

Google Groups

Affordable Housing Linkage Fee File Number 17-0274

Ann Sewill

Jun 6, 2017 11:40 AM

Posted in group: **Clerk-PLUM-Committee**

Dear Chairman Huizar and Members of the Planning and Land Use Management Committee –

This afternoon the Council's Planning and Land Use Management Committee will hear recommendations on the Affordable Housing Linkage Fee (Council File Number 17-0274) to establish a fee charged to residential and commercial developments to offset the increased need for affordable housing. The City has engaged in a twelve month study and review of the nexus between job creation and housing need, and the potential financial impact on development, resulting in the staff and CPC recommendations.

Concerns have been raised that the proposed fee will reduce housing production, cause market rents to increase, and increase displacement of lower income renters. The California Community Foundation engaged Keyser Marston Associates, one of the leading financial advisors to local government in real estate development and finance issues in the state, to prepare the attached brief analysis of these concerns. Key findings include:

- There is no evidence that adoption of similar programs had any impact on housing production in other southern California cities.
- As a general rule developers set rents or sale prices at the maximum the market will bear. The imposition of a fee does not change market conditions.
- Displacement of lower income renters is occurring due to rising rents over time, or due to demolitions to make room for development. New market rate projects built in Los Angeles have rents that far exceed what a lower income household can afford. A simple supply-side approach to residential development will not solve the affordability crisis.

Thank you for your leadership on this important matter. I am happy to answer any questions and can be reached at 213.452.6267.

Ann Sewill

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MEMORANDUM

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To: Ann Sewill, Vice President of Housing & Economic Development
California Community Foundation

From: Kathleen Head

Date: June 5, 2017

Subject: City of Los Angeles: Proposed Affordable Housing Linkage Fee

At your request, Keyser Marston Associates, Inc. (KMA) evaluated the following issues that have been brought up in the discussions involving the Affordable Housing Linkage Fee (AHLF) being proposed for the City of Los Angeles (City):

1. Will the AHLF cause a reduction in the production of housing in Los Angeles?
2. Will the AHLF cause market rents to increase in Los Angeles?
3. Will the AHLF displace low and moderate income households from housing opportunities in Los Angeles?
4. Does the AHLF represent an onerous financial burden on developers in Los Angeles?
5. What impact will the AHLF have on land prices in Los Angeles?
6. What impact will the AHLF have on the affordable housing shortfall in Los Angeles?

The following analysis discusses both residential impact fee programs and inclusionary housing programs. The primary difference between the two types of programs are:

1. Inclusionary housing programs focus on the production of affordable housing within market rate projects. These programs commonly include an option for developers to pay a fee in lieu of producing on site within market rate projects.
2. Residential impact fee programs focus on the use of fees to assist affordable housing projects. The on-site production of affordable housing units is often offered as an alternative to paying the impact fee.

The Palmer decision in 2009 limited the opportunities for imposing inclusionary housing requirements on rental projects.¹ In turn, many cities undertook nexus studies and replaced inclusionary housing programs with residential impact fee programs.

HOUSING PRODUCTION

To test the impact residential impact fees have on the production of housing, KMA compiled information from Pasadena, Santa Monica, West Hollywood and San Diego; each city has a long running program. These programs all include in-lieu fees and/or impact fees, and each city prepared a nexus study in support of the fee.

To test the programs' impact on housing production, KMA analyzed residential building permit information for the 10 years preceding and following the adoption of the program. The results of this analysis are presented in Appendix A.

As can be seen in Appendix A, there is no evidence that the adoption of an inclusionary housing program had any impact on development. Housing production increased and decreased before and after inclusionary housing requirements were adopted. These swings are clearly attributable to factors unrelated to the imposition of affordable housing requirements.

IMPACT ON MARKET RENTS

Critics of the proposed AHLF contend that market rents in Los Angeles will increase if a linkage fee is adopted. The following factors argue against this notion:

¹ Palmer/Sixth Street Properties L.P. v. City of Los Angeles.

1. There is no evidence that the adoption of the AHLF will act to reduce housing production in Los Angeles.
2. As a general rule, developers set rents/sales prices at the maximum amounts that the market will bear. The imposition of a fee does not change market conditions.
3. It has been estimated by the Harvard Joint Center for Housing Studies that 380,000 new rental units would need to be built in Los Angeles to catch up with the demand. Given that approximately 13,500 units per year have been permitted over the past four years, it is clear that demand will continue to outpace supply with or without the AHLF. The AHLF merely gives the City the opportunity to assist in attracting additional affordable units.
4. If the AHLF is adopted, projects that use the density bonus provided by Measure JJJ would not be required to pay the linkage fee. In addition, projects that use the maximum 35% density bonus provided by Government Code Section 65915 would be exempt from the linkage fee if an additional 3% of the base units are dedicated to very-low income households. This assists the City in attracting affordable units within market rate projects.

TENANT DISPLACEMENT

It has been contended that low and moderate income households that currently occupy market rate units will be displaced if the AHLF is adopted. Again, this contention is directly associated with the theory that housing production will be reduced if the AHLF is adopted. Moreover, it is important to understand that the new market rate projects being built in Los Angeles have rents that far exceed the prices that can be afforded by low and moderate income families.

