures in the area.[5]

The Health Impact Study also highlights the potential for this Project to contribute to disruption and destabilization for small local businesses.[6] The study described one example of a local business that had operated in the neighborhood for 20 years before experiencing a rent increase of over 100%, forcing the business to close down immediately.[7] Other businesses near the Project are only being offered short term leases, despite owners' efforts to negotiate longer terms.[8]

When residents and small businesses are pushed out of a neighborhood, both those who leave and those who remain suffer. The Reef Project Health Impact Report describes how social cohesion – systems of social support built up over time – protects residents' health and wellbeing.[9] Displacement strains these protective social networks. In a letter to the City Council, the Los Angeles County Department of Public Health warned that "[m]oving frequently leads to housing instability and has negative impacts on children including increased absenteeism and poor performance in school, which is linked with negative health and social outcomes."[10] The City's own General Plan Health Element explicitly highlights research showing that "there are several negative health effects related to gentrification and resulting displacement due to increased stress, reduced access to affordable housing, healthy food options, quality schools and social networks. This leads to higher risk of shorter-life expectancies, higher cancer rates, more birth defects, greater infant mortality, and higher incidence of asthma, diabetes, and cardiovascular disease."[11] The Health Element cites research from the Centers for Disease Control showing that the poor, women, children, the elderly, and members of racial and ethnic minority groups are most at risk of suffering the health impacts of displacement.[12] A recent Health Impact Report published by the Los Angeles County Department of Public Health reports that "a $1,000 annual increase in rent among poor families was associated with a 20% increase in food insecurity."[13] Approving the Reef as proposed will exacerbate these impacts by intensifying displacement pressures for low-income residents and local community-serving small businesses.

Significant changes are necessary to bring the Project in line with community-supported models for equitable transit oriented development and emerging citywide planning standards.

If the Planning Commission recommendations are adopted, the Reef Project may provide 28 units of affordable housing (a mere 1.9% of the total project units), and may provide, pursuant to a draft Development Agreement, $15 million to the "CD 9 Affordable Housing Trust Fund." For a project of this size and magnitude, these affordable housing provisions fall well short of established models for equitable transit oriented development ("TOD") in this neighborhood. In addition, the Reef also falls short of the minimum standards that would be established in several proposed citywide planning policies. The Draft Southeast LA Community Plan, the linkage fee ordinance, Measure JJJ, and a value capture

[4] Reef Project Health Impact Report, at 20.
[5] *Id*. at 21.
[6] *Id*. at 33-35.
[7] *Id*.
[8] *Id*.
[9] *Id*. at 30.
[10] The County of Los Angeles, Department of Public Health May 23, 2016 Project letter to PLUM.
[11] General Plan Health Element, "Plan for a Healthy LA," Policy 1.7.
[12] Centers for Disease Control and Prevention. (2013) Health Effects of Gentrification. http://www.cdc.gov/healthyplaces/healthtopics/gentrification.htm
[13] Nicholas W, Mullholland Graves E. Initiative Ordinance JJJ: Affordable and Transit-Oriented Housing Policies for Los Angeles—A Health Impact Assessment. Los Angeles County Department of Public Health, Health Impact Evaluation Center. October 2016.

ordinance being drafted by the Department of City Planning would *all* require the Reef to contribute significantly more towards affordable housing than is currently proposed.

Neighboring developments prove that equitable and inclusive development is possible.

In 2015, this City Council approved a mixed use development project located at 233 W. Washington Blvd.[14] This project, with 160 residential units, will be constructed literally across the street from the Reef. Like the Reef, the developers of this project sought a general plan amendment and zone change to develop residential units on an industrial zoned site. Like the Reef, this project is located next to a transit station. Like the Reef, this project includes both residential and commercial use. *Unlike* the Reef, this project pledged significant and meaningful community benefits, including 15% on-site affordable housing (of which 5% was set aside for Extremely Low Income households),[15] 50% local and 30% targeted hiring for retail employment, funding for homeless services, and dedicated incubator space for community serving small businesses. The developers of that project recognized the need to join, not erase, the community. They found a way to revise project plans to meet both community priorities and bottom lines. They *partnered* with the community they sought to join. Here, similar efforts to engage the Reef developers in a meaningful dialogue about community priorities have consistently been ignored.

What does it say when a project located across the street from the Reef is able to provide nearly the same total number of affordable housing units and even greater community benefits, despite being only one-tenth the size? It says, very clearly, that the Reef can and should do much more for the community it seeks to join. When this Council approved the project at 233 W. Washington, Councilmember Jose Huizar called the Project a "model for how to do good community development," and "an example of what could happen throughout the city when people say there's no room for affordable housing." Surely this model of good community development does not only apply to Council District 14. Across the street, in the Ninth District, we need development that meets these standards of equitable and inclusive development as well.

The Reef does not meet the minimum requirements of the Draft Southeast LA Community Plan.

The Draft Southeast LA Community Plan designates the Reef site as TOD Regional.[16] In order to build above the base FAR of 1.5, the Reef would need to provide 11% Extremely Low Income (ELI) units, 12% Very Low Income (VLI) units or 14% Low Income (LI) units. This amounts to 159 units affordable to ELI households, 174 units affordable to VLI households or 203 units affordable to LI households. The Reef's current proposal of 28 rental units affordable to LI households is but a tiny fraction of what would be required under the new Community Plan.

The Reef's proposed affordable housing contribution falls short of what is feasible under the City's Linkage Fee Nexus Study.

[14] Council File 15-0785.

[15] Note, the project at 233 W. Washington requested *the exact same* General Plan amendment to modify Community Plan Footnote 1 to allow height district 2 and increase the allowable density from 1.5 FAR to 6 FAR as is being proposed by the Reef. However, in contrast to what is currently proposed for the Reef, the City was able to avoid improperly undermining existing affordable housing incentives by granting the amendment but also including a "[D]" Development limitation that set the new base density below the requested FAR, but allowed the project to ultimately reach the requested 6 FAR by providing on-site affordable housing units that met the requirements of the Downtown Housing Incentive Ordinance Floor Area Bonus. *See* Department of City Planning Recommendation Report, CPC-2008-0569-GPA-ZC-SPR.

