

HOUSING and PLANNING AND LAND USE MANAGEMENT COMMITTEES REPORT and RESOLUTION relative to increasing the Affordable Housing Linkage Fee (AHLF) in high market areas.

Recommendations for Council action:

1. ADOPT the accompanying RESOLUTION to adopt the fee schedule for the AHLF as detailed in the May 2, 2018 City Planning report, attached to the Council file.
2. REQUEST the City Attorney to prepare and present an Ordinance to increase the AHLF in high market areas from \$15 to \$18 per square foot.

Fiscal Impact Statement: None submitted by the City Planning Department. Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: Yes

For:

Arroyo Seco Neighborhood Council
Hollywood Hills West Neighborhood Council
Los Feliz Neighborhood Council

For If Amended:

Empowerment Congress North Area and Development Council
Silver Lake Neighborhood Council

Neutral:

Mid-City Neighborhood Council

Against:

Downtown Los Angeles Neighborhood Council
Granada Hills South Neighborhood Council

Against Unless Amended:

Greater Wilshire Neighborhood Council

Summary:

On May 23, 2018, the Housing Committee considered a May 2, 2018 Department of City Planning (DCP) report relative to increasing the AHLF in high market areas. According to the DCP, on December 13, 2018 Council adopted the AHLF Ordinance (Ordinance No. 185342). As part of the approval, Council also adopted Motion 8A, instructing the DCP and the Los Angeles Housing and Community Investment Department (HCIDLA), in consultation with the City Attorney as necessary, to prepare and present an analysis of the market impacts of increasing the fee that applies to residential uses in "High Market Areas to \$18. The City Attorney has prepared a draft amendment to the AHLF Ordinance that would change the linkage

fee amount in High Market Areas from \$15 to \$18 and a copy is attached to the DCP report.

The AHLF Ordinance uses real estate market price information by Community Plan Area to divide the City into four residential Market Areas, each with its own residential fee amount (\$8, \$10, \$12 and \$15 per square foot). The AHLF Ordinance places the highest fee (\$15) on residential projects in the High Market Area. The High Market Area includes the community plan areas of Brentwood- Pacific Palisades, Bel-Air-Beverly Crest, Westwood, West Los Angeles, Palms-Mar Vista-Del Rey, Venice and Westchester-Playa Del Rey.

The fee amounts established by the AHLF Ordinance were informed by real estate market analysis designed to minimize the impact on economic development, housing, and job creation. The AHLF Nexus Study conducted by BAE Economics includes extensive analysis of development project feasibility to ensure that fees are set at levels that do not constrain otherwise viable projects. The Nexus Study created pro-formas for 11 types of different commercial and residential land uses across three market conditions (low, medium, high). To ensure all relevant factors were considered, the economic feasibility analysis also included the proposed update to the Westside Transportation Impact Assessment (TIA) fee program, which would increase transportation fees on residential projects in two West Los Angeles Specific Plan communities (the Coastal Transportation Corridor and West LA Transportation Improvement and Mitigation Specific Plans). Despite higher costs to develop, projects in High Market Areas were determined to be able to absorb the highest levels of fees without economic feasibility being significantly impacted. Fee amounts set for High Market Areas, in particular, were set well below what was considered economically feasible.

After further consideration, the Housing Committee moved to recommend adopting the Resolution to adopt the fee schedule for the AHLF as detailed in the May 2, 2018 City Planning report. Also, the Committee recommended requesting the City Attorney to prepare and present an Ordinance to increase the AHLF in high market areas from \$15 to \$18 per square foot. Subsequently, on June 12, 2018, the Planning and Land Use Management Committee considered this matter and after having provided an opportunity for public comment, moved to concur with the Housing Committee. This matter is now submitted to Council for its consideration.

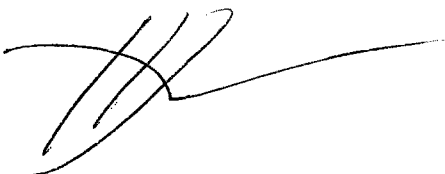
Respectfully Submitted,

HOUSING COMMITTEE



| <u>MEMBER</u> | <u>VOTE</u> |
|----------------|-------------|
| CEDILLO: | YES |
| KREKORIAN: | ABSENT |
| HARRIS-DAWSON: | YES |

PLANNING AND LAND USE MANAGEMENT COMMITTEE



| <u>MEMBER</u> | <u>VOTE</u> |
|----------------|-------------|
| HUIZAR: | YES |
| HARRIS-DAWSON: | ABSENT |
| ENGLANDER: | YES |
| BLUMENFIELD: | YES |
| PRICE: | YES |

ARL
6/12/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-