



Los Angeles/Ventura Chapter



June 6, 2017

Dear Councilman Huizar:

The organizations listed below write to express our strong opposition to the proposed Linkage Fee, a fee of \$12.00 per square foot on new homes and \$5.00 per square foot on commercial development. With the current crisis of housing undersupply and exploding unaffordability, it is troubling that the City has proposed a strategy that would significantly increase housing costs for everyone except a very small percentage of those households. This would disproportionately impact teachers, firefighters, police, nurses, service employees in the public and private sector, minorities, and millennials. This can only increase inequality in Los Angeles.

The City's optimistic analysis estimates that the linkage fee will produce \$75-92 million annually. According to the City's own 2016 Linkage Fee Study conducted by BAE Urban Economics, the average affordable unit development cost in the City of Los Angeles is \$448,479. The city's contribution, in a best-case scenario, for the affordable unit would be around \$150,000. Even assuming an unlikely ideal situation, the Linkage Fee would produce about 613 units annually. Similar programs in San Francisco, Boston and Chicago produced 86, 100 and 55 units per year respectively<sup>1</sup>.

Even if the City were to somehow massively out produce these other large urban cities, it would be of little consolation to the overwhelming majority of the 652,879 households in Los Angeles that make less than \$50,000 per year<sup>2</sup> and are already housing cost burdened. Considering that 52,834 of these households live in subsidized units<sup>3</sup>, there are still 600,045 households competing for scarce non-subsidized housing. This proposed linkage fee will help at best a 0.1% of that number per year (613 units out of 600,045 households).

Conversely, the remaining 99.9% will likely see higher rents and home prices due to the increased cost on market-rate housing to compensate for the increased subsidy of the 0.1% that will receive the benefit of the linkage fee program. Overall housing production is also likely to decrease because fewer projects will be financially feasible and/or sellers of land will be unwilling to sell since they have cash-flowing properties that are more financially viable than absorbing the necessary decrease in their land value.

This proposal is akin to filling an ocean with a garden hose, and will make no real progress toward alleviating the housing crisis. The Los Angeles housing market will likely become further stagnated and

<sup>1</sup> Los Angeles Affordable Housing Linkage Fee Nexus Study Prepared by BAE Urban Economics, September 21, 2016

<sup>2</sup> <https://censusreporter.org/profiles/16000US0644000-los-angeles-ca/>

<sup>3</sup> <https://affordablehousingonline.com/housing-search/California/Los-Angeles>

Date: 6/6/17

Submitted in PLUM Committee

Council File No: 17-0274

Item No. 9

Deputy: Communication

from public

Date: 06/06/2017  
Submitted in PLUM Committee  
Council File No: 17-0274  
Item No. 9  
Deputy: Comm from Public



Matthew Glesne  
Los Angeles Department of City Planning  
200 North Spring St.  
Los Angeles, CA 90012  
[VIA EMAIL to matthew.glesne@lacity.org]

**Re: Comments on the Draft Affordable Housing Linkage Fee Ordinance, Cases: CPC-2016-3431-CA and ENV-2016-3432-ND**

Dear Matthew Glesne,

Thank you for accepting these comments on the Draft Affordable Housing Linkage Fee Ordinance. We are pleased to see the City take on this important topic. Linkage fees can be a vital tool to address our affordable housing needs, one that works well with other strategies to preserve and produce affordable housing. Working Angelenos have struggled far too long to afford to live in their City. We need in place as many tools as possible to generate resources for affordable housing production and preservation. The Mayor's Office and the Department of City Planning should be commended for doing the work to bring this opportunity forward.

From our experience, the time for such a policy is now. SAJE has worked for over 20 years to ensure working class communities and communities of color in Los Angeles have the economic security to keep their families healthy and to remain in their neighborhoods. Every day we work with tenants to ensure they have healthy and affordable homes. As we work to advance Propositions HHH and JJJ at the ballot, it is abundantly clear that a diverse set of tools are necessary to address the affordable housing crisis that our members are experiencing. On a daily basis, tenants report rising rents, new eviction notices and landlords utilizing any means possible to remove low-income tenants from their properties. The Affordable Housing Linkage Fee needs to be designed to meet this reality and contribute to goals of producing ample affordable housing and stopping displacement of families around the City.

Based on our analysis and experience, we call for several changes to the proposed ordinance.

