

Communication from Public

Name: Cody Snyder

Date Submitted: 02/14/2020 06:04 PM

Council File No: 20-0047

Comments for Public Posting: Honorable Councilmembers, I write below about the dangers of applying SB-330 to by-right projects. Thank you for taking the time to consider (refer to the previous email in the chain). To wit: If by-right projects are swept up in SB-330's anti-displacement provisions, it will shut down small by-right projects citywide. It may also draw a lawsuit since SB-330 specifically ties the definition of a Housing Development Project subject to these provisions to use of the Permit Streamlining Act - which is only used for discretionary entitlements and pointedly does not include by-right projects. It should be no secret why there are no 'missing middle' development projects anymore. If a 5-unit human-scaled project must rent one of the units for \$600/month because some time in the last 5 years the owners of the demolished single family home had rented it to a low income household, then none of those projects can be built. An aggressive interpretation of this law is on the verge of shutting down human-scaled density increase in vast sections of this city, making SB-330 a net loss for housing production. These small scale projects are what Westside neighbors would actually prefer, but they're under sustained attack. They cannot bear the costs of land value capture policies, while 150+ unit behemoth projects can. Furthermore, if a single family home owner builds an ADU and then it is occupied by a low income household, that home owner is surrendering hundreds of thousands of dollars in sales value because the ADU would have to be replaced by any development. That in itself is a powerful reason to avoid applying SB-330 to by-right projects, and a powerful reason to oppose covenants locally and statewide as the universal policy response to displacement. Los Angeles is a built-out city with improvements on every lot, but with many lots under-built and in need of density increases. Making six to eight-unit buildings infeasible on all sites with duplex or home rental units is absolutely incompatible with any serious intention to produce more housing. Meanwhile, as an alternative to covenants, right-to-return is a superior policy. It would directly protect existing tenants while continuing to allow small scale housing. Thank you for your consideration of these ideas to remove barriers to the production of human-scale middle class housing. Los Angeles must not apply SB-330's covenant requirements to by-right projects - because to the extent that we

produce any, today's 'missing middle' housing is tomorrow's naturally occurring affordable housing. Best, Cody Snyder
Aspiring small-scale developer SoCal supportive housing project manager 530-774-4494



Cody M Snyder <rktnvxt@gmail.com>

SB-330 application to by-right projects RE: anti-displacement

2 messages

Cody M Snyder <rktnvxt@gmail.com>

Fri, Feb 14, 2020 at 5:52 PM

To: elaina.houser@lacity.org, councilmember.bonin@lacity.org, councilmember.price@lacity.org, sherilyn.correa@lacity.org, councilmember.blumenfield@lacity.org, andrew.pennington@lacity.org, elizabeth.ene@lacity.org

Councilmembers Blumenfield, Bonin, and Price,

I write below about the dangers of applying SB-330 to by-right projects. Thank you for taking the time to consider (refer to the previous email in the chain). To wit:

If by-right projects are swept up in SB-330's anti-displacement provisions, it will shut down small by-right projects citywide. It may also draw a lawsuit since SB-330 specifically ties the definition of a *Housing Development Project* subject to these provisions to use of the Permit Streamlining Act - which is only used for discretionary entitlements and pointedly does not include by-right projects.

It should be no secret why there are no 'missing middle' development projects anymore. If a 5-unit human-scaled projects must rent one of the units for \$600/month because some time in the last 5 years the owners of the demolished single family home had rented it to a low income household, then none of those projects can be built.

An aggressive interpretation of this law is on the verge of shutting down human-scaled density increase in vast sections of this city, making SB-330 a net loss for housing production. These small scale projects are what Westside neighbors would actually prefer, but they're under sustained attack. They cannot bear the costs of land value capture policies, while 150+ unit behemoth projects can.

Furthermore, if a single family home owner builds an ADU and then it is occupied by a low income household, that home owner is surrendering hundreds of thousands of dollars in sales value because the ADU would have to be replaced by any development. That in itself is a powerful reason to avoid applying SB-330 to by-right projects, and a powerful reason to oppose covenants locally and statewide as the universal policy response to displacement.

Los Angeles is a built-out city with improvements on every lot, but with many lots under-built and in need of density increases. Making six to eight-unit buildings infeasible on all sites with duplex or home rental units is absolutely incompatible with any serious intention to produce more housing.

Meanwhile, as an *alternative* to covenants, right-to-return is a superior policy. It would directly protect existing tenants while continuing to allow small scale housing. Consider the following alternative state and local policy direction:

PROPOSAL FOR ALTERNATIVE ANTI-DISPLACEMENT MEASURES

The proposal below would moderate anti-displacement provisions in SB-330 and throughout state code so as accomplish the critical protective objectives while allowing the development of small scale housing for the middle class.

Whereas current law states, essentially:

- Replace all extant units with new 55-year covenanted low-income units, & bedroom count matching existing.

