

**DEPARTMENT OF
CITY PLANNING**

COMMISSION OFFICE
(213) 978-1300

CITY PLANNING COMMISSION

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**CITY OF LOS ANGELES
CALIFORNIA**



ERIC GARCETTI
MAYOR

EXECUTIVE OFFICES

200 N. SPRING STREET, ROOM 525
LOS ANGELES, CA 90012-4801
(213) 978-1271

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June 2, 2021

Los Angeles City Council
% Office of the City Clerk
City Hall, Room 395
Los Angeles, CA 90012

Attention: PLUM Committee

Dear Honorable Members:

REPORT RELATIVE TO A CITY ZONING CODE UPDATE / BALLOT MEASURE; [CF 20-1042](#)

The City Council voted to request the Department of City Planning (DCP), in coordination with the Chief Legislative Analyst (CLA) and the Housing and Community Investment Department (HCIDLA), to report on the creation of a measure to potentially be placed on a future ballot to update the City's Zoning Code with regards to land use and housing. The motion specifies that the measure should:

- Address the City's shortage of housing as well as the City's Regional Housing Needs Assessment (RHNA) obligation.
- Be modeled after the Transit Oriented Communities (TOC) Affordable Housing Incentive Program to incentivize broader community benefits such as additional affordable housing, high paying jobs, parks and open space and improvements to mobility and public space.
- Lead to an equitable distribution of new housing around the city based on high quality jobs, transit, and historic housing production.

An amending motion by Martinez/O'Farrell requested the report consider other options that can be taken to streamline housing production in the Zoning Code in addition to consideration of a ballot measure, such as through the Housing Element Update and accompanying RHNA rezoning program (Motion 17C). A second amending motion from Councilmember Bonin further requested that the report consider the following factors:

- Environmental impacts of housing policy, including how best to promote environmental justice, and how best to protect environmentally sensitive habitats, and areas threatened by the significant impacts of climate change, including wildfires and flooding.
- How to prevent the development of a “glut” of luxury housing, and how to require that the bulk of new housing built in affluent areas be primarily workforce and low-income housing.
- How to prevent gentrification and displacement.
- Required infrastructure capacity and investments to support new housing.
- How a ballot measure would impact or be impacted by CEQA, and by ongoing updates to community plans and the citywide Housing Element.

The Department’s report back is intended to align City Council direction with current and proposed work programs to ensure they are feasible under current staffing and resource levels. While ballot measures offer a useful tool for certain types of discrete issues, the range of topics discussed in the Council Motion may be too complex and nuanced for a ballot measure. That said, the following potential zoning initiatives can be considered as a ballot measure or outside of a ballot measure, as discussed further below.

POTENTIAL ZONING INITIATIVES

The Department of City Planning will continue the public process to develop the state-mandated Housing Element of the General Plan and plans to include the following key components for consideration to achieve the goals of the Council motion. These zoning initiatives should be considered along with many other non-land use related housing policies and programs related to tenant protection, homelessness, special needs housing, housing security, etc. as well as the many ideas the public will bring forward in the course of this planning process.

1. **Pursue an Equitable RHNA Rezoning Program (2021-2024).** Direct the Housing Element’s Rezoning Program to focus on higher opportunity areas with good job and/or transit access, and include protections for tenants and vulnerable communities, as well as environmentally sensitive areas.

While this program will continue to be refined through an extensive public outreach process, initial considerations include focusing rezoning strategies on commercial and residential corridors, in existing regional centers, on public and religious-owned land, and in other areas where multifamily, and therefore affordable housing, is not permitted today. The Rezoning Program may also include more flexible zoning and incentives for existing single-family or lower density residential areas to create opportunities for a variety of “missing middle” low-scale housing typologies.