**1. The fee structure should maximize fund generation by reflecting the diversity of development types.** Currently, the fee structure is too simple, including fees for only two categories of development: residential and non-residential. This approach would cause the City to lose out significantly on fees that could be used to address the great need for deeply affordable housing. Instead, we call for the Ordinance to include separate fees for the following types:

- (a) Office space
- (b) Retail
- (c) Hotels
- (d) Multifamily rental housing
- (e) Condominiums
- (f) Single Family Homes

## Linkage Fee testimonial 6/6/17

My name is Diane Valencia and i am a youth organizer from the Southeast Asian Community Alliance in Chinatown. Born & raised in LA, I grew up in Historic Filipinotown & East Hollywood and have experienced the changes of displacement happening in the neighborhood. In HiFi along Temple St. there are at least 4 luxury and market rate housing developments. Not too many folks are rushing in to occupy these expensive cookie cutter complexes. Instead of new comers occupying these kinds of units, they have displaced and occupied the surrounding areas where homes and smaller apartment complexes had once occupied neighbors of immigrant and working class families. Many of my neighbors i have grown up, have moved out of the area, because of these competing high cost of rent pushing them out. Even my older brother who is an Iraq war veteran, coming back he cannot find an affordable place, sleeps on our living room sofa. He's considering living out of state. Please make actual changes such as creating a strong linkage fee ~~and upholding voter initiated proposition JJJ~~, so that there are more ways the city can ~~preserve and~~ create affordable housing in LA for our communities.

Date: 06/06/2017  
Submitted in PLUM Committee  
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**HOUSING AUTHORITY** OF THE CITY OF LOS ANGELES  
AN EQUAL EMPLOYMENT OPPORTUNITY - AFFIRMATIVE ACTION EMPLOYER  
2600 Wilshire Boulevard • Los Angeles, California 90057 • (213) 252-2500  
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PRESIDENT AND CEO  
DOUGLAS GUTHRIE

June 6, 2017

Councilmember José Huizar  
Chair, Planning & Land Use Committee  
200 N. Spring Street, Room 465  
Los Angeles, CA 90012

Date: 6/6/17  
Submitted in PLUM Committee  
Council File No: 17-0274  
Item No. 9  
Deputy: Communication

*from Housing Authority  
of City of LA*

**Subject: Affordable Housing Linkage Fee Ordinance**

Dear Councilmember Huizar:

As the City of Los Angeles considers implementing an Affordable Housing Linkage Fee (“Linkage Fee”), the Housing Authority of the City of Los Angeles (HACLA) would like to formally lend its support. In order to exact the impact needed to truly address Los Angeles’ housing crisis, additional secure streams of local funding becomes critical. This is a huge step in the direction of taking local control and affords the City the opportunity to have extreme flexibility in programming funds for a wide range of housing solutions.

As part of its consideration of a Linkage Fee, HACLA would like to recommend the City Council set-aside a percentage of any such Linkage Fee for public housing redevelopment, key capital investments in the City’s publicly-held affordable housing portfolio, and Project-Based Voucher projects that are not reliant on tax credits in order to preserve and expand the City’s deeply-affordable housing stock.

***HACLA’s Public Housing and Section 8 portfolio represent over two-thirds of the City’s affordable housing stock***, with HACLA operating over 82,000 affordable housing units citywide and managing 500 acres of land located just within its sixteen public housing sites. HACLA plays a unique role as the City’s longest-standing and largest provider of affordable housing. HACLA’s mission is to preserve its existing affordable housing supply and spearhead collaborative efforts to increase the supply of affordable housing in Los Angeles.

HACLA offers viable solutions through two of its most tangible resources; publicly-held land and Section 8 vouchers. HACLA, as a separate authority with a professional staff expert in public-private partnerships, land acquisition, affordable housing development and management can act with expediency and flexibility to increase the number of affordable housing units in the City. With the majority of HACLA’s public housing nearing 70 years old, there is opportunity to responsibly create new affordable housing communities that will meet the needs of the City for the 21<sup>st</sup> century.

Tens of thousands of the City's most disadvantaged and income-vulnerable families are housed by HACLA in units that provide the City's deepest affordability in perpetuity. However, without local sources readily committed to combat shrinking federal funding HACLA's portfolio could be in jeopardy. Maintaining this vulnerable housing stock and utilizing the opportunity to expand affordable housing on publicly-owned land should become part and parcel of any local affordable housing solution.