[16] Draft Southeast Los Angeles Community Plan CPIO, July 2016, https://drive.google.com/file/d/0B2-Bso5cdFL9RnV0Rnkyei0zZVU/view

The Mayor's Office has proposed, and the Planning Department is currently drafting an ordinance establishing a Linkage Fee for new development. As part of this process, the City commissioned a Linkage Fee Nexus Study to analyze the nexus between new development and the need for affordable housing and to test legal fees for feasibility across market conditions. The results of the nexus study show that, under a conservative "moderate market" assumption, a feasible fee for the Reef would be to provide over **$49 million** in funding for affordable housing. Again, the $15 million currently proposed in the Reef Development Agreement is but a fraction of this required amount. Even the current draft Linkage Fee ordinance, which sets fees far lower than those deemed feasible in the nexus study, would require more from the Reef.

The Reef does not satisfy the minimum affordable housing standards in Measure JJJ.

Measure JJJ, on the November ballot, would establish affordable housing requirements for certain projects, like the Reef, that seek increased density through zone changes and/or General Plan amendments. Under Measure JJJ, the Reef would be required to provide 16% VLI units, including at least 5% ELI units, or 25% LI units, including at least 5% ELI units, for the rental housing, and 11% VLI units or 20% LI units for the for-sale units. This amounts to 88 rental units, including at least 28 units affordable to ELI households, and 99 for-sale units (187 units total) affordable to VLI households, or 138 rental units, including at least 28 units affordable to ELI households, and 179 for-sale units (317 units total) affordable to LI households, or an in-lieu amount based on these on-site requirements. The current proposal of just 28 Low-Income units and $15 million in funding is well short of the Measure JJJ standards.

The Reef does not meet the minimum affordable housing standards in the Planning Department's proposed Value Capture Ordinance.

The City Council is currently considering a "Value Capture" ordinance, which would impose on-site affordable housing requirements for projects, like the Reef, that seek increased density through zone changes and/or General Plan amendments. This ordinance would require projects to, at a minimum, meet the onsite affordability requirements of state density bonus law. For projects that receive increases in residential density exceeding 35%, the Value Capture ordinance would require at least 11% VLI units or 20% LI units. Applied to the Reef, this would require either 159 units affordable to VLI households or 289 units affordable to LI households – far exceeding the current proposal of just 28 units affordable to LI households.

It is clear that the Reef falls short of the community-supported models for equitable TOD and emerging citywide planning standards. Under *any* of the proposed policies for equitable development discussed above, the Reef would be required to provide significantly more on-site affordable housing, or funding for affordable housing, than is reflected in the current development agreement.

The Reef should be denied because it is inconsistent with numerous General Plan policies, citywide development standards and state laws.

California state law, local land use regulations and City General Plan policies and programs all compel denial of the Reef project, as proposed. The Reef's numerous inconsistencies with state and local land use laws and policies are described in the appeal of case number CPC-2014-1771-GPA-VZC-SN-VCU-MCUP-CUX-ZV-SPR filed by UNIDAD on September 26, 2016; the appeals of case number VTT-72914 filed by UNIDAD on September 19, 2016 and July 15, 2016; Draft EIR Comment Letters submitted by UNIDAD on November 2, 2015 and Public Counsel on November 2, 2015; the FEIR Comment Letter submitted by UNIDAD on August 10, 2016; and the general Comment Letters submitted by UNIDAD on August 8, 2016 and June 20, 2016, each incorporated by reference. These inconsistencies and violations include, but are not limited to, the following:

Approving the Reef as proposed would undermine state density bonus law in violation of the General Plan and state law.

A number of General Plan policies and programs specifically compel the City to not undermine the density bonus program. Housing Element Program 73 directs: "When building envelopes are increased, take care not to undermine the density bonus program. Aim to attach community benefits, including affordable housing, to significant bonuses in floor area and density." Housing Element Program 101 directs: "Take care to not undermine the density bonus program by providing significant land-use incentives without an affordable housing provision…"

Furthermore, California Government Code Section 65917 states that "a locality shall not offer a density bonus or any other incentive that would undermine the intent of [state density bonus law]." A density bonus is defined as any "density increase over the otherwise maximum allowable residential density as of the date of the application." Cal. Gov. Code § 65915(f).

Here, the Applicant proposes to bypass the requirements of state and local density bonus law under the guise of a Zone Change and General Plan Amendment. Because current zoning does not allow residential use on the Project site, the Applicant is seeking a Zone Change and a General Plan Amendment to change the use designation from "Limited Manufacturing" to "Community Commercial." But the General Plan limits the "Community Commercial" zone to a floor-area-ratio (FAR) of 1.5:1 for this site. So the applicant seeks *another* General Plan Amendment to exempt the Project from the density limits of Community Plan Footnote 1 and instead allow Height District 2 and 6:1 FAR on the site. The first part of the proposed General Plan Amendment would allow residential use where none was previously allowed. The second part would create a 400% increase in allowable residential density (from 1.5 FAR to 6 FAR) just for this single Project site. Under state density bonus law, to achieve a density increase of 35% or greater, the Project would need to provide at least 11% units affordable to Very Low Income Households or 20% units affordable to Low Income Households.[17]

Here, the Applicant proposes zero on-site affordable housing, while the Planning Commission recommends just 1.9%. In either case, **the Project would enjoy the maximum benefits of the density bonus law without meeting even the minimum requirements to qualify**. This clearly undermines the density bonus in direct violation of the above General Plan and state law provisions.

Approving the Reef as proposed would be inconsistent with numerous other General Plan policies and programs.