2. **Update Citywide Affordable Housing Incentive Programs (2021-2022).** Update and expand the City's affordable housing incentive programs (including Density Bonus, TOC, among others) to include a wider array of areas and project types and stronger community benefits. Opportunities for greater "value capture" and process streamlining will also be explored through expansion of adaptive reuse, micro unit housing, and additional incentives for 50-100% affordable projects, senior housing, and special needs housing. These efforts will be coupled with deeper affordability requirements and stronger anti-displacement measures than offered today.
3. **Conduct a Community Housing Needs Allocation Process (2022-2023) to Direct Future Community Plan Efforts.** As part of the current Housing Element update, adopt a program for the future update to the City's General Plan growth strategy to create a new community housing needs assessment methodology to establish housing goals and zoning targets for each Community Plan Area, by income category. The process could be based upon citywide housing production goals and utilize a methodology that would balance traditional factors such as job and transit access with a new prioritization for high opportunity areas, anti-displacement and other equitable housing considerations. The outcome of this process would include the creation of numerical housing goals and zoning targets for each Community Plan Area, and subareas, by income category.

BACKGROUND

The [Council Motion](#) calls for addressing the city's desperate shortage of housing, which is expressed through the newly adopted Regional Housing Needs Assessment (RHNA) obligation. The motion emphasizes that there is too much outdated zoning with antiquated designations that require legislative changes to provide the needed housing. The motion calls for the creation of initiatives, aside from current Community Plan Updates and zoning code reform efforts (*re:codeLA*), to update zoning with the aim of streamlining housing that includes greater community benefits to create a more affordable, equitable and sustainable city.

There are work efforts that offer important opportunities to create more housing opportunities in a way that furthers values expressed in the motion. The first is the current update to the Housing Element (*The Plan to House LA*), which, per State law, must be adopted by October 2021. As mentioned in the motion and Initiative 1 (discussed below), the Housing Element will include a state-required program to rezone sites to accommodate any potential shortfall in meeting the 456,000 units assigned to the City under the Regional Housing Needs Assessment (RHNA). The Housing Element will also update and create new citywide policies and programs that further the goals of the motion, including a new way of planning for local housing needs (see Initiative 3). A related opportunity is the pending update to the City's Density Bonus Ordinance (LAMC 12.22 A.25) and affordable housing incentive programs, which offers a chance to streamline the production of affordable housing in an equitable and sustainable manner (see Initiative 2).

This report will provide some background on the housing crisis and the role of the Housing Element and RHNA, describe existing and planned efforts around addressing the housing goals described in the motion, discuss opportunities to align activities with the intent of the motion and respond to questions posed in the amending motions. Background and considerations regarding the three recommended initiatives are discussed throughout.

At the same time, HCIDLA is pursuing several efforts to develop housing initiatives that result in the equitable distribution of housing and resources to all residents, especially for those who are low-income and communities that have disproportionately experienced the effects of poverty and racial segregation. These include: 1) an Equitable Development and Displacement Risk Analysis; 2) an Affordable Housing Site Analysis Tool; 3) meaningful and culturally competent outreach in underserved communities for the implementation of the Housing Element; and 4) an update to the City's Assessment of Fair Housing, per HUD's renewed commitment to affirmatively further fair housing.

Ballot Measure Option

While ballot measures offer a useful tool for certain types of discrete issues, the range of topics discussed in the Council Motion may be too complex to craft into a coherent ballot measure. Land use policy changes benefit from extensive public outreach and decision-maker input in crafting often very detailed new land use regulations. Creating clear, effective and responsive rezoning measures for voter consideration at a citywide level in a city the size of Los Angeles may be difficult. A ballot measure would require the CLA, in consultation with the Department of City Planning, to draft a ballot measure and prepare a CEQA analysis. In addition, there may be a fiscal impact depending on the ballot cycle in which any potential measure would appear. The City Clerk budgets for up to five local measures on each even-year cycle, which would not require additional costs. Any measure beyond the fifth may require approximately \$210,000, and a special election can cost up to \$10 million. If there are elements of the report that the City Council feels would benefit from a public initiative, the CLA and Department can report back on those in more detail.

Local Housing Needs and the Regional Housing Needs Assessment (RHNA)

As stated in the motion, Los Angeles faces a severe shortage of housing that is available and affordable for those with low and middle incomes. Most experts attribute this primarily to a deficit of housing that has accumulated over several decades, in relation to continued population and job growth. When looking at the growth in housing units compared to population since the 1980s, the City of Los Angeles ranks last of the 25 largest cities in terms of housing keeping pace. As a result, Los Angeles has the fewest number of homes per adult of any major US city (US Census, 2019).

