



LOS ANGELES AREA
CHAMBER OF COMMERCE

May 16, 2016

The Honorable Jose Huizar, Chair
Planning and Land Use Management Committee

The Honorable Mitch O'Farrell, Chair
Arts, Parks, & River Committee

Los Angeles City Council
200 N. Spring Street
Los Angeles, CA 90012

Re: Council File 16-0529: Draft Park and Recreation Facility Fee and Land Dedication Ordinance, Public Recreation Plan and Department of Recreation and Parks Guidelines

Dear Councilmembers Huizar and O'Farrell,

On behalf of the Los Angeles Area Chamber of Commerce, which represents more than 1,650 organizations and 650,000 employees in the region, I am writing to express our thoughts and concerns about the Parks Dedication and Fee Program (aka Quimby) Update. We recognize the important role that parks and recreation facilities play in making Los Angeles a desirable destination to live in, and support the City's effort to simplify the process to utilize park fees generated by new residential development, but have concerns about parts of the update. We are recommending a few updates:

Amend the Grandfather Clause and Extend Phase-In

The Draft Ordinance requires every new residential unit to pay a park fee. Currently, only residential projects which require a tract map or zone change pay a fee. The existing fee ranges from \$2,369 to \$7,596 per dwelling unit, depending on the zone in which the unit is constructed. The Draft Ordinance proposes raising the fee - to \$10,000 for subdivisions and \$5,000 for rentals, with a two-year phase in. This translates to a 400 unit condominium project paying million in park fees. This is a large cost increase developers must pay to the City for already entitled projects that was not taken into account when the budgets for these developments were planned. The City Planning Commission partially recognized the issue faced by projects already entitled by adding a grandfather clause for projects that have already paid plan check fees for a building permit. This was a good first step, however, as currently proposed all other residential projects will be subject to the new park fee structure 60 days following adoption of the ordinance.

We recommend that the grandfather clause be amended to include any non-subdivision project that would otherwise not be subject to a park fee, which has submitted an application to the City Planning Department and paid all associated application fees prior to the effective date of the ordinance. Developers purchase land and create pro formas based on current fee structures. To change the requirements on them late in the entitlement process would add an undue burden on developers that could stall projects or raise the cost of housing at a time when we are lacking in an affordable supply at all price levels. For this reason, we also believe the impact of the new park fee structure should be mitigated for subdivision projects by extending the phase-in period from two years to five years.

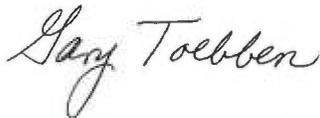
Linkage Fee Provisions

We also believe you should consider adding language to this ordinance that would allow for the fee to be restructured if the City adopts a Linkage Fee on new development to support affordable and homeless housing. There should be a mechanism built into new fee ordinances, including this one that allows for comprehensive development fee review. The staff report from City Planning acknowledged the Linkage Fee as a consideration but there is no language within the Park Fee Update ordinance that provides for comprehensive review.

New residential development already pays significant fees including school fees, art fees, public works fees, DWP fees, and sewer facilities charges. Both DWP and the County of Los Angeles are also considering fee increases to help fund various projects. While new developments create jobs, generates local taxes and increases property taxes, each fee -small or large- when added to the myriad other fees represent a significant cost to the developer. The cost is then passed on to the homebuyer or to the renter through increased costs or lack of supply, keeping the cost of housing high and adding to the growing unaffordability of the housing market.

We are united in the need to improve park opportunities across the entire City and in all neighborhoods. We are concerned that the issues outlined in this letter, however, will serve to further aggravate the housing crisis. We hope to work with the city on crafting a more effective fee program that doesn't discourage development, as well as establishing updated procedures that will support capital expenditures for new parks and improvements at existing sites. By crafting a park fee process that is equitable will Los Angeles be able to provide both the park space and housing that our residents deserve.

Sincerely,



Gary Toebben
President & CEO

CC: Members of the PLUM Committee
Members of the Arts, Parks & River Committee
The Honorable Eric Garcetti, Mayor
Vince Bertoni, Department of City Planning
Mike Schull, Department of Recs and Parks
Kevin Keller, Office of Mayor Eric Garcetti

Ashley Atkinson, Office of Mayor Eric Garcetti
Tom Rothmann, Department of City Planning
Darryl Ford, Department of Recreation and Parks
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