To illustrate the gap between the monthly rents being charged in newer projects in Los Angeles, and the amounts extremely low, very low, and low income households can afford, KMA surveyed market rents in four Los Angeles areas. The analysis is presented in Appendices B and C, and can be summarized as follows:

	Gap Between Market & Affordable Rents		
	Extremely Low Income	Very Low Income	Low Income
Hollywood	\$4,157-\$6,704	\$3,951-\$6,413	\$3,817-\$6,267
Southwest Valley	\$2,672-\$3,665	\$2,445-\$3,374	\$2,332-\$3,228
Central LA	\$2,944-\$5,131	\$2,717-\$4,839	\$2,604-\$4,693
Mid-City West	\$2,509-\$3,856	\$2,282-\$3,564	\$2,169-\$3,419

As can be seen in the preceding table, the gap between the prevailing market rents and the affordable rents range from \$2,169 to \$6,704 per month. It is unreasonable to assume that enough new housing can be developed to cause the rents at existing projects to fall to affordable levels. As such, a simple supply-side approach to residential development is not a viable option for solving the current affordability crisis. The purpose of the AHLF is to provide a resource to assist the City in ensuring that affordable housing can actually be produced.

FINANCIAL BURDEN

An issue has been raised that the AHLF will place an undue financial burden on market rate development. It has been KMA’s experience that the following series of events occurs when new fees are imposed:

1. Profits are reduced for developers that have already purchased land.
2. Developers that have not purchased land attempt to bargain for a lower land price.
3. Some property owners are reluctant to accept the fact that their land value has decreased, and they defer selling the property until prices increase.

The AHLF is structured to minimize the linkage fee’s impacts in the following ways:

1. The linkage fee is proposed to be set at a level that is equal to approximately 1/3 of the legally supportable amount.

2. The proposed AHLF exempts all projects that have filed a complete entitlement application when the ordinance is adopted. In that way, projects that are already in the development process will not be impacted.
3. The linkage fee is proposed to be phased in over a six-month period. This provides developers with lead time to negotiate land prices with full knowledge of the linkage fee.

It is important to consider that the linkage fee represents a small percentage of a project's budget. Developers always face the risk that construction costs and interest rates will increase during the development process, and that expenses may be higher than expected during the project's operation. These are typical risks that developers take in return for receiving an entrepreneurial profit.

LAND PRICES

It has been theorized that the passage of the Measure JJJ affordable housing requirements caused land costs to increase for sites that do not trigger the JJJ requirements. There is not data to support this theory, and in fact, it is equally likely that land costs spiked as a result of purchasers trying to get vested in advance of the Measure S vote.

In any case, it should be assumed that any known cost increase, including a residential linkage fee, should reduce the land price a developer is willing to pay. However, given the intense market demand for residential development, it should be anticipated that the imposition of the AHLF will slow the speculative increase in land values, rather than stopping development activity.

ROLE OF THE AFFORDABLE HOUSING LINKAGE FEE

AHLF detractors criticize the proposed linkage fee, because it will not eliminate the affordable housing shortage in Los Angeles. However, studies have shown that well executed inclusionary housing programs have produced more affordable units than have been created through the use of the Low Income Housing Tax Credit program.

It is obvious that no single program can solve the affordable housing crisis, but the combination of the AHLF, the Measure H funds, the Section 65915 density bonus, and the affordability incentives provided by the Transit Oriented Communities program

adopted in response to Measure JJJ can begin to reduce the shortfall. As state and federal affordable housing resources continue to diminish, it is clear that the City needs to take advantage of every possible opportunity to attract the development of more affordable housing in Los Angeles.

APPENDIX A
BUILDING PERMIT ANALYSIS
IMPACT FEE ANALYSIS
CALIFORNIA COMMUNITY FOUNDATION
LOS ANGELES, CALIFORNIA

APPENDIX A: TABLE 1

PASADENA BUILDING PERMIT ACTIVITY
 IMPACT FEE ANALYSIS
 CALIFORNIA COMMUNITY FOUNDATION
 LOS ANGELES, CALIFORNIA

	Single Family Homes		Multifamily Homes		Total	
	Total	% Change	Total	% Change	Total	% Change
1991	86		24		110	
1992	31	-64%	395	1546%	426	287%
1993	27	-13%	64	-84%	91	-79%
1994	36	33%	95	48%	131	44%
1995	45	25%	126	33%	171	31%
1996	30	-33%	0	-100%	30	-82%
1997	92	207%	72		164	447%
1998	68	-26%	6	-92%	74	-55%
1999	52	-24%	0	-100%	52	-30%
2000	20	-62%	646		666	1181%
2001	57	185%	671	4%	728	9%
2002	23	-60%	529	-21%	552	-24%
2003	57	148%	988	87%	1,045	89%
2004	52	-9%	275	-72%	327	-69%
2005	81	56%	439	60%	520	59%
2006	53	-35%	495	13%	548	5%
2007	125	136%	287	-42%	412	-25%
2008	39	-69%	510	78%	549	33%
2009	20	-49%	4	-99%	24	-96%
2010	52	160%	4	0%	56	133%
2011	21	-60%	4	0%	25	-55%