A number of General Plan policies and programs highlight the importance of creating significant new affordable housing, especially in developments near transit.[18] For example, the Southeast Los Angeles Community Plan ("SELA CP") Policy 11-2.3 directs the City to "maximize opportunities for affordable housing and pedestrian access adjacent to rail stations." Placing affordable housing near transit ensures that residents have access to valuable amenities and reduces vehicle trips and greenhouse gas emissions. In California, higher income households own twice as many vehicles and drive twice as many miles as extremely low-income households living near transit.[19] Siting affordable housing near transit is a

[17] *See* Cal. Gov. Code § 55915 (f) ("the amount of density bonus to which the applicant is entitled *shall* vary according to the amount by which the percentage of affordable housing units *exceeds* the percentages established in subdivision (b).")(emphasis added); Los Angeles Municipal Code § 12.22A25 (c)(1).

[18] *See, e.g.*, Southeast LA Community Plan Policy 11-2.3; General Plan Housing Element Policies 1.1.2, 2.5.1, 2.5.2 and Program 8.

[19] *See* California Housing Partnership Strategy & Transform, *Why Creating and Preserving Affordable Homes Near Transit Is a Highly Effective Climate Protection Strategy*, 3, 2014, http://www.transformca.org/transform-report/why-creating-and-preserving-affordable-homes-near-transit-highly-effective-climate.

"powerful and durable GHG reduction strategy."[20] This is why SELA CP Policy 1-2.2 and its implementing program specifically call for locating mixed-income housing near transit, and other amenities, through use of the density bonus and other affordable housing incentive programs.[21]

The Applicant has consistently resisted creating affordable housing on-site. And the Planning Commission's recommendation amounts to just 1.9%. A Project with zero affordable housing, or – as modified by the Planning Commission recommendation – with just 1.9% affordable housing, is a Project that fails to maximize affordable housing near transit and misses a valuable opportunity to reduce vehicle trips and emissions. As such, approval of the Project is in direct contradiction of the General Plan policies and programs described above.

Numerous other General Plan policies and programs seek to prevent displacement and avoid the loss of affordable housing and local small businesses.[22] For example, the recently adopted General Plan Health Element includes several programs aimed at preventing or mitigating the health harms of displacement. As discussed above, the Reef Project Health Impact Report estimates that 40,000 people have a moderate to very high risk for financial strain and/or displacement as a result of the Project's impact on housing cost in the surrounding neighborhood. Under Health Element Program 86, the City must consider and require an "array of mitigation tools that can preserve existing small businesses and affordable housing for low-income households; and create opportunities for low-income and vulnerable populations to access the benefits created by new development and investment in their neighborhoods." As proposed, the Reef includes inadequate measures to mitigate the displacement impact caused by the Project and, with over 98% of housing unaffordable to nearby residents, does not create opportunities for low-income residents to access the benefits of this proposed investment. Unmitigated, these displacement and community destabilization risks clearly implicate the public health considerations outlined in the City's new Plan for a Healthy LA and cause the Project to conflict with numerous other General Plan policies and programs.[23]

Approving the Reef as proposed would violate the City's Industrial Land Use Policy.

The Applicant seeks approval of a General Plan Amendment to convert the Reef property's land use designation from "Limited Manufacturing" to "Community Commercial." The City's Industrial Land Use Policy (ILUP) sets forth the procedures for evaluating and approving General Plan amendments and zone changes for industrial sites. This well-established city land use policy dictates that in order to qualify for the proposed change of use, the Reef must provide specific Community Benefits, including certain percentages of on-site affordable housing.[24]

The ILUP Staff Directive literally directs Department of City Planning (DCP) Staff to "recommend approval of applications for changes of use or zone *provided Community Benefits are incorporated*," and states that "[w]hen considering approval of projects within … 'transition' Districts, staff

[20] *Id*. at 3.
[21] Southeast LA Community Plan Policy 1-2.2: "Locate senior citizen housing and mixed income housing, when feasible, near commercial centers and transit and public service facilities." Program: "Utilize the incentive programs such as the Density Bonus Program, F.A.R. allowances to encourage the development of these units in the desired locations."; *See also* General Plan Housing Element Policy 2.5.1: "Target housing resources, policies and incentives to include affordable housing in residential development, particularly in mixed use development, Transit Oriented Districts and designated Centers."
[22] *See, e.g.*, Southeast LA Community Plan Policies 1-5.2 and 2-1.4; General Plan Housing Element Objective 1.2, Policies 1.2.2 and 1.2.8; General Plan Health Element Policy 1.7.
[23] *Id.*
[24] Los Angeles ILUP, Staff Direction Memorandum Regarding Industrial Land Use and Potential Conversion to Residential or Other Uses [hereafter, "Staff Directive."], 5. Available at http://planning.lacity.org/Code_Studies/LanduseProj/Industrial_Files/StaffDirections.pdf.

recommendations *should include Community Benefits set forth below*."[25] [Emphasis added.] The enumerated Community Benefits include on-site affordable housing units at percentages that meet or exceed 10% for Very Low Income Households or 15% for Low Income Households.[26] This directive is repeated throughout the ILUP. To be very clear: the ILUP does not require the City to retain the Reef's industrial land use designation. However, if a conversion is approved, the ILUP does call for specific Community Benefits, including minimum percentages of on-site affordable housing.

The Planning Commission approved the General Plan Amendment and recommended 1.9% (or 28 units) affordable housing for Low Income Households. This is an improvement from the Applicant's proposal of zero affordable units, but it is still 189 units short of what the ILUP calls for. The Planning Commission Findings acknowledge the applicability of the ILUP to this Project – but fail to mention the on-site affordable housing provisions.[27] This omission is both alarming and deeply troubling. Findings should provide a complete account of the policies they cite, not just cherry-picked provisions that support approval. The Project cannot be approved unless and until it meets the ILUP Community Benefits requirements.

The Reef Project Final Environmental Impact Report conclusions and the Planning Commission's CEQA findings are not supported by substantial evidence.

