

MOTION

PLANNING & LAND USE MANAGEMENT

On December 13, 2016, Ordinance No. 184745 (*'Affordable Housing and Labor Standards Related to City Planning'*), Council File No. 16-0684, became effective, to address the City's homeless and affordable housing crisis. The ordinance was a citizen sponsored ballot initiative (Initiative Ordinance JJJ) that was approved by City voters on November 8, 2016.

Among the various requirements of the ordinance is the creation of a new affordable housing incentive program for developments near major transit stops. The ordinance contains a *'Transit Oriented Communities (TOC) Affordable Housing Incentive Program,'* along with a directive for the necessary *TOC Program Guidelines* which became effective on September 22, 2017 and revised on February 26, 2018, that are applicable to all housing developments located within a one-half mile radius of a Major Transit Stop. As specified in the ordinance, each one-half mile radius along a Major Transit Stop constitutes a unique TOC Affordable Housing Incentive Area.

Now that the program has been in effect for over two years, it is clear that although it is popular, and is generating many new housing units and covenanted affordable housing units, the program has failed to account for differences in land values across the City. In areas with high land values, the TOC program provides a substantial windfall for property owners and developers without achieving commensurate value for the public in terms of the creation of affordable housing units.

In fact, in many instances TOC projects are leading to the displacement of dozens of existing rent-stabilized housing units. It was not the intent of the voters for TOC projects to displace moderate income tenants, only to create fewer low-income residential units inside new luxury mixed use projects that will not be available for rent for years to come. Moreover, many of the displaced residents make too much money to qualify for the very low and low-income affordable units that will be built and too little to pay market rate prices for the new units in the new building. This unintended effect of the TOC program is counterproductive to the primary goal of preventing homelessness and the City must do all its power to protect rent burdened moderate income residents.

In 2017, the Council approved an affordable housing Linkage Fee Ordinance (Ordinance No. 185342), Council File No. 17-0274. When the Planning Department released drafts of the Linkage Fee Ordinance, the fee rates were uniform for all parts of the city, making no distinction between high market areas and low market areas. With Council oversight and input, however, the final version included higher fees in higher market areas and more funding for affordable housing in Los Angeles.

This type of tiered affordable housing requirement should be included in the TOC program. The City should require higher levels of affordable housing in high market areas to ensure the public receives a fair share of affordable housing. Every single unit of low and extremely low income covenanted housing should be welcomed, but the new units must create a proportional gain in affordable units compared to affordable units lost. The City must do more to break down income disparities up to and including a citywide inclusionary zoning ordinance. However, in the interim revising the TOC will give us a welcome first step.

I THEREFORE MOVE that the Council instruct the Planning Department to prepare revised *Transit Oriented Communities Guidelines* to increase the 55-year covenanted affordable housing percentage requirements in high and mid-market areas, similar to the higher affordability levels contained in the Linkage Fee Ordinance.

PRESENTED BY: 
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