As a result of the lack of availability, housing that was once affordable to low and moderate income Angelenos has become increasingly out of reach. Los Angeles has the unfortunate distinction of having the most unaffordable rental housing in the nation (comparing costs to incomes), as well as the highest rates of overcrowding and unsheltered homelessness of major cities. These impacts are felt most acutely by those with the lowest incomes but are increasingly affecting even those with higher incomes. Furthermore, a lack of funding for deed-restricted affordable housing and other subsidies has limited the ability of the City to provide a critical social safety net for those at greatest risk of housing insecurity and homelessness.

The state Housing Element law and its associated RHNA process is meant to ensure all communities do their fair share to adequately plan for population growth. State Legislators have made amendments in recent years to significantly strengthen the law. The RHNA allocation now includes measures of unmet *existing* housing need (overcrowding and cost burden), whereby prior RHNA cycles had only considered *projected* housing needs related to future growth. The effect of this and other factors is that the current RHNA total for the six-county Southern California Association of Governments (SCAG) region is about four times higher than the prior cycle - about 1.34 million units.

Cities must demonstrate that adequate and available sites exist to accommodate the RHNA. If sufficient sites cannot be identified, a RHNA rezoning program of the Housing Element to accommodate the remaining need must be carried out within three years of adoption (by October 2024).

Los Angeles Housing Element Update (The *Plan to House LA*)

The current update to the Housing Element presents an important opportunity to consider how the City plans and zones for new housing, and to create new policies and programs that can advance the objectives of the motion. The Housing Element identifies Los Angeles's housing needs and establishes citywide policies, objectives and programs to address those needs over the next eight years. City Planning is currently working alongside the Housing and Community Investment Department (HCIDLA), as well as other agencies, on the 2021-2029 update, which must be completed by October 2021.

As discussed earlier, Housing Element law requires the City to identify adequate sites that are suitable and available for residential development (an "Inventory of Sites") to accommodate the entirety of its 2021-2029 RHNA allocation of 456,643 units. Of these units, about forty percent must accommodate the City's lower income RHNA, meaning they must be identified on multifamily zoned sites that have a minimum density of 30 dwelling units per acre (generally R3 or a less restrictive zone). State law requires cities maintain adequate sites throughout the eight-year period as identified sites are developed into non-residential uses. In line with guidance from the State's Department of Housing and Community Development (HCD), the City is including a buffer in the Inventory of Sites and therefore plans to identify sufficient sites to accommodate approximately 500,000 units, including 230,000 lower income units. If the City is unable to identify sufficient sites to meet the RHNA requirement and the recommended buffer, the City will need to enact a rezoning program.

Alongside evaluating whether existing sites are sufficient to accommodate the RHNA, the Housing Element must also demonstrate compliance with an important new fair housing law, AB 686 (2018). With regards to site selection, the Housing Element will incorporate an analysis of how the City's existing sites for housing affirmatively further fair housing (AFFH) goals. This will include examining whether the sites zoned to accommodate housing for lower income households are overly concentrated in lower income areas (or underrepresented in higher opportunity areas). If the sites inventory does not accommodate housing for lower income households in a way that affirmatively furthers fair housing, the Housing Element will incorporate policies and programs designed to redress this issue, including informing the recommended RHNA Rezoning Program. Led by HCIDLA, the AFFH analysis for the Housing Element update will include an overview of integration and segregation patterns and trends, identifying racially and ethnically concentrated areas of poverty, disparities in access to opportunity, and assessing disproportionate housing needs within neighborhoods, including displacement risk. Per soon-to-be updated U.S. HUD

guidelines, HCIDLA will also be updating its Assessment of Fair Housing (AFH) next year. Redressing fair housing concerns may mean creating more strategies to bring place-based approaches to lower resource areas, as well as creating more opportunities for affordable housing to be better dispersed throughout the rest of the city (see the Department's Equitable Distribution report back per CF 19-0416).