HACLA would utilize Affordable Housing Linkage Fees to make critical investments in its current housing stock to ensure its preservation, utilize redevelopment and excess land and strategic acquisition for new affordable housing expansion, and tie funds to private development projects that utilize project-based voucher contracts and conventional lending to develop and expand the City's deepest affordable housing for homeless, veterans, seniors and families. HACLA would use all funds allocated directly for projects.

HACLA supports the concept of an Affordable Housing Linkage Fee as a key strategy for addressing the City's affordable housing crisis and looks forward to working with the City and vested stakeholders to design and implement a plan that would demonstrate its effectiveness.

Sincerely,



Douglas Guthrie  
President and CEO

Cc: Mayor Garcetti,  
Council President Wesson,  
Councilmember Harris Dawson, Vice Chair,  
Councilmember Cedillo,  
Councilmember Englander,  
Councilmember Price



LOS ANGELES AREA  
CHAMBER OF COMMERCE

Date: 6/6/17  
 Submitted in PLUM Committee  
 Council File No: 17-0274  
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Los Angeles Area Chamber of Commerce  
 Linkage Fee Opposition  
 Planning & Land Use Committee  
 June 6, 2017

The Los Angeles Area Chamber of Commerce, on behalf of our more than 1,600 member organizations, opposes the linkage fee policy in front of the Planning and Land Use Committee today. It will discourage the growth of commercial and manufacturing jobs in Los Angeles. And it will make our housing supply and affordability crisis worse.

The Chamber has a long history of working with you on homelessness and affordable housing issues. Together, we've passed Measure HHH, Measure H and successfully defeated Measure S, whose impacts would have been devastating to housing and job development.

Los Angeles has a housing supply and affordability crisis. This proposed linkage fee will increase, not decrease, the cost of building. Therefore it will increase, not decrease, the cost for housing for the vast majority of Angelenos.

It will also discourage commercial and industrial development as pointed out in the attached letter from Bobrick Industries.

We suggest that the City develop a much more comprehensive solution that does not pit one type of housing against another or encourage commercial and industrial businesses to choose a city other than L.A. to call home.

The business community stands ready and willing to work with you on identifying and implementing comprehensive and impactful solutions to our housing supply and affordability crisis. This linkage fee is not the answer



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www.bobrick.com

January 18, 2017

The Honorable Mayor Eric Garcetti  
The Honorable Councilmember Paul Krekorian  
200 N. Spring Street  
Los Angeles, CA 90012

Gentlemen:

We once again want to express our sincere thanks for the help and support that both of you provided to our company when we developed our new corporate office and manufacturing facility in North Hollywood.

However we are also writing to express our concern that recent proposals affecting the city's development fee structure may severely suppress future development similar to ours. We refer specifically to the Affordable Housing Linkage Fee, which we have been told would place an additional fee of \$5 per square foot on commercial development projects. If our project had been subject to this fee, it would have more than doubled our city fees – from approximately \$600,000 to over \$1.2 million (about \$10.30 per square foot) – and possibly \$1.5 million if the parking structure footage is included.

We are completely supportive of efforts to aid the homeless in Los Angeles, as evidenced by our company's very strong support of the United Way for the past 70+ years. However we must advise that an increase in the fees on our project of this magnitude could very well have been the "last straw" to force us to consider other options – such as moving the project to one of the industrial parks in the Valencia area – or perhaps building a much smaller office structure and moving the balance of manufacturing activities to one of our existing sites in Tennessee or Oklahoma. As an example of the stark comparison with other states, we recently completed a major addition to our plant in the capital district of New York State with fees totaling about \$1.25 per square foot, and the approval process was completed in about 3 weeks.

Although we had very good reasons for wanting to remain in Los Angeles, we also have a duty to our shareholders - and there is a point at which we could no longer have justified the project as it was built. As it was – the combination of fees and additional costs on our project to satisfy all of the city's requirements pushed us right to the edge of viability. If we were a division of a public corporation, we almost certainly could not have remained in the city under the conditions that we experienced.

Certainly some of the largest developers will still seek to build their shopping centers and "mixed use" complexes in Los Angeles, as they are accustomed to funding large civic projects

and infrastructure improvements in order to gain approval. But we are very concerned that the proposed fees will severely discourage small and medium size businesses from expanding in the city and will drive many more of them away. Manufacturers will feel the greatest impact, as they must be competitive with companies that produce outside the region or outside of the country. As more manufacturing companies are forced to leave, many support industries will be hurt; e.g. tooling shops, uniform companies, packaging suppliers, machinery suppliers and various service suppliers. As these businesses shrink and close, eventually the critical mass necessary to support manufacturers is lost – and it becomes virtually impossible to attract any new firms to the city. The inevitable result is to further exacerbate the unemployment problem and to actually increase the homeless population.