UNIDAD hereby adopts and incorporates by reference the comments regarding the Project's environmental impacts contained in the September 26, 2016 UNIDAD Appeal of CPC-2014-1771-GPA-VZC-SN-VCU-MCUP-CUX-ZV-SPR; the September 19, 2016 UNIDAD Appeal of VTT-72914 to the City Council; the July 15, 2016 UNIDAD Appeal of VTT-72914 to the City Planning Commission; the August 8, 2016 Comment Letter to the City Planning Commission; the June 20, 2016 UNIDAD Comment Letter; the August 10, 2016 UNIDAD FEIR Comment letter; the November 2, 2015 Public Counsel DEIR Comment Letter; and the November 2, 2015 UNIDAD DEIR Comment Letter.

The evidence does not support approving a General Plan amendment, and the proposed amendment was not properly initiated.

To date, neither the Applicant nor the Department of City Planning has provided sufficient evidence to support the findings required under Charter Section 555 and Municipal Code Section 11.5.6. Moreover, the proposed General Plan Amendment was not properly initiated. Pursuant to the City Charter, a General Plan amendment may only be initiated by the Director of Planning, the City Planning Commission, or the City Council. The Draft Findings state that "the Director of Planning proposed the amendment to the Southeast Los Angeles Community Plan (General Plan Land Use Element), pursuant to Council instructions to the Department of City Planning in a motion by Councilmember Curren Price on May 13, 2014 (Council File No.14-0620)."[28] However, the motion referenced in the Draft Findings was in fact pending in committee for two years, until it expired due to inactivity in July, 2016. As a result, the directive was never adopted by a majority vote, as required for the City Council to initiate a General Plan amendment.[29] Because the Findings state that the General Plan Amendment was initiated "pursuant to Council instructions" in a motion that was never actually adopted by the City Council, the proposed amendment was not properly initiated and the Council therefore cannot legally approve.

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For all of the foregoing reasons, UNIDAD urges the Council to deny the requested entitlements unless significant changes are adopted. The Project, as proposed, is inconsistent with community driven

[25] Staff Directive, 5 and 8.
[26] Staff Directive, 8.
[27] Planning Commission Determination Letter, Findings, F-1.
[28] *Id*. at F-11.
[29] LAMC § 11.5.6(B).

standards for equitable and inclusive development and approval would be unlawful in light of the many General Plan and state law inconsistencies described above. The South LA community needs and deserves development that is more equitable and inclusive than what is proposed here.

Recommendations

Therefore, we call upon the Planning and Land Use Management (PLUM) Committee Members to:

1. **Not rush this project to approval**. We have already experienced the insult and trauma that comes from the dismissal of public concerns and the rushing of this Project forward. The City Planning Commission pushed the Reef to the next stage in direct contradiction to over 3 hours of oppositional testimony given from residents and advocates, and despite admitting that the Project fell short of standards expected of developments asking for a long list of variances. We do not need to experience this again.
2. **Not approve this project without significant changes, including**:
    a. Increasing the on-site affordable housing well beyond ***the proposed and abysmal 1.9%***. The project should include no less than 15% of on-site rental and condo affordable units.
    b. Provide affordable housing at the deepest levels of affordability so that households whose incomes are at the **Extremely Low-Income level** (earning less than 30% of Area Median Income) may be able to benefit from these new investments.
    c. Invest in anti-displacement programs in the community, including community-based tenant organizing,
3. **Redefine and restructure community/public benefits so that they are**:
    a. **Significant and meaningful** to the longtime residents of South Central, while addressing project impacts.
    b. **Implementable, enforceable and accountable**.
    c. **Managed and distributed by an independent third-party administrator**, such as a community foundation.
    d. **Controlled by the community,** to ensure that the intended community reaps the greatest benefits. Establish a community oversight board that monitors annual reports and establishes the guidelines for the third-party administrator.
    e. **Transparent in their negotiation and development**.
    f. **Designed through consultation with local community experts.**
4. **Require that all community benefits – including funds for affordable housing – be released prior to the first Building Permit for any phase of the Project.** Given the significant impact of the Reef, the community benefits should be released at the earliest date possible. Affordable housing dollars should not be treated differently in this regard – rather, they should be prioritized for rapid release, given the expected and significant rise of land values following the approval of megaprojects like the Reef.
5. **Require 50% of annual billboard/sign revenue to be committed to a community benefits fund that grows with the Project – or remove signs from the project entirely.** If all proposed billboards are approved, annual revenue generated from the signs is estimated to be $27 million. Knowing that billboards require very small operating costs, the City should require a percentage of funds to be used for public benefit. And because the billboards have significant impacts on the community, they should only be allowed if a percentage of revenues fund community benefits.

Sincerely,

Joe Donlin
United Neighbors In Defense Against Displacement (UNIDAD)

UNIDAD UNITED NEIGHBORS IN DEFENSE AGAINST DISPLACEMENT

Reef Development

Community Benefits Proposal

March 21, 2016

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Introduction

The Reef Development Community Benefits Proposal was produced as part of a 3-month community-engaged process that involved 10 community-based organizations and over 100 local residents, students, small business owners, and other stakeholders.