As the City updates its Housing Element, clear objectives are emerging around addressing the housing crisis in a way that advances racial equity and access to opportunity, protects vulnerable Angelenos from displacement and promotes sustainability and resilience. To that end, the Housing Element will be updating the General Plan's policies and programs to better ensure equity is at the core of future decisions around housing, including the prioritization of a more equitable distribution of affordable housing. While the initial draft of the Housing Element has not yet been released for public review, it is anticipated that policies discussing the location of new housing and affordable housing will be updated to include areas with high resources and opportunities, alongside traditional areas with good access to transit and jobs. Many additional important policies and programs to enhance housing stability, including preservation and tenants rights, as well as increasing affordable housing production and meeting diverse needs, are also being prepared for draft release. As part of these initiatives, three likely Housing Element programs relevant to this report are discussed below: RHNA Rezoning (Initiative 1), Citywide Affordable Housing Incentive Program Update (Initiative 2), and the Citywide Housing Needs Allocation Process (see Initiative 3).

Prepare Housing Element RHNA Rezoning Program (Initiative 1)

As noted above, if the Housing Element includes a shortfall of sites to accommodate the RHNA allocation, then the Housing Element must include a program to identify sites that can be developed during the planning period (referred to as a "RHNA Rezoning Program"). This Program is still in development but is proposed to take the form of a series of citywide ordinances that would create additional zoning capacity through an expansion of affordable housing incentive programs, updates to many of the City's Community Plans as well as additional citywide ordinances (potentially including an Accessory Dwelling Unit (ADU) Ordinance update, Adaptive Reuse Ordinance update, "missing middle" ordinance, etc). These ordinances would be considered for adoption between October 2021 and 2024.

The RHNA Rezoning Program is anticipated to focus largely on areas that afford greater opportunities to residents in terms of access to good jobs, transit, schools, parks and other amenities. The rezoning should also take proactive measures to protect sensitive communities vulnerable to gentrification and displacement, as well as to avoid intensification of development in environmentally sensitive areas. Rezoning opportunities are still being identified, but are expected to focus on commercial corridors, in existing centers, on public land and other areas where multifamily housing is not permitted today. However, the Rezoning Program will also consider upzoning and incentives for some existing lower density areas to create opportunities for more "missing middle" (low-scale) housing typologies, particularly in the higher-opportunity areas referenced above.

Update Citywide Affordable Housing Incentive Programs (Initiative 2)

The vast majority of affordable housing being produced in the city utilizes the City's affordable housing incentive programs (mostly TOC and Density Bonus). In 2020, the number of affordable units created through these programs in non-subsidized mixed-income developments nearly doubled from 2019 to almost 1,300 units. While incentive programs have been increasingly successful in many important respects, there are several areas in which they can be improved and expanded upon to achieve even better results. City Planning has recently secured funding from the state to update the City's Density Bonus program, which the Department intends as an opportunity to align all of the City's current affordable housing incentive programs, as well as create new opportunities for affordable housing in a way that furthers citywide goals around equity.

In line with the priorities of the Council Motion, staff envisions the creation of a set of new affordable housing incentives that prioritizes equitable distribution, anti-displacement and greater production of affordable housing. There are opportunities to create more affordable units in a greater variety of housing types and within areas of the city that have not seen much affordable housing production. Requiring an on-site affordability component on "missing middle" or other types of smaller projects may be more challenging but will be evaluated through a planned economic feasibility study. Alternative options for such projects may include requiring them to pay a fee to support affordable housing, which will be explored in a forthcoming report back per CF 21-0037.

Additional tailored incentives can be considered for specific housing types, such as expanding mixed use on commercial corridors (and adjacent Parking (P) Zones and other zones), "missing middle" (low-scale) housing typologies, micro units in Regional Centers, affordable ADUs, as well as a set of incentives for largely affordable projects or those on public, religious, or philanthropic-owned land or developed by community land trusts or other community organizations. The update is intended to create a new citywide incentive system that offers unique incentives in exchange for stronger affordability and anti-displacement measures than offered today. Incentives may include project streamlining, including new Site Plan Review procedures or thresholds. Enhanced community benefits can also be explored, including additional publicly accessible open space, transit/e-bike subsidies, as well as incentives for projects incorporating certain labor practices.