An alternative method - which would hold displaced tenants harmless while not imposing extra costs - would be:

- A developer is required to offer the right to return to a displaced unit's tenants, offering contiguous units with the same number of total bedrooms as the displaced unit, and at the same total rent they were paying beforehand.

(the contiguous bedrooms can be in multiple units, so builders are not forced to include a large unit in a development that is otherwise one-bedroom units, or studios)

- The covenant is only for the 1st tenant, and only if they elect to return. The right to return is offered to the most recent tenant within X years (*perhaps 5 years?*) of an initial entitlement application or building permit application.
As part of the covenant, if the returning tenant can annually prove (using proof of income) that they are rent-burdened at the same rent they were paying before displacement, then the rent may not be raised.
- Replacement units are locally rent controlled only if displaced units were locally rent controlled. Other units in the development are not locally rent controlled.
- **Replacement units are separate and in addition to** voluntarily covenanted and/or inclusionary housing covenanted units.

Allowed flexibility:

- Replacement can be in a different property by a different owner IF:

The other property is within 1 mile, the same or higher opportunity zone, and any children can maintain contiguous enrollment in their prior school*

**the city could make a law mandating that school districts offer a right to continue enrollment if a student is displaced by development*

- Landlords are explicitly allowed to offer cash for tenant waiver of their right to return, with the waiver form governed by state regulations and required to state to tenant the capitalized value of the difference between their right-to-return rent and the rent the developer will charge to new tenants in similar units.

With these provisions, anti-displacement is tied specifically to the right-to-return, rather than mandating the generation of *additional* new 55-year covenanted units. Currently the required covenanted units use the same type of restriction that larger projects receive for their density bonus, and that affordable housing developers build with public funds. Privately funded 'missing middle' housing cannot bear the cost of 55-year covenants for replacement, but it can afford to hold previous tenants harmless with a right-to-return at previous rents.

Consider other benefits:

- Current law encourages large condo projects over small apartment projects, but right-to-return would allow these projects to compete
- Right-to-return could apply to condos as well, forcing a right to return at rental rates for the displaced tenant (until they leave voluntarily, or refuse the offer to return, at which point the condo can be sold)
- Right-to-return could maintain owner-occupied single family home exemptions, holding these owners harmless and recognizing their right to realize the land value increase when they sell rather than punishing them for leasing to low income renters within the previous 5 years.

Thank you for your consideration of these ideas to remove barriers to the production of human-scale middle class housing. Los Angeles must not apply SB-330's covenant requirements to by-right projects - because to the extent that we produce any, today's 'missing middle' housing is tomorrow's naturally occurring affordable housing.

Best,

Cody Snyder
Aspiring small-scale developer
SoCal supportive housing project manager
530-774-4494

On Fri, Feb 14, 2020 at 9:41 AM Marites Cunanan <marites.cunanan@lacity.org> wrote:

Hi Cody - Apologies for the late reply.

Response: Question A

At this time, SB 330 does not apply to By-right projects. However, there was a motion from CD 11 that the Planning LADBDS and HCIDLA needs to report back regarding By-right projects. Depending on what is the outcome of the

motion, there is still a probably that By-right projects maybe subject to SB 330.

Question A - Sec. 66300 (d)(4) says the anti-displacement provisions will "only apply to a housing development project that submits a complete application pursuant to Section 65943 on or after January 1, 2020."

Sec. 65943 is the Permit Streamlining Act, which defines a development project as not including ministerial actions. Ministerial projects do not submit applications pursuant to Sec. 65943. **It would therefore seem that the anti-displacement provisions do not apply to by-right projects.**

Is this how Los Angeles is interpreting these provisions?

As applying only to projects approved through the new SB-330 process?

OR applying only to all discretionary projects, but not including ministerial (even if the ministerial project has to submit a referral form app but not a full city planning application)?

OR applying to any project that has to submit an app through city planning?

OR applying even to by-right projects?

The applicability is even more important because there's no single family home exemption. Sec. 66300 (d)(2)(E)(ii) (III) would seem to **make it infeasible for a lower income longtime home owner to sell** his single family home to a spec home builder or a duplex developer, **because the builder would seem to have to replace the seller's single family home** with covenanted housing.

Response on Question B: At this time, SB 330 includes AB 1482 projects.

Question B - How will the city interpret Sec. 66300 (d)(2)(E)(ii)(II) and its interaction with the AB-1482 rent caps. Does that mean this provision will immediately apply to every rental unit greater than 15 years old that's subject to AB-1482, even if not locally rent controlled?

Thanks!

Marites (Tess) Cunanan

Planning and Land Use Unit

Finance & Development Division

Housing + Community Investment Department

1200 W. 7th Street, 8th floor

Los Angeles, CA 90017

☎:(213) 808-8843 | ✉: Marites.Cunanan@lacity.org

On Mon, Feb 10, 2020 at 9:57 AM HCIDLA SB330 <hcidla.sb330@lacity.org> wrote:

----- Forwarded message -----

From: **Justin Bilow** <justin.bilow@lacity.org>

Date: Mon, Feb 10, 2020 at 9:53 AM

Subject: Fwd: SB-330 anti-displacement provisions for discretionary projects only?