APPENDIX A: TABLE 2

SANTA MONICA BUILDING PERMIT ACTIVITY
 IMPACT FEE ANALYSIS
 CALIFORNIA COMMUNITY FOUNDATION
 LOS ANGELES, CALIFORNIA

1

	Single Family Homes		Multifamily Homes		Total	
	Total	% Change	Total	% Change	Total	% Change
1973	11		2,205		2,216	
1974	19	73%	511	-77%	530	-76%
1975	14	-26%	254	-50%	268	-49%
1976	12	-14%	374	47%	386	44%
1977	8	-33%	322	-14%	330	-15%
1978	16	100%	697	116%	713	116%
1979	20	25%	555	-20%	575	-19%
1980	10	-50%	466	-16%	476	-17%
1981	14	40%	188	-60%	202	-58%
1982	3	-79%	220	17%	223	10%
1983	6	100%	43	-80%	49	-78%
1984	7	17%	16	-63%	23	-53%
1985	25	257%	244	1425%	269	1070%
1986	39	56%	112	-54%	151	-44%
1987	65	67%	273	144%	338	124%
1988	68	5%	387	42%	455	35%
1989	190	179%	188	-51%	378	-17%
1990	71	-63%	308	64%	379	0%
1991	120	69%	219	-29%	339	-11%
1992	31	-74%	187	-15%	218	-36%
1993	12	-61%	110	-41%	122	-44%
1994	10	-17%	29	-74%	39	-68%
1995	6	-40%	60	107%	66	69%
1996	29	383%	166	177%	195	195%
1997	36	24%	272	64%	308	58%
1998	48	33%	760	179%	808	162%
1999	42	-13%	234	-69%	276	-66%
2000	55	31%	405	73%	460	67%
2001	43	-22%	196	-52%	239	-48%
2002	46	7%	185	-6%	231	-3%
2003	50	9%	224	21%	274	19%
2004	41	-18%	350	56%	391	43%
2005	68	66%	358	2%	426	9%
2006	38	-44%	200	-44%	238	-44%
2007	46	21%	587	194%	633	166%
2008	47	2%	140	-76%	187	-70%
2009	30	-36%	74	-47%	104	-44%
2010	22	-27%	280	278%	302	190%
2011	27	23%	303	8%	330	9%
2012	25	-7%	682	125%	707	114%
2013	33	32%	47	-93%	80	-89%
2014	46	39%	65	38%	111	39%
2015	50	9%	18	-72%	68	-39%
2016	35	-30%	5	-72%	40	-41%

¹ The inclusionary housing policy was originally adopted in 1983. A significant increase was made to the in-lieu fee in 2006.

APPENDIX A: TABLE 3

WEST HOLLYWOOD BUILDING PERMIT ACTIVITY ¹
 IMPACT FEE ANALYSIS
 CALIFORNIA COMMUNITY FOUNDATION
 LOS ANGELES, CALIFORNIA

	Single Family Homes		Multifamily Homes		Total	
	Total	% Change	Total	% Change	Total	% Change
1984	0		0		0	
1985	0		35		35	
1986	0		30	-14%	30	-14%
1987	0		122	307%	122	307%
1988	0		162	33%	162	33%
1989	3		151	-7%	154	-5%
1990	1	-67%	85	-44%	86	-44%
1991	0	-100%	50	-41%	50	-42%
1992	0		30	-40%	30	-40%
1993	2		46	53%	48	60%
1994	1	-50%	0	-100%	1	-98%
1995	2	100%	0		2	100%
1996	8	300%	0		8	300%

¹ The City was a part of unincorporated Los Angeles County until 1984.

APPENDIX A: TABLE 4

SAN DIEGO BUILDING PERMIT ACTIVITY
 IMPACT FEE ANALYSIS
 CALIFORNIA COMMUNITY FOUNDATION
 LOS ANGELES, CALIFORNIA

	Single Family Homes		Multifamily Homes		Total	
	Total	% Change	Total	% Change	Total	% Change
1993	1,574		1,146		2,720	
1994	1,615	3%	981	-14%	2,596	-5%
1995	1,444	-11%	1,121	14%	2,565	-1%
1996	1,765	22%	655	-42%	2,420	-6%
1997	2,832	60%	2,536	287%	5,368	122%
1998	2,818	0%	2,453	-3%	5,271	-2%
1999	2,207	-22%	4,511	84%	6,718	27%
2000	1,986	-10%	4,565	1%	6,551	-2%
2001	2,287	15%	4,348	-5%	6,635	1%
2002	2,470	8%	4,592	6%	7,062	6%
2003	1,969	-20%	4,934	7%	6,903	-2%
2004	1,691	-14%	4,349	-12%	6,040	-13%
2005	1,318	-22%	4,316	-1%	5,634	-7%
2006	924	-30%	3,158	-27%	4,082	-28%
2007	840	-9%	2,855	-10%	3,695	-9%
2008	660	-21%	1,678	-41%	2,338	-37%
2009	360	-45%	795	-53%	1,155	-51%
2010	555	54%	534	-33%	1,089	-6%
2011	467	-16%	2,148	302%	2,615	140%
2012	547	17%	3,299	54%	3,846	47%
2013	819	50%	4,603	40%	5,422	41%
2014	722	-12%	1,823	-60%	2,545	-53%
2015	1,306	81%	5,097	180%	6,403	152%
2016	882	-32%	5,154	1%	6,036	-6%