Conduct a Citywide Housing Need Allocation Process (Initiative 3).

Planning for new housing in Los Angeles has typically occurred through the Community Plan Update process. Housing capacity targets for each Plan update are based in large part on accommodating growth projections up to a plan horizon year (typically 20 years) established by SCAG. These projections are based largely on prior growth trends and existing land use. As such, areas that have not seen much growth or are not zoned for new housing, typically continue to have low growth projections. Areas that have seen more housing production are typically projected to have higher growth projections. This current structure may have the unintended effect of locking in current growth patterns and therefore perpetuating historical land use trends that may be rooted in inequality, exclusion or poor planning practice.

While the Housing Element will alter many of the General Plan's goals, policies and objectives to better reflect these values in all future planning and zoning actions, it is critical that these goals have a specific implementation program in the Housing Element. Initiative 3 recommends a new structure for allocating community level housing goals using an allocation methodology established at a citywide level to focus on identifying future sites for housing based on a range of objective measures such as housing costs, access to jobs, transit, schools, parks and other amenities, as well as environmental considerations. Setting clear housing goals for each Community Plan area will ensure all areas of the city do their fair share to address the housing crisis, while maximizing affordable housing and reducing displacement pressures.

ANALYSIS AND CONSIDERATIONS

Relationship to Community Plan and General Plan Updates

The amended motion requested an analysis of the relationship of any land use reform measures to Community Plan and General Plan Updates. Both issues have been discussed above but will be further clarified and summarized here.

Because they can be more finely tuned, and offer more sustained opportunities for local engagement, Community Plan Updates have been the most desirable long-term approach for changing local land use policies and zoning. As discussed above, any updates to Community Plans that are adopted between October 2021 and 2024 will be counted as part of the Housing Element RHNA Rezoning program (Initiative 1). However, the RHNA Rezoning Program will likely necessitate changes to land use and zoning beyond that established by existing Community Plans, and potentially ahead of pending updates, depending upon their timing relative to the State's 3-year requirement.

Initiative 2 (Update Existing Affordable Housing Incentive Programs) would allow tailored incentives that would be based on zoning and General Plan land use designations. There would be an effort to align local incentive programs to ensure greater consistency among affordability requirements and policies. For example, if longer-term affordability or different housing replacement policies are established in an updated Density Bonus ordinance, the same can be applied to affordable units created through the use of CPIO or TOC programs.

Initiative 3 references a Housing Element program that proposes a significant change to the way community planning housing targets are established when Community Plans are updated. This is a longer-term concept that will require significant public discussion and additional analysis and is recommended to be tied to future updates to the General Plan Framework Element. The effort would create a citywide methodology to allocate the citywide housing need (aligned with the RHNA) across communities in a way that ensures a more equitable distribution of housing and better aligns with citywide priorities.

The Housing Element update also includes necessary updates to the Safety Element of the General Plan, which are triggered under State law by an update to the Housing Element. The Safety Element is one of the eight State-mandated elements of the General Plan. The purpose of the update to the Safety Element is to comply with recent State legislation and guidelines (such as Senate Bill 2141, Assembly Bill 162, Senate Bill 99, Assembly Bill 747, Senate Bill 1035 and Senate Bill 379). Technical amendments will be made to the Safety Element to incorporate data and maps; address vulnerability to climate change; incorporate policies and programs from the

City's updates to the Local Hazard Mitigation Plan and the Floodplain Management Plan, as well as partial or full integration of other recent City policy documents (including but not limited to: *Resilient Los Angeles*, *LA's Green New Deal / 2019 Sustainability Plan* and the *Emergency Management Department Emergency Plans and Annexes*). The Safety Element amendments will be submitted to several state and federal agencies for review.