Please accept our expression of concern as a sincere effort to support the economy of Los Angeles and to promote policies that will ensure its future good health.

Sincerely,

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Mark Louchheim  
President

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Douglas F. Morton  
Sr. Vice President – Corporate Development

cc: Gary L. Toebben – President, Los Angeles Area Chamber of Commerce





Date: 8/6/17  
 Submitted in PLUM Committee  
 Council File No. 170274  
 Item No. 9  
~~Deputy:~~ Communication  
from Public

June 4, 2017

Re: CPC-2016-3431-CA

Dear Honorable Council Members:

We believe in a God of shelter and shared responsibility.

As clergy and spiritual leaders of many faiths at houses of worship and ministries across the City of Los Angeles, and as members and partners of LA Voice, a faith-driven federation of 53 congregations throughout the county, we are writing to urge the Los Angeles City Council to enact a consequential affordable housing linkage fee. Despite some progress, Los Angeles families remain in crisis when it comes to housing.

The linkage fee would:

- *Attack the pipeline to homelessness* by providing essential funding for housing
- *Support the poorest Angelenos* by focusing on those making \$10-20k/yr
- *Invite wealthy developers and corporations* to do a portion of their fair share for affordable housing

As you know, the number of Angelenos without a home increased 23% since the last report despite placing 14,000 people into housing. **The path into homelessness is currently outpacing our work to place our neighbors into housing. One of the core reasons is a lack of affordable housing for the lowest income Angelenos.**

Our congregants are getting pushed out of their neighborhoods, and we struggle as congregations to meet the needs of the overwhelming number of homeless neighbors on our streets. In the last two election cycles, Angelenos have shown their dedication to heeding the Prophet Isaiah’s call to share their bounty “with the hungry and to provide the poor wanderer with shelter” (Isaiah 58:7 NIV) by taxing themselves to help solve the homelessness crisis. **Now, we call on each of you to ask the development community to do a portion of their fair share**—to do what developers in other cities across the county have already done—by contributing a meaningful affordable housing linkage fee.

Within our congregations and communities, we witness tens of thousands of people living on the streets. This has led us to act through congregational inreach and neighborhood outreach through canvassing and phone banking to pass Propositions HHH, JJJ, and H to provide homes and intensive services to those facing chronic homelessness and to support equitable development across the City. We preached and taught from our pulpits and during our khutbahs. During the March election cycle for Measure H, LA Voice, through a team of formerly incarcerated Angelenos, identified 12,353 supportive voters with whom we followed up in the days before the election. **In November, we identified and followed up with more than 37,000 voters in**

our neighborhoods in LA County through phone banking, canvassing and volunteer congregational teams. Our people overwhelmingly want to create equity in housing. Our people overwhelmingly *need* new housing opportunities that address the needs of everyone, including those deeply low-income making less than \$20,000 per year. Where does a family making \$10,000 - 20,000 a year go for housing?

We applaud Mayor Garcetti and the Departments of City Planning, Housing and Community Investment for advancing an affordable housing linkage fee proposal, which would create a much needed source of permanent, local funding to help make sure every Angeleno has a dignified home by building more affordable housing.

**Now is your time to step forward and lead us further into our shared vision of a great city.**

Your leadership for a significant linkage fee is crucial for our families and the well being of our city. Are we the kind of city that only addresses the problems we see, as we do in and as we should in caring for the visibly homeless? Or are we the kind of city that also sees into the hidden suffering of hundreds of thousands as they struggle to make a life together here. Can we see how asking profitable corporations to put a modest \$15 per square foot into the housing trust fund is not only a straightforward tool we should use if we are thinking rationally, but that it also helps address the unseen suffering our our brothers and sisters and mothers and fathers and children? The City's enormous need for affordable homes is beyond critical. We have the most unsheltered homeless people, the highest overcrowding, and the second highest supplemental poverty rate in the U.S.