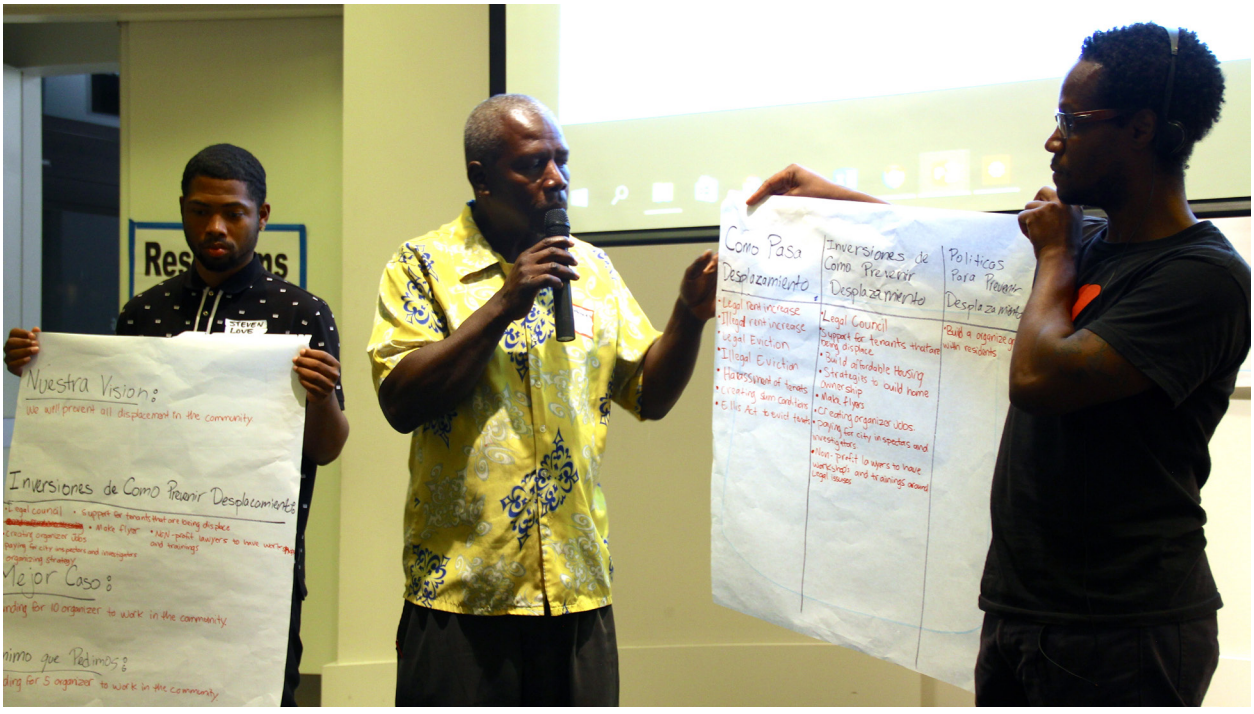
The seven sessions—facilitated by the United Neighbors In Defense Against Displacement (UNIDAD)—created a space for community participants discuss issues of land use planning and development as they relate to poverty, economic development, health, gentrification, and displacement. After analyzing the proposed Reef project details and impacts, stakeholders laid forth a vision for a project that would align with community needs and assets. They then partnered with experts from various areas to turn their vision into specific programs and policies for the development site. These programs were categorized under nine programmatic themes, each highlighting a core issue priority for the community stakeholders.

In addition to the nine programmatic themes, this process revealed key principles that need to be present for a successful community/public benefits package. The six principles are:

- **Significant community benefits**. Because the project's impacts will be significant, so must be the project benefits.

- **Implementable and enforceable**. A benefits program must have clear implementation plans that include staffing and processes for monitoring and enforcement of the agreement.
- **Independent third party siting**. Funds established in a community/public benefits program must be sited at a third-party administrator or institution that can administer funds independently through an open request for proposals (RFP) process.
- **Community Control**. Community control ensures the intended community reaps the greatest benefits. A community oversight board should establish the guidelines for the third-party administrator and monitor annual reports on the implementation of the benefits agreement.
- **Local expertise on community benefits**. Negotiations and program development for a community/public benefits package must include local community-serving experts who have negotiated, monitored and implemented such agreements.
- **Transparent processes**. Both the negotiations and implementation processes must be transparent, so that community residents and stakeholders may track progress.

As demonstrated by the level of detail in this document, many hundreds of hours of community and professional time were devoted to reaching this vision. Nevertheless, this remains an ongoing conversation—there remains room for addition to and modification of the proposals. Furthermore, while the level of detail of the proposals is specific, it is by no means exhaustive. Additional elements, such as point-by-point methods of implementation and monitoring along with individual program, staffing, and material costs by proposal, are not included here. We invite others to join the discussion as we work towards building a better neighborhood, with the same neighbors.



Community Benefits Proposals

Types of Community Benefits

On-site	Benefits that must be implemented at the site/property of the proposed Reef Development
Program Investments	Programs or projects funded by the Reef Developer that may be implemented off-site
Public Policy	Commitment of support from the Reef Developer for public policy that would prevent the displacement of the local community

Funding for Community Benefits

We are calling for at least 50% of LED billboard revenues to fund programs that will serve to mitigate the health, economic, and cultural impacts of the billboards and the broader development of the Reef. Based on our analysis, this revenue should be able to comfortably support community benefits in eight of the thematic areas. In fact, we estimate that there will likely be a surplus that should be captured by the Council District 9.

1. Community Benefits Implementation

A. Monitoring and Implementation

1. Fund one full-time staff person located in the City's [Planning] Department to coordinate quarterly monitoring and oversight of the community benefits.	Program Investment

2. Fund the creation of a Community Oversight Board (COB) to establish an independent process for the distribution of community benefit funds through an RFP process administered by a Third-Party Fund Administrator. The COB will also review reports on implementation provided by monitoring entities assigned under each program area. The COB will collate a summary report on an annual basis.	Program Investment

B. Auditing

1. Finance regular auditing of project revenues as part of the assessment of funds derived from digital billboards and/or other revenue streams	Program Investment

2. Affordable Housing

A. Onsite Housing Rentals
30 units at 30% AMI
66 units at 50% AMI

B. Offsite Housing Rentals within a 2-Mile Radius of the Reef Development
38 units at 30% AMI
83 units at 50% AMI

C. Acquisition and Rehabilitation of Affordable Units within a 1-mile Radius of the Reef Development
28 units at 50% AMI

Total: 245 units of affordable housing

AMI = Area Media Income

3. Displacement Prevention

A. Anti-Displacement Program

1. Provide trainings and events for renters (i.e., tenant rights and tenant associations) and homeowners (i.e., anti-foreclosure).	On-site
2. Raise awareness and conduct outreach for anti-displacement efforts to local residents via the Reef's communications infrastructure. Provide information on tenant services, clinics and legal support.	On-site