Environmental Impacts and Environmental Justice

The amended motion asked how to best protect environmentally sensitive habitats, and areas threatened by the significant impacts of climate change, including wildfires and flooding. The update to the Safety Element, described in the section above, addresses some of these concerns. State law requires that when a jurisdiction plans for more housing, it is done in a way that ensures potential environmental hazards and impacts are being considered, particularly for underserved communities. In addition, the City adopted the Health/Environmental Justice (EJ) Element in 2015, in compliance with State requirements established under Senate Bill 1000. The Health/EJ Element addresses a number of topics, including identifying the location of disadvantaged communities, air and water quality levels, public facilities, food access, safe and sanitary homes, rates of physical activity, health risks, civic engagement and prioritizing disadvantaged communities.

The Housing Element generally discourages new housing opportunities in environmentally sensitive areas and all rezoning will also take this into account. The draft Housing Element also anticipates strengthening policies against locating housing in areas where environmental hazards are present. More broadly, land use and planning efforts by City Planning take into account the unique needs of environmentally sensitive/hazard areas, including Very High Fire Severity Zones, sea level rise areas, floodplains, earthquake fault lines, etc.

Climate change exacerbates many potential hazards from impacts such as drought, fire and flooding. While the State and City have been leaders in the reduction of greenhouse gas emissions, progress in the critical transportation sector remains lagging. Encouraging new growth in areas where vehicle miles traveled is less (urban infill areas well served by public transit and allowing for walkable and bikeable opportunities) is an important action that local governments can take to address climate change and rising greenhouse gases. For the City of Los Angeles, urban infill is second only to energy efficiency retrofits in commercial properties in terms of its potential for greenhouse gas reduction. (UC Berkeley's California Local Government Climate Policy Tool).

Preventing a "Glut" of Luxury Housing

The amended motion requested the Department to report on how to prevent the development of a "glut of luxury housing." An oversupply can occur at the local, city or regional level and may be a result of a temporary or longer-term imbalance. At a macro level, the city and region are clearly suffering from a shortage of homes, as described above. If Los Angeles had the same number of homes per adult as the national average, the city would have an additional 129,000 homes (2019 American Community Survey). Considering housing markets are regional, and the deficit is even larger in the areas of the County outside the City of Los Angeles, a significant increase over current production levels would need to occur before the figures begin to approach the national average, let alone create a citywide oversupply.

Given the magnitude of the shortage, any potential oversupply would likely be limited to a discrete geography where housing is being constructed faster than it can be absorbed. Any glut would therefore likely be temporary in nature, with prices falling or moderating until a new equilibrium is achieved. One local example of this is Downtown Los Angeles, which has seen the most new housing construction of any community in recent years and has seen higher than average vacancies. In Downtown, median home prices have increased 11 percent from 2015-2020, compared to a 34 percent increase citywide (Zillow.com).

While falling rents are welcome, it is important to emphasize that they likely will not lead to a significant increase of affordable housing for those with the lowest incomes. This calls for a continued role for public subsidy and tenant protections and identifying where those interventions will protect the most vulnerable residents. However, lower rents can assist affordable housing development in several ways, including by lowering the cost of land acquisition, lessening the amount of housing voucher subsidies, and, most importantly, limiting the rising prices that are forcing residents out of their homes. Since the passage of the City's Affordable Housing Linkage Fee, all new multifamily housing projects also directly lead to on-site affordable housing, or they must pay the Linkage Fee. In 2020, the City permitted almost 1,300 new affordable housing units in (unsubsidized) mixed-income developments, which is double the amount of any prior year. The Linkage Fee was designed to work in conjunction with the City's affordable housing incentive programs to increase the production of unsubsidized deed-restricted affordable units.

A potential policy option to address excessive vacancies is a Vacancy Tax (see CF 19-0623). In addition, zoning policy can disincentivize larger, more luxurious housing typologies, such as very large single-family homes that are being built with more square footage in multifamily zones, where anti-mansionization rules do not exist (see CF 20-1098, or CF 20-0047). Zoning for more affordable housing types such as "missing-middle" (e.g. bungalow courts, fourplexes, etc.) as well as higher levels of density, where appropriate, also encourages more affordable housing typologies.