**The current proposal for a linkage fee does not go far enough.** The City's own linkage fee study found that the market could easily bear the impact of a fee that would bring in over \$300 million per year, but the current proposal would only bring in a third of that. What is our hesitation in the face of so much suffering? Particularly in anticipation of the likely cuts to Federal support for affordable housing, we urge you and other City leaders to do better and enact a fee that would do more to address the real struggles that members of our congregations and our neighbors face as they live in substandard and/or unsafe conditions. We are calling for a fee of \$7 for commercial projects, \$15 for multi-family rental units, and \$18 per square foot for condominiums. Nothing less than \$150 million a year will show a true commitment to our most vulnerable neighbors.

Our scriptures call on us to stand with the most marginalized--those suffering most deeply. We believe that when we stand with those on the margins, and only when we do so boldly, do the margins begin to disappear. And so, we exhort you to ensure that the revenue generated from this fee is dedicated to the people in our communities who are most in need. The fees should go to provide homes for families, seniors, and individuals making \$50,000 per year or less. **In particular, we urge the City to ensure that these fees create homes for people making between \$10,000 and \$20,000 per year.** In our discussions with the affordable development community, we understand that there needs to be a flexible operating subsidy for such homes to be built. The County Department of Health Services provides such a subsidy for people in need of intensive services, but there is no such subsidy for families and seniors who do not need such services. We call on City leaders to ensure that such a subsidy is created at the City and County

levels for those in our congregations and communities with these incomes.

We look forward to working with you to pass a significant and consequential fee that will allow the people who live and work in Los Angeles to live in dignity. Let's do something that we can be proud of across the country. **Let us lead from our hearts and our faith that God is making a way through us and through you and through all of us if we would but have the courage to walk the path.**

Peace and Blessings,

Rev. Zachary Hoover, Executive Director, LA Voice

With the undersigned,

Most Rev. Jose Gomez, Archbishop, Archdiocese of Los Angeles

His Eminence Archbishop Hovnan Derderian, Primate of the Western Diocese of the  
Armenian Church of North America

Auxiliary Bishop David O'Connell, San Gabriel Valley Pastoral Region, Archdiocese of LA

Fr. Scott Santarosa, S.J., Provincial, Western Province of the Society of Jesus

Fr. Gregory Boyle, S.J., Homeboy Industries

Rabbi Sharon Brous; IKAR

Rev. Kelvin Sauls, Holman United Methodist Church

Rabbi Ken Chasen, Leo Baeck Temple

Rabbi Benjamin Ross, Leo Baeck Temple

Rev. John Cager, Ward AME

Rabbi Noah Farkas, Valley Beth Shalom

Rev. KW Tulloss, Weller St. Baptist Church, Baptist Ministers Conference Vice President for Civic  
Engagement

Rev. David Farley, Dir. of Justice Compassion Ministries, Cal-Pac Conference, United Methodist  
Church

Fr. Ted Gabrielli, S.J., Pastor, Dolores Mission

Rev. Dr. Najuma Pollard-Smith, Word of Encouragement Church and Cecil Murray Center for  
Civic Engagement

Dr. Yolanda Brown, Parish Life Director, Blessed Sacrament

Imam Jihad Saafir, Islah LA

Rev. Kirkpatrick Tyler, St. Mark's AME

Rev. Dr. Seth Pickens, Zion Hill Baptist Church

Rev. Jaime Edwards-Acton, St. Stephen's Episcopal Church of Hollywood

Rabbi Ron Stern, Stephen S. Wise Temple

Rabbi Joel Simonds, University Synagogue; Jewish Center for Justice

Rev. Gary Williams, St. Mark's United Methodist Church

Sister Karen Collier, SSL, St. Agatha's Church

Rabbi Mark Borovitz, Beit T'Shuvah

Chaplain Adam Siegel, Beit T'Shuvah

Rabbi Aryeh Cohen, Rabbi in Residence, Bend the Arc

Rabbi Jocee Hudson, Temple Israel of Hollywood

Rev. Eddie Anderson, McCarty Memorial Church  
Pastor Delonte Gholston, New City Church  
Rev. Dr. Frances Wattman Rosenau, Culver City Presbyterian Church  
Rev. Cedric Nelms, Chosen Generation Fellowship Church, Watts  
Rev. Michael A. Mata, Los Angeles First Church of the Nazarene  
Rev. Heidi Worthen Gamble, Presbytery of the Pacific  
HarSimran K. Khalsa, Minister of Sikh Dharma  
Pastors Melvin and Ada Valiente, First Baptist of Maywood

cc: Mayor Garcetti  
Head of LA Planning Department  
Head of LA Housing & Community Investment Department