3. Create and distribute a renters rights packet and other printed literature for low-income renters from an on-site kiosk. Include annual report on rent levels from the RSO Rent Registry and other data sources for a 2-mile radius of the project.	On-site

B. Anti-Displacement Fund

1. Provide funding for an Emergency Rental Assistance program that would support the creation of local Tenant Associations and assist local tenants facing eviction.	Program Investment

C. Community Anti-Displacement Team

1. Fund two tenant/anti-displacement organizer positions. One of the two organizers will be designated the Displacement Prevention Coordinator. They would be responsible for monitoring the displacement-prevention investments in addition to educating and organizing residents.	Program Investment

D. Tenant Clinic

1. Fund the creation of and support the operation of a legal clinic for tenants.	Program Investment

E. Rent Stabilization Ordinance (RSO) Enforcement

1. Fund RSO enforcement efforts in South Central LA. HCID will assign at least 1 staff person to be direct liaison to this area (area needs to be defined.)	Program Investment

F. Net Gain Policy

1. Support a No Net Loss/Net Gain of Affordable Housing policy and implementation program for the area surrounding the Project.	Public Policy

4. Good Jobs

A. Living Wages for all Permanent Jobs on Site

1. Ensure that all on-site jobs are living wage. Where there are union industries, jobs should be unionized (e.g. grocery store workers).	On-site
2. Require all retailers, contractors, and subcontractors to provide all employees at minimum a Living Wage Salary	On-site
3. An exception may be considered for small businesses	On-site

considered to be classified as local “Mom and Pop.”	

B. Local and Disadvantaged Worker Hiring for Permanent and Construction Jobs

1. The Developer and any contractors/sub-contractors must hire at least 50% of its workers/employees from the local designated geographic area as well as identified zip codes with high levels of unemployment.	On-site
2. The Developer and any contractors/sub-Contractors must hire at least 10% of the workers/employees from populations that are considered Disadvantaged Worker. (Example: Individuals without a GED, Single Mothers, Transition-Age Youth (TAY) exiting the foster care system, Individuals with chronic unemployment, re-entry formerly incarcerated etc.)	On-site
3. Fund two Job Coordinator positions to monitor, implement, and enforce community benefits for onsite permanent jobs and serve as the liaison between the Developer and the community.	Program Investment
4. Conduct 45-90-120 day reviews of workers to identify and provide appropriate support and training.	On-site
5. Release a public biannual report of workers employed in both construction and permanent jobs.	On-site

C. Anti-Discrimination Policy

1. Establish anti-discrimination and equal employment opportunity policies to ensure a truly diverse workforce, particularly for African-American workers who have often been left out of new job opportunities in construction and other industries.	On-site
2. Fund a Diversity Manager position to monitor, enforce, and train staff in anti-discrimination and equal employment opportunity policies, develop, implement, and track diversity hiring and retention plans for the project, and act as a resource for workers who want to understand their rights at work.	Program Investment

D. Workforce Development Training

1. Fund for at least two staff people from the community to provide Workforce Development training for a minimum of 100 people a year. Training themes would	Program Investment

be relevant to skills needed for the permanent jobs available such as Hospitality Services, Customer Service, and other necessary skills, as well as opportunities for professional jobs such as bookkeeping, accounting and other professional/office jobs.	
2. Work with community residents and local stakeholders to create a pipeline from workforce development trainees to the on-site permanent jobs. Include strategies to create career paths for undocumented.	On-site

E. Day Laborer Center

1. Fund the establishment of a Day Laborer Center on or near the Project site.	Program Investment

F. Garment Worker Support

1. Fund a garment worker staff member to ensure labor standards are upheld for local workers and to support garment workers' economic security.	Program Investment

5. Small Business

A. Mitigation for Existing Small Businesses Along Corridors Impacted

1. Support a rent control lease program for commercial spaces to limit increases in rent/evictions of existing small business operators by commercial space owners.	Public Policy
2. Provide financial compensation for small businesses that can demonstrate a loss of revenue due to impacts of Reef Project construction based on physical impediments such as restrictions to bus, train, auto and pedestrian access.	Program Investment
3. Just compensation and comprehensive relocation assistance for displaced businesses due to construction efforts.	Program Investment
4. Provide free parking access for existing small business operators and customers impacted by loss of existing public or direct private parking space.	On-site

B. Affordable Small Business Retail Space Access at Reef Project Site

1. Set aside 15% of all commercial retail space (square footage of overall space) for existing locally situated business operators	On-site
2. Set aside 5% of all commercial retail space (square footage of overall space) for the utilization of small businesses owners who live in the South LA area. This is separate and apart from the 15% listed above.	On-site
3. Reduced retail/office rental space for the 20% identified small businesses targeted retail space for 20 years.	On-site

C. Access to Capital Small Business Fund Program

1. Develop and invest in a small business capital fund to specialize in providing growth and development capital for small business at the Reef and in the community defined target areas.	Program Investment
2. Develop and invest in a construction capital fund from small businesses that utilize the 20% reduced rent.	Program Investment
3. Develop and invest in a micro-fund loan program to support micro enterprises in the geographic area around the Reef and in areas of high economic development need in South Los Angeles.	Program Investment
4. Develop and invest in a matching loan fund for revitalizing existing small businesses in nearby commercial corridors along streets such as Washington, Adams, Maple, and San Pedro.	Program Investment
5. Provide capital for targeted outreach to link small business to existing technical assistance resources.	Program Investment

D. New Entrepreneur Training Program for Existing Local Residents

1. Coaching and program support targeting local South LA young adults interested in starting a small business that can range from kiosk level to bricks and mortar on site and off-site as a means to establish local economic stability in and around the Reef project.	Program Investment

E. Procurement Contract Program for Local Vendors and Contractors

1. Establish procurement contracts for local South LA	On-site

small business.	