**APPENDIX B
AFFORDABILITY GAP ANALYSIS
IMPACT FEE ANALYSIS
CALIFORNIA COMMUNITY FOUNDATION
LOS ANGELES, CALIFORNIA**

APPENDIX B: TABLE 1

AFFORDABILITY GAP ANALYSIS
 HOLLYWOOD
 IMPACT FEE ANALYSIS
 CALIFORNIA COMMUNITY FOUNDATION
 LOS ANGELES, CALIFORNIA

		Extremely Low Income	Very Low Income	Low Income
I. <u>Studio</u>				
Market Rate Rents	¹	\$4,463	\$4,463	\$4,463
Income Restricted Rents	²	306	533	646
Affordability Gap		\$4,157	\$3,931	\$3,817
II. <u>One Bedroom</u>				
Market Rate Rents	¹	\$5,207	\$5,207	\$5,207
Income Restricted Rents	²	345	604	734
Affordability Gap		\$4,862	\$4,603	\$4,474
III. <u>Two Bedrooms</u>				
Market Rate Rents	¹	\$7,084	\$7,084	\$7,084
Income Restricted Rents	²	380	672	818
Affordability Gap		\$6,704	\$6,413	\$6,267

¹ The market rents are based on the survey presented in APPENDIX C - TABLE 1.

² Based on the standards imposed by California Health & Safety Code Section 50053, and the 2016 household incomes published by the California Department of Housing & Community Development. The monthly utilities allowances are set at \$34 for studio units; \$44 for one-bedroom units; and \$57 for two-bedroom units based on HACoLA utility allowances effective on July 1, 2016. Assumes gas cooking, heating, water heating; basic electric; and air conditioning.

APPENDIX B: TABLE 2

AFFORDABILITY GAP ANALYSIS
 SOUTHWEST VALLEY
 IMPACT FEE ANALYSIS
 CALIFORNIA COMMUNITY FOUNDATION
 LOS ANGELES, CALIFORNIA

		Extremely Low Income	Very Low Income	Low Income
I. Studio				
Market Rate Rents	1	\$2,978	\$2,978	\$2,978
Income Restricted Rents	2	306	533	646
Affordability Gap		\$2,672	\$2,445	\$2,332
II. One Bedroom				
Market Rate Rents	1	\$3,263	\$3,263	\$3,263
Income Restricted Rents	2	345	604	734
Affordability Gap		\$2,918	\$2,658	\$2,529
III. Two Bedrooms				
Market Rate Rents	1	\$4,046	\$4,046	\$4,046
Income Restricted Rents	2	380	672	818
Affordability Gap		\$3,665	\$3,374	\$3,228

¹ The market rents are based on the survey presented in APPENDIX C - TABLE 2.

² Based on the standards imposed by California Health & Safety Code Section 50053, and the 2016 household incomes published by the California Department of Housing & Community Development. The monthly utilities allowances are set at \$34 for studio units; \$44 for one-bedroom units; and \$57 for two-bedroom units based on HACoLA utility allowances effective on July 1, 2016. Assumes gas cooking, heating, water heating; basic electric; and air conditioning.

APPENDIX B: TABLE 3

AFFORDABILITY GAP ANALYSIS
 CENTRAL LA
 IMPACT FEE ANALYSIS
 CALIFORNIA COMMUNITY FOUNDATION
 LOS ANGELES, CALIFORNIA

		<u>Extremely Low</u>	<u>Very Low Income</u>	<u>Low Income</u>
I. <u>Studio</u>				
Market Rate Rents	¹	\$3,250	\$3,250	\$3,250
Income Restricted Rents	²	306	533	646
Affordability Gap		\$2,944	\$2,717	\$2,604
II. <u>One Bedroom</u>				
Market Rate Rents	¹	\$3,845	\$3,845	\$3,845
Income Restricted Rents	²	345	604	734
Affordability Gap		\$3,500	\$3,241	\$3,111
III. <u>Two Bedrooms</u>				
Market Rate Rents	¹	\$5,511	\$5,511	\$5,511
Income Restricted Rents	²	380	672	818
Affordability Gap		\$5,131	\$4,839	\$4,693

¹ The market rents are based on the survey presented in APPENDIX C - TABLE 3.

² Based on the standards imposed by California Health & Safety Code Section 50053, and the 2016 household incomes published by the California Department of Housing & Community Development. The monthly utilities allowances are set at \$34 for studio units; \$44 for one-bedroom units; and \$57 for two-bedroom units based on HACoLA utility allowances effective on July 1, 2016. Assumes gas cooking, heating, water heating; basic electric; and air conditioning.

APPENDIX B: TABLE 4

AFFORDABILITY GAP ANALYSIS
 MID-CITY WEST
 IMPACT FEE ANALYSIS
 CALIFORNIA COMMUNITY FOUNDATION
 LOS ANGELES, CALIFORNIA

		<u>Extremely Low</u>	<u>Very Low Income</u>	<u>Low Income</u>
i. Studio				
Market Rate Rents	¹	\$2,815	\$2,815	\$2,815
Income Restricted Rents	²	306	533	646
Affordability Gap		\$2,509	\$2,282	\$2,169
ii. One Bedroom				
Market Rate Rents	¹	\$3,124	\$3,124	\$3,124
Income Restricted Rents	²	345	604	734
Affordability Gap		\$2,779	\$2,520	\$2,390
iii. Two Bedrooms				
Market Rate Rents	¹	\$4,236	\$4,236	\$4,236
Income Restricted Rents	²	380	672	818
Affordability Gap		\$3,856	\$3,564	\$3,419

¹ The market rents are based on the survey presented in APPENDIX C - TABLE 4.