Potential to Require Most New Housing in Affluent Areas to be Workforce and Low-Income Housing

The amended motion requested the Department report on the potential to require most new housing in affluent areas to be workforce and lower-income housing. Recent state legislation (AB 1505, Bloom) requires that when proposed inclusionary zoning ordinances exceed certain affordability levels (15% of units affordable at 80% AMI or lower) that an economic feasibility study meeting certain criteria be prepared and submitted to the State for review. This likely limits any ordinance that would require most housing to be deed-restricted affordable.

However, the Department has identified opportunities to increase the amount of affordable housing that can be generated through incentive programs. As discussed, the pending update to the Density Bonus Ordinance (Initiative 2) will explore requiring higher affordability percentages in higher market areas such as the Westside. The update will also explore potential new incentives for 100% (or mostly) affordable housing projects, the greater use of public and other philanthropic land, and ways to better utilize low, moderate and workforce income categories that allow greater increases in the overall percentage of dedicated below market housing. In these ways, we expect to be able to achieve higher levels of affordability in new housing, particularly in higher market (affluent) areas.

HCIDLA, in consultation with City Planning, has also recommended (in the April 6, 2021 HCIDLA report filed under CF 18-0315) conducting a two-phased inclusionary zoning feasibility study. The study would include evaluating the existing incentive-based zoning system, as well as a citywide or a geographic-based approach to inclusionary zoning that would evaluate policies such as requiring higher affordability levels in higher market areas.

HCIDLA will also be developing an Affordable Housing Site Analysis tool that is intended to address barriers to affordable housing production by identifying parcels within the Inventory of Sites that create the highest returns for our housing production goals, and integrating this effort with the department's public land development strategies.

Preventing Gentrification and Displacement

Any rezoning, or creation of new affordable housing incentives, described in the recommended initiatives above, should be carefully designed to minimize risk of displacement of existing tenants. As emphasized in this report, housing production should be prioritized in higher-resource communities and areas with fewer renters, where the risk of displacement and other potential harms is lower. While there is some evidence that increased housing production can lower the overall rate of displacement by easing pressure on existing units, dedicated affordable housing is most effective, and complementary policies such as tenant protections, replacement policies and public subsidies are essential. The Housing Element is prioritizing the creation of these and other policies and programs to ensure housing production goals are aligned with anti-displacement goals.

All three recommended initiatives include anti-displacement strategies. While the City of Los Angeles already has many anti-displacement policies in effect, additional policy solutions being considered by the Housing Element include: 1) strengthening tenant protections (including the Eviction Defense Program and right to counsel, Tenant Anti-Harassment Ordinance, Just Cause Eviction, etc.); 2) expanding housing replacement, no net loss and right to return policies; 3) altering where new housing growth should be accommodated, prioritizing areas without renter displacement; 4) enhancing tenant preference policies (Ellis eviction/unhoused); 5) expanding homeownership opportunities; and, 6) preserving naturally occurring affordable housing and promoting community land trusts and community/tenant opportunity to purchase programs.

A specific opportunity presented by the Housing Element relates to a State requirement that any parcels included in the Inventory of Sites to accommodate the RHNA become subject to housing replacement policies. If the Inventory of Sites includes a large number of multifamily sites, those would then become subject to the replacement policies after the expected October 2021 adoption date. This would have the effect of expanding housing replacement policies to many by-right housing projects that are largely excluded today (those not using affordable housing incentive programs).

Both City Planning and HCIDLA have also recently been awarded grants from the State that include anti-displacement components. City Planning will commission a Equitable Development and Anti-Displacement Study that includes land use recommendations. HCIDLA will work with a consultant to develop a Displacement Risk Analysis and Interactive Tool that will develop a methodology for identifying and predicting displacement risk, especially in areas where there are lower homeownership rates, older and at-risk housing subject to the RSO, and an increase in investments from large scale developers. The City's departments are also working together on an Eviction Data Task Force (per CF 19-0722) whereby data is being compiled and will be reported on units demolished as a result of new construction.

Infrastructure Capacity and Needed Investments

The amended motion requested information on the existing infrastructure capacity and future investments to support new housing. Determining infrastructure capacities for public facilities and needed investments is an important part of planning for new housing and is undertaken continuously by a variety of City departments, including but not limited to LADWP, LASAN, LADOT and BOE.

City