F. Key Features of Small Business Programs:

1. Establish Economic Development Council that would consist of local small business operators and advocacy groups committed to improving the economic health of the area.	Program Investment
2. To access these community benefits, small business owners must have a lease agreement or demonstrate that the owner refused to provide a lease agreement.	

6. Health and Safety

A. On-site Community Center

1. Provide space, materials, staffing, technology, and programming for health and wellness classes, tutoring services and after-school support, immigration services, and job training accessible to all residents including community elders and youth.	On-site

B. On-site daycare center

1. Provide an on-site daycare center (free or sliding-scale cost) for employees, residents, students, and community members or set aside space for a publicly funded daycare facility.	On-site

C. On-site Health Measures

1. Reduce size, limit location, orientation, and hours of operation, and increase community serving content of digital/LED billboards.	On-site
2. Expand air quality mitigation measures included as design features to the surrounding area that will be directly affected by the development.	On-site
3. Restrict emissions during the construction and operation phases of the project to limit volatile organic compounds and nitrogen oxide pollution and keep local ozone and nitrogen oxide levels safely below federal and state standards.	On-site

D. Farmers Markets

1. Fund the creation and operation of farmers markets in local business corridors.	Program Investment

E. Community Health Programs

1. Fund a home visitation program with community health promoters to aid families in reducing asthma, lead, and other pollution-related health issues.	Program Investment
2. Fund a program outfitting all local homes, businesses, schools, and other so-called “sensitive receptors” with air filtration systems.	Program Investment

F. Community Safety Programs and Policies

1. Create and operate a multi-lingual hotline to record and track community concerns, with funding for space, equipment, staff, and marketing materials to make the community aware of the available service.	On-site
2. Host regular bi-monthly community safety events, including: meet-and-greet with public and private safety staff, free giveaways (lights for bikes, helmets, flashlights, emergency supplies), education on safety policies like the Civilian Oversight group, the community hotline, and the Community Safety plan, and community-oriented resources and activities.	On-site
3. Adopt a "campus-wide" policy against criminalizing the homeless, low-income people, people of color, and other historically marginalized identity groups. Require training for all security staff to prevent racial profiling and brutality.	On-site
4. Establish a civilian oversight group made up of a diverse group of local residents to monitor on-site private/public security forces.	On-site
5. Before breaking ground, establish a community safety plan rooted in anti-criminalization, restorative justice principles and created in deep collaboration with community organizations	On-site
6. Ensure that any and all security-related jobs must follow the Local and Disadvantaged Worker Hiring Ordinance.	On-site

7. Homelessness

A. Off-site Facilities

1. Fund two trucks and mobile trailers each outfitted with 2 showers and restrooms as well as 2 washer/dryer units.	Program Investment

B. Off-site facilities

1. Fund four shower stalls and utilities for a year at an off-site homeless services facility.	Program Investment

C. Case Management

1. Fund three case managers over three years to assist with referral/resource services and enroll homeless individuals for housing and related needs. Case managers should be ready to provide resources on domestic violence, disabilities, generational discrimination, drug detoxification, employment, food, and finances.	Program Investment

D. Transportation assistance

1. Provide funding for 100 pre-loaded metro one-month passes through Metro LA's Rider Relief Program.	Program Investment

E. Good Neighbor Policy

1. Commit to not removing/breaking up homeless encampments on or near the site, before, during, and after construction. Where construction requires allowing for space, commit to work with community groups and the homeless residents to arrange an appropriate plan.	On-site
2. Commit to treat all homeless persons with dignity and respect all individuals' right to rest. Persons experiencing homelessness shall be permitted to use public space in the same manner as any other person, without discrimination based on their housing status. In addition, the existence of homelessness requires that civil and human rights that are amply protected in the home and in other private places be extended to the public areas in which homeless persons live.	On-site

8. Green Space

A. Publicly Accessible Green Space

1. Make on-site green space accessible to the public and include active elements, such as exercise areas and exercise machines.	On-site
2. Include a bike lane accessible to all residents of the community.	On-site
3. Include space for selling local produce.	On-site
4. Include fruit trees, with the fruit available to the community.	On-site
5. Provide free parking for residents to access the green space.	On-site

B. Community Open Space Fund

1. Provide funds for the conversion of public/private vacant lots to parks or community gardens (e.g. the empty lot located on 30th and Trinity).	Program Investment
2. Fund upgrades to existing parks within a ¾-mile to ½-mile radius to include workout/exercise areas and machines and other active elements;	Program Investment
3. Provide funds for a new community center for seniors and families.	Program Investment
4. Fund sports league programming.	Program Investment
5. Provide funding for access and supervision of local school playgrounds after hours; and	Program Investment
6. Support a community-engaged design and stewardship process for new parks to ensure that they reflect the diverse needs of current residents. In particular, these processes should include local Black and Brown communities.	Program Investment

9. Youth Development

A. Higher Education and Career Pathways in non-profit social services, technology and health

1. Develop high school to careers pipeline program targeting careers in non-profit social services, technology and health career sectors. Work with LATTC and Santee Education Complex, Orthopeadic and Jefferson High Schools.	Program Investment

B. Leadership Development for Civic Engagement

1. Fund leadership development training programs to support 500 local area youth ages 15-21 over the course of 10 years.	Program Investment

C. Sports Recreation and Arts Programs

1. Fund after school recreation and arts programs in the 90011 zip code. There is currently a waiting list consisting of 2,000 individuals from Elementary through 21 years of age. These additional programs will supplement existing community programs in arts, recreation and sports will help prevent gang violence in the community.	Program Investment