² Based on the standards imposed by California Health & Safety Code Section 50053, and the 2016 household incomes published by the California Department of Housing & Community Development. The monthly utilities allowances are set at \$34 for studio units; \$44 for one-bedroom units; and \$57 for two-bedroom units based on HACoLA utility allowances effective on July 1, 2016. Assumes gas cooking, heating, water heating; basic electric; and air conditioning.

APPENDIX C
RENT SURVEY
IMPACT FEE ANALYSIS
CALIFORNIA COMMUNITY FOUNDATION
LOS ANGELES, CALIFORNIA

APPENDIX C - TABLE 1

RENT SURVEY
 HOLLYWOOD
 IMPACT FEE ANALYSIS
 CALIFORNIA COMMUNITY FOUNDATION
 LOS ANGELES, CALIFORNIA

No.	Project Name	Address	Number of Bedrooms	Unit Size (SF)	Rent	
					Total	Per SF
1	Studios at Bronson	1417 N Bronson Ave.	0/1	400	\$1,395	\$3.49
2	Metwest	5837 W Sunset Blvd.	0/1	528	\$1,850	\$3.50
3	Eastown	6201 Hollywood Blvd.	0/1	624	\$2,400	\$3.85
4	Metwest	5837 W Sunset Blvd.	0/1	630	\$2,190	\$3.48
5	1600 Vine	1600 Vine St.	0/1	691	\$2,756	\$3.99
6	1600 Vine	1600 Vine St.	0/1	704	\$2,767	\$3.93
			Minimum	400	\$1,395	\$3.48
			Maximum	704	\$2,767	\$3.99
			Average	596	\$2,226	\$3.71
1	Hollywood View Towers	5724 Hollywood Blvd.	1/1	595	\$2,150	\$3.61
2	Metwest	5837 W Sunset Blvd.	1/1	602	\$2,128	\$3.53
3	Sterling Court Apartments	5409 Carlton Way	1/1	625	\$1,735	\$2.78
4	1600 Vine	1600 Vine St.	1/1	674	\$2,865	\$4.25
5	Eastown	6201 Hollywood Blvd.	1/1	685	\$2,359	\$3.44
6	Sunset + Vine	1555 N Vine St.	1/1	691	\$2,825	\$4.09
7	Metwest	5837 W Sunset Blvd.	1/1	692	\$2,358	\$3.41
8	Hollywood View Towers	5724 Hollywood Blvd.	1/1	694	\$2,300	\$3.31
9	The Camden	1540 N Vine St.	1/1	707	\$3,399	\$4.81
10	1600 Vine	1600 Vine St.	1/1	726	\$2,716	\$3.74
11	Sunset + Vine	1555 N Vine St.	1/1	839	\$3,082	\$3.67
12	The Camden	1540 N Vine St.	1/1	908	\$3,859	\$4.25
			Minimum	595	\$1,735	\$2.78
			Maximum	908	\$3,859	\$4.81
			Average	703	\$2,648	\$3.74
1	Metwest	5837 W Sunset Blvd.	2/2	904	\$2,704	\$2.99
2	Metwest	5837 W Sunset Blvd.	2/2	953	\$3,152	\$3.31
3	Sunset + Vine	1555 N Vine St.	2/2	1,001	\$3,852	\$3.85
4	Eastown	6201 Hollywood Blvd.	2/2	1,036	\$3,135	\$3.03
5	The Carlton at Hollywood	5845 Carlton Way	2/2	1,046	\$3,095	\$2.96
6	Hollywood View Towers	5724 Hollywood Blvd.	2/2	1,060	\$2,895	\$2.73
7	Hollywood View Towers	5724 Hollywood Blvd.	2/2	1,080	\$2,495	\$2.31
8	The Camden	1540 N Vine St.	2/2	1,104	\$5,119	\$4.64
9	Sunset + Vine	1555 N Vine St.	2/2	1,142	\$4,005	\$3.51
10	1600 Vine	1600 Vine St.	2/2	1,144	\$4,897	\$4.28
			Minimum	904	\$2,495	\$2.31
			Maximum	1,144	\$5,119	\$4.64
			Average	1,047	\$3,535	\$3.36