To: LADBS ASAP <ladbs.asap@lacity.org>, HCIDLA SB330 <hcidla.SB330@lacity.org>

Hi SB330 Team,

Is there someone who can talk with this applicant about their question on demo permits? I understand that an inter-agency memo is still in the works.

Justin L. Bilow

City Planner

Los Angeles City Planning

201 N. Figueroa St., Room 525



LOS ANGELES
CITY PLANNING

Los Angeles, CA. 90012

Planning4LA.org

T: (213) 202-5401



----- Forwarded message -----

From: **Cody M Snyder** <rktnvxt@gmail.com>

Date: Mon, Feb 10, 2020 at 9:47 AM

Subject: Re: SB-330 anti-displacement provisions for discretionary projects only?

To: <ladbs.asap@lacity.org>

Cc: Justin Bilow <justin.bilow@lacity.org>

Hi Justin,

Three business days later, no response. Any ideas? Does this new section have a public counter?

Thanks.

Cody Snyder

On Tue, Feb 4, 2020 at 2:38 PM Cody M Snyder <rktnvxt@gmail.com> wrote:

LADBS ASAP Section,

According to my reading of both state law and the city's SB-330 memo, it would appear that only discretionary projects are subject to the new SB-330 anti-displacement provisions. **Can you confirm that LADBS will not issue new SB-330 clearances related to demolition of units for by-right and/or ministerial projects that do not apply for entitlements through city planning?**

I really appreciate your help; this is a critical question for builders who may want to build small by-right duplexes, triplexes, and small scale housing on lots with existing single family homes, etc.

Thank you very much,

Cody Snyder

Aspiring small-scale developer

SoCal supportive housing project manager

530-774-4494

On Tue, Feb 4, 2020 at 11:31 AM Justin Bilow <justin.bilow@lacity.org> wrote:

Hi Cody,

I've attached the City's SB330 implementation memo for your information. Take a look. If you have additional questions after reading, send them to planning.PARP@lacity.org or to one of the other agencies listed on the memo.

Also, in terms of the applicability of AB1482, I would suggest reaching out to the Housing & Community Investment Department at hcidla.SB330@lacity.org.



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On Tue, Feb 4, 2020 at 10:35 AM Cody M Snyder <rktnvxt@gmail.com> wrote:

Good morning Justin,

I see the city has issued an SB-330 prelim app and instructions. I beg your patience with a few particular additional questions about some of the provisions of the law, and how the city is interpreting them.

Section 13 of the law adds Sec. 66300 to the Gov Code. Gov Code 66300(d) deals with anti-displacement.

The provisions are the most restrictive ever written in to state law, and have the potential to practically ban small 'missing middle' housing projects in LA's neighborhoods.

Question A - Sec. 66300 (d)(4) says the anti-displacement provisions will "only apply to a housing development project that submits a complete application pursuant to Section 65943 on or after January 1, 2020."

Sec. 65943 is the Permit Streamlining Act, which defines a development project as not including ministerial actions. Ministerial projects do not submit applications pursuant to Sec. 65943. **It would therefore seem that the anti-displacement provisions do not apply to by-right projects.**

Is this how Los Angeles is interpreting these provisions?

As applying only to projects approved through the new SB-330 process?

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OR applying to any project that has to submit an app through city planning?

OR applying even to by-right projects?

The applicability is even more important because there's no single family home exemption. Sec. 66300 (d) (2)(E)(ii)(III) would seem to **make it infeasible for a lower income longtime home owner to sell** his single family home to a spec home builder or a duplex developer, **because the builder would seem to have to replace the seller's single family home** with covenanted housing.

Question B - How will the city interpret Sec. 66300 (d)(2)(E)(ii)(III) and its interaction with the AB-1482 rent caps. Does that mean this provision will immediately apply to every rental unit greater than 15 years old that's subject to AB-1482, even if not locally rent controlled?

Thank you very much.

Best,

Cody Snyder
Aspiring small-scale developer
SoCal supportive housing project manager
530-774-4494

Councilmember Blumenfield <councilmember.blumenfield@lacity.org>
To: rktnvxt@gmail.com

Fri, Feb 14, 2020 at 5:52 PM

Thank you for your e-mail. I appreciate hearing from you and welcome your comments, questions or concerns. My staff and I will review your message and will work to address your concerns in a timely manner.

Due to the high volume of e-mails my office receives, it is difficult to respond immediately to each one, but we will respond to every constituent contact in a timely manner. If you would like to speak to a member of my staff regarding an urgent concern, please don't hesitate to contact my office by phone. My Reseda office can be reached at [\(818\) 774-4330](tel:8187744330); my City Hall office at [\(213\) 473-7003](tel:2134737003).