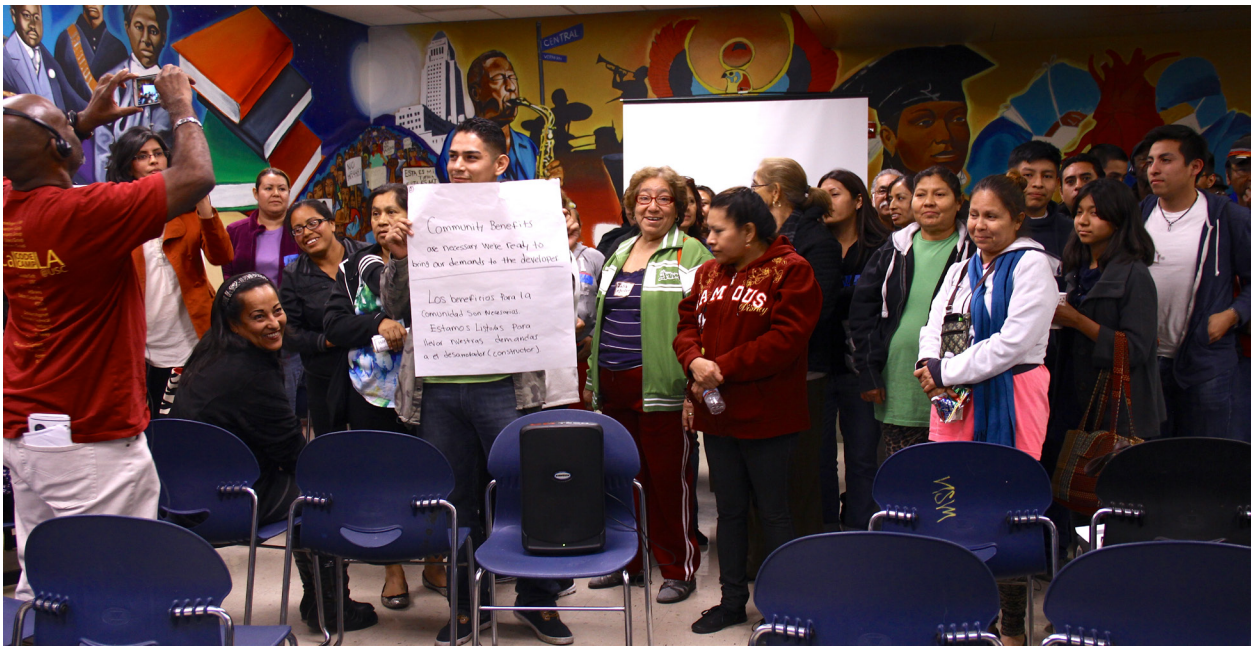


Exhibit B: The Reef Falls Short by Any Standard of Affordable Housing in the City of Los Angeles

The Reef Proposes	***1.9%*** of total units affordable at Low Income level **= 28 units of LI affordable housing** **+** $15 M in affordable housing = **37 units of VLI affordable housing** **+** 0% revenue from Billboard/signage revenue					
	Grand Metropolitan,	**Measure JJJ (Nov 8, 2016 ballot)**	**Mayor's AH Linkage Fee Nexus Study**	**State Density Bonus and Value Capture Ordinance**	**Southeast LA Community Plans**	**Billboard Revenue at the Reef**
Rationale for applying to Reef	Located across the street from the REEF. Approved in 2015. 1/10th the size of the Reef	Overwhelming support from registered voters in the City of LA. Once passed, will go into effect this year. Applies to projects like the Reef.	Fits the profile of projects that would be captured under the proposed linkage fee.	Current and proposed policies requiring affordability in connection with density increases	The proposed project is located in the Southeast LA Community Plan Area	Proposed billboards at the Reef would generate a projected $27M of revenue ***per year***, along with low operating costs.
Description of this standard	5% ELI on-site affordable housing 10% VLI on-site affordable housing _____ **15% on-site affordable housing**	RENTAL UNITS 5% ELI on-site units 11% VLI on-site units _____ **16% on-site affordable units** CONDOS 11% VLI on-site units	In a moderate market, the linkage fee would require: $14.50 per square foot of office $7.00 per square foot of retail $5.00 per square foot of hotels $23,805 per rental unit $37,571 per condo unit	The City Council is currently considering a "Value Capture" ordinance, which would impose on-site affordable housing requirements for projects, like the Reef, that seek increased density through zone changes and/or General Plan amendments. For projects that receive increases in residential density exceeding 35%, the Value Capture ordinance would require at least 11% VLI units or 20% LI units	The Draft Southeast LA Community Plan designates the Reef site as TOD Regional. In order to build above the base FAR of 1.5, the Reef would need to provide 11% Extremely Low Income (ELI) units, 12% Very Low Income (VLI) units or 14% Low Income (LI) units.	The $15M proposed in the Development Agreement would be earned roughly ***every 6-7 months of operation***.
If Applied to the Reef	5% = 72 units of on-site ELI Affordable Housing 10% = 144 units of on-site VLI affordable housing _____ **15% = 216 units of on-site affordable housing**	RENTAL: 5% = 28 ELI on-site units + 11% = 60 VLI on-site units _____ **88 units of rental affordable housing** CONDOS **11% = 99 units of affordable condos on-site**	The REEF would be required to pay **around $50 million in fees**	**159 units of VLI housing** **Or** **289 units of LI housing**	**159 ELI units** **or** **174 VLI units** **or** **203 LI units**	Devoting 50% of billboard revenue per year to affordable housing would generate around **$13M per year. Every 5 years, that would be about $65M.**
Loss to the Community	**-151 units of affordable housing** + **-$13 million annually** from billboard revenue	**-28 ELI rental units** **-23 VLI rental units** **-99 VLI condo units** +	**-$35 million for affordable housing** + **-$13 million annually** from billboard revenue	**-94 VLI units** + **-$13 million annually** from billboard revenue	**-94 ELI units** Or **-109 VLI units** + **-$13 million annually** from billboard revenue	**-$13M annually** for affordable housing + Other on-site and off-site affordable housing (see adjacent examples)

Exhibit B: The Reef Falls Short by Any Standard of Affordable Housing in the City of Los Angeles

		-$13 million annually from billboard revenue				