APPENDIX C - TABLE 2

RENT SURVEY
 SOUTHWEST VALLEY
 IMPACT FEE ANALYSIS
 CALIFORNIA COMMUNITY FOUNDATION
 LOS ANGELES, CALIFORNIA

No.	Project Name	Address	Number of Bedrooms	Unit Size (SF)	Rent	
					Total	Per SF
1	Studio 77	5077 Lankershim Blvd. S1	0/1	475	\$1,970	\$4.15
2	Living at No Ho	11060 McCormick St V	0/1	565	\$2,433	\$4.31
3	Lofts at NoHo Commons	11136 Chandler Blvd G	0/1	580	\$1,972	\$3.40
4	Living at No Ho	11059 McCormick St Q	0/1	614	\$2,313	\$3.77
5	Living at No Ho	11136 Chandler Blvd G	0/1	750	\$2,174	\$2.90
6	Living at No Ho	11136 Chandler Blvd G	0/1	930	\$2,540	\$2.73
			Minimum	475	\$1,970	\$2.73
			Maximum	930	\$2,540	\$4.31
			Average	652	\$2,234	\$3.54
1	Studio 77	5077 Lankershim Blvd. A1	1/1	647	\$2,260	\$3.49
2	Studio 77	5077 Lankershim Blvd. A4	1/1	730	\$2,330	\$3.19
3	Living at No Ho	11060 McCormick St F	1/1	678	\$2,455	\$3.62
4	Living at No Ho	11060 McCormick St P	1/1	700	\$2,523	\$3.60
5	Living at No Ho	11060 McCormick St N	1/1	719	\$2,485	\$3.46
6	Living at No Ho	11060 McCormick St M	1/1	686	\$2,533	\$3.69
7	Living at No Ho	11060 McCormick St L	1/1	703	\$2,600	\$3.70
8	Living at No Ho	11060 McCormick St S	1/1	714	\$2,658	\$3.72
9	NoHo 14	5440 Tujunga Ave B	1/1	847	\$2,925	\$3.45
10	NoHo 14	5440 Tujunga Ave C	1/1	860	\$3,150	\$3.66
11	NoHo 14	5440 Tujunga Ave F	1/1	890	\$3,180	\$3.57
12	NoHo 14	5440 Tujunga Ave F	1/1	884	\$3,335	\$3.77
13	Avana North Hollywood	11201 Otsego St A1	1/1	640	\$2,073	\$3.24
14	Avana North Hollywood	11201 Otsego St A2	1/1	647	\$2,135	\$3.30
15	Avana North Hollywood	11201 Otsego St A3	1/1	715	\$2,162	\$3.02
16	Windfaire Apartments	11047 Otsego St M	1/1	800	\$1,780	\$2.23
17	Windfaire Apartments	11047 Otsego St M	1/1	800	\$1,755	\$2.19
18	The Social	11011 Huston St J	1/1	830	\$2,316	\$2.79
19	Living at No Ho	11136 Chandler Blvd G	1/1	930	\$2,446	\$2.63
			Minimum	640	\$1,755	\$2.19
			Maximum	930	\$3,335	\$3.77
			Average	759	\$2,479	\$3.28
1	Studio 77	5077 Lankershim Blvd. B2	2/2	952	\$2,505	\$2.63
2	Studio 77	5077 Lankershim Blvd. B4	2/2	984	\$2,730	\$2.77
3	Studio 77	5077 Lankershim Blvd. B6	2/2	1,251	\$2,833	\$2.26
4	Studio 77	5077 Lankershim Blvd. B5L	2/2	1,105	\$3,500	\$3.17
5	Living at No Ho	11060 McCormick St F	2/2	1,030	\$3,340	\$3.24
6	Living at No Ho	11060 McCormick St B	2/2	967	\$3,195	\$3.31
7	Living at No Ho	11060 McCormick St D	2/2	950	\$3,225	\$3.39
8	Living at No Ho	11060 McCormick St G	2/2	1,072	\$3,463	\$3.23
9	NoHo 14	5440 Tujunga Ave F	2/2	1,268	\$3,835	\$3.02
10	NoHo 14	5440 Tujunga Ave C	2/2	1,261	\$3,890	\$3.08

APPENDIX C - TABLE 2

RENT SURVEY
 SOUTHWEST VALLEY
 IMPACT FEE ANALYSIS
 CALIFORNIA COMMUNITY FOUNDATION
 LOS ANGELES, CALIFORNIA

No.	Project Name	Address	Number of Bedrooms	Unit Size (SF)	Rent	
					Total	Per SF
11	NoHo 14	5440 Tujunga Ave I	2/2	1,356	\$3,668	\$2.70
12	NoHo 14	5440 Tujunga Ave E	2/2	1,266	\$3,690	\$2.91
13	NoHo 14	5440 Tujunga Ave K	2/2	1,512	\$3,955	\$2.62
14	NoHo 14	5440 Tujunga Ave D	2/2	1,264	\$3,768	\$2.98
15	Otsego St	11130 Otsego St #515	2/2	1,105	\$3,500	\$3.17
16	Avana North Hollywood	11201 Otsego St B1	2/2	969	\$2,512	\$2.59
17	Avana North Hollywood	11201 Otsego St B3	2/2	983	\$2,529	\$2.57
18	Avana North Hollywood	11201 Otsego St B2	2/2	980	\$2,592	\$2.64
19	Avana North Hollywood	11201 Otsego St B4	2/2	1,039	\$2,674	\$2.57
20	Windfaire Apartments	11047 Otsego St D	2/2	1,148	\$2,450	\$2.13
21	Windfaire Apartments	11047 Otsego St D	2/2	1,148	\$2,412	\$2.10
22	Windfaire Apartments	11047 Otsego St D	2/2	1,148	\$2,512	\$2.19
23	Windfaire Apartments	11047 Otsego St C	2/2	1,080	\$2,562	\$2.37
24	Windfaire Apartments	11047 Otsego St C	2/2	1,080	\$2,452	\$2.27
25	The Social	11011 Huston St F	2/2	1,111	\$2,772	\$2.50
26	The Social	11011 Huston St A	2/2	1,110	\$2,789	\$2.51
27	The Social	11011 Huston St B	2/2	1,127	\$2,781	\$2.47
28	The Social	11011 Huston St B	2/2	1,127	\$2,766	\$2.45
29	The Social	11011 Huston St G	2/2	1,186	\$2,808	\$2.37
30	The Social	11011 Huston St B	2/2	1,127	\$2,794	\$2.48
			Minimum	950	\$2,412	\$2.10
			Maximum	1,512	\$3,955	\$3.39
			Average	1,124	\$3,017	\$2.69

APPENDIX C - TABLE 3

RENT SURVEY
 CENTRAL LA
 IMPACT FEE ANALYSIS
 CALIFORNIA COMMUNITY FOUNDATION
 LOS ANGELES, CALIFORNIA

No.	Project Name	Address	Number of Bedrooms	Unit Size (SF)	Rent	
					Total	Per SF
1	The Avalon Catalina Apartments	324 S Catalina St.	0/1	375	\$1,395	\$3.72
2	Hampshire Place	501 S New Hampshire Ave.	0/1	455	\$1,647	\$3.62
3	Wilshire Vermont	3183 Wilshire Blvd.	0/1	496	\$1,828	\$3.69
4	K2 Apartments	688 S Berendo St.	0/1	513	\$2,059	\$4.01
5	3033 Wilshire	3033 Wilshire Blvd.	0/1	701	\$2,725	\$3.89
6	The Abbey	3550 W 6th St.	0/1	779	\$2,300	\$2.95
			Minimum	375	\$1,395	\$2.95
			Maximum	779	\$2,725	\$4.01
			Average	553	\$1,992	\$3.65
1	685 Berendo	685 S Berendo St.	1/1	579	\$2,374	\$4.10
2	Hampshire Place	501 S New Hampshire Ave.	1/1	589	\$1,773	\$3.01
3	K2 Apartments	688 S Berendo St.	1/1	591	\$2,140	\$3.62
4	Versailles Koreatown	918 S Oxford St.	1/1	615	\$1,844	\$3.00
5	K2 Apartments	688 S Berendo St.	1/1	631	\$2,355	\$3.73
6	Versailles Koreatown	918 S Oxford St.	1/1	647	\$2,066	\$3.19
7	Westmore on Wilshire	3075 Wilshire Blvd.	1/1	655	\$2,113	\$3.23
8	Wilshire Vermont	3183 Wilshire Blvd.	1/1	705	\$2,128	\$3.02
9	3033 Wilshire	3033 Wilshire Blvd.	1/1	852	\$3,300	\$3.87
10	3033 Wilshire	3033 Wilshire Blvd.	1/1	918	\$3,275	\$3.57
			Minimum	579	\$1,773	\$3.00
			Maximum	918	\$3,300	\$4.10
			Average	678	\$2,337	\$3.43
1	Westmore on Wilshire	3075 Wilshire Blvd.	2/2	912	\$2,750	\$3.02
2	685 Berendo	685 S Berendo St.	2/2	966	\$3,419	\$3.54
3	Versailles Koreatown	918 S Oxford St.	2/2	987	\$2,689	\$2.72
4	Versailles Koreatown	918 S Oxford St.	2/2	1,008	\$2,731	\$2.71
5	K2 Apartments	688 S Berendo St.	2/2	1,030	\$3,385	\$3.29
6	K2 Apartments	688 S Berendo St.	2/2	1,039	\$3,300	\$3.18
7	Wilshire Vermont	3183 Wilshire Blvd.	2/2	1,048	\$2,854	\$2.72
8	Wilshire Vermont	3183 Wilshire Blvd.	2/2	1,062	\$2,887	\$2.72
9	3033 Wilshire	3033 Wilshire Blvd.	2/2	1,379	\$4,912	\$3.56
10	3033 Wilshire	3033 Wilshire Blvd.	2/2	1,408	\$5,130	\$3.64
			Minimum	912	\$2,689	\$2.71
			Maximum	1,408	\$5,130	\$3.64
			Average	1,084	\$3,406	\$3.11

APPENDIX C - TABLE 4

RENT SURVEY
MID-CITY WEST
IMPACT FEE ANALYSIS
CALIFORNIA COMMUNITY FOUNDATION
LOS ANGELES, CALIFORNIA

No.	Project Name	Address	Number of Bedrooms	Unit Size (SF)	Rent	
					Total	Per SF
1	Wooster	835 S Wooster St	0/1	500	\$1,750	\$3.50
2	Wooster	835 S Wooster St	0/1	500	\$1,750	\$3.50
			Minimum	500	\$1,750	\$3.50
			Maximum	500	\$1,750	\$3.50
			Average	500	\$1,750	\$3.50
1	Wooster	1519 S Wooster St #5	1/1	680	\$1,675	\$2.46
2	Wooster	835 S Wooster St	1/1	708	\$1,995	\$2.82
3	Wooster	835 S Wooster St	1/1	708	\$1,995	\$2.82
4	Robertson	1728 Roberston Bl	1/1	720	\$2,195	\$3.05
5	Landmark Apartments	1138 S Corning Street	1/1	800	\$1,875	\$2.34
6	Wooster	1136 Wooster St #308	1/1	800	\$2,198	\$2.75
			Minimum	680	\$1,675	\$2.34
			Maximum	800	\$2,198	\$3.05
			Average	736	\$1,989	\$2.71
1	Alcott	8554 Alcott St	2/1	850	\$1,240	\$1.46
2	Wooster	1475 Wooster St #3	2/1.5	850	\$2,195	\$2.58
3	Chalmers	8674 Chalmers Dr #1	2/2	900	\$2,750	\$3.06
4	Wooster	1000 South Wooster St	2/1	1,000	\$2,000	\$2.00
5	Holt	1033 Holt Ave #1	2/2	1,000	\$2,595	\$2.60
6	Chalmers	8664 Chalmers Dr #3	2/2	1,100	\$2,095	\$1.90
7	Wooster	1422 S Wooster St	2/2	1,100	\$2,800	\$2.55
8	Shenandoah	1481 S Shenandoah St	2/2	1,200	\$3,100	\$2.58
9	Shenandoah	1481 S Shenandoah St	2/2	1,200	\$3,050	\$2.54
10	Holt	1025 S Holt Ave #206	2/2	1,250	\$2,795	\$2.24
11	Sherbourne	1216 S Sherbourne Dr #202	2/3	1,275	\$2,750	\$2.16
12	Bedford	858 S Bedford St	2/2.5	1,320	\$3,000	\$2.27
13	Sherbourne	1216 S Sherbourne Dr #101	2/2	1,345	\$2,800	\$2.08
14	Corning	1260 Corning St #304	2/2	1,445	\$3,300	\$2.28
15	Corning	1260 Corning St #405	2/2	1,445	\$3,300	\$2.28
			Minimum	850	\$1,240	\$1.46
			Maximum	1,445	\$3,300	\$3.06
			Average	1,152	\$2,651	\$2.31

Google Groups

Council File # 17-0274 - Affordable Housing Linkage Fee = General Comments

Will Wright

Jun 6, 2017 3:36 PM

Posted in group: **Clerk-PLUM-Committee**

Councilmember Huizar, Harris-Dawson, Cedillo, Englander and Price:

As the Director of Government & Public Affairs for the Los Angeles Chapter of The American Institute of Architects, I am writing to share my concerns and general comments on the proposed Affordable Housing Linkage Fee (AHLF), which is being heard before PLUM on Tuesday, June 6, 2017.

We commend the leadership of the Department of City Planning on drafting such an instrumental ordinance and we remain encouraged by their willingness to involve the architecture community early and often in the shaping of policies that will greatly impact the built environment of the city.

The AIA|LA is takes our region's housing crisis seriously and we whole-heartedly agree that we need to allocate revenue streams to fund more affordable housing citywide.

We encourage you to form a task-force of stakeholders and to work with us to identify best-practices in generating dedicated revenue streams for affordable housing. We also want to work with you on strategies to enable the private sector to deliver to the market housing more efficiently and with better quality results that amplify the livability and heritage of our city.

We want to make sure that the AHLF actually achieves the intended results and generates more affordable housing instead of driving the overall cost of housing production to untenable levels.

FOR THE RECORD, we seek greater clarity on Section 21.18.2 Applicability of the ordinance:

With exemption #2, if a housing development contains at least 40% affordable units for moderate income households, is the entire project exempt from paying the fee? If yes, then excellent. Or are only the 40% of the units exempt from paying the fee - with the other 60% of the units liable to pay the fee? Please clarify. We've heard two different interpretations.

Also, with exemption #3, we encourage you to include "partially funded" in addition to 'being constructed by, or on behalf of, a government or public institution.

Also, we seek greater clarify on how the production of housing in general exacerbates the need and increases the demand for affordable housing. That nexus is not immediately obvious and may lend itself to gross misinterpretation. While we are supportive of equitable, reasonable fees that are allocated smartly, we want to make sure that the narrative to support these proposed fees are more widely-understood.

In fact, there may be legal vulnerabilities with that nexus of these fees due to the fact that you are allocating a fee of \$12 per square foot for residential projects of six or more units, while only allocating a fee of \$1 per square foot for projects of five or less units. What justifies the difference?

That differential may create inequities in the market that are not legally defensible to the validity of your nexus and create confusion, in general, on how housing production in general increased the demand for affordable housing when, on the contrary, it seems that by adding to the supply of housing will actually relieve market pressures, and therefore, increase housing affordability overall.

I look forward to further engaging you on these matters and working together to identify sustainable and lasting solutions to achieve greater housing affordability region-wide.

Will Wright, Hon. AIA|LA

Director, Government and Public Affairs

AIA Los Angeles

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Comments to PLUM Committee

John Perfitt

Jun 6, 2017 5:34 PM

Posted in group: **Clerk-PLUM-Committee**

Below and attached are comments to Agenda Item #17-0274 on the PLUM Agenda for June 6, 2017.

Please confirm receipt.

Thanks

My name is John Perfitt and I reside at 180 S Citrus Avenue. I am the Executive Director of Restore Neighborhoods Los Angeles and I am on the Greater Wilshire Neighborhood Council Land Use Committee. I have significant concerns about the linkage fee and believe that thoughtful elected officials should too. As a builder in the City of LA, I know firsthand how difficult and expensive it is to work in this city. Anyone that says otherwise, probably has not done it. A linkage fee combined with the latest update to the Quimby Ordinance is big burden on housing production. If another fee is indeed approved, I urge city officials to use revenues to facilitate production of affordable housing in new and innovative ways. The old ways are not working. Look at results-based delivery systems that provide financial incentives for good public policy outcomes. Work with and leverage the great work that many Community Development Finance Institutions are doing. Get serious about harnessing the expansion of social impact investing. Work to reform the myriad requirements that burden housing production, including, the requirement to pay prevailing wage. Before subjecting new development to yet another fee, require an innovative implementation plan that truly leverages other resources. Thank you.



John Perfitt
Executive Director
315 W 9th St #407
Los Angeles, CA 90015
(213) 321-1870 | rn-la.org

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Council File # 17-0274 - Affordable Housing Linkage Fee = General Comments

Will Wright

Jun 9, 2017 11:44 AM

Posted in group: **Clerk-PLUM-Committee**

I wanted to make sure that this was added to the Council File online documents from the public. Thank you.
-Will Wright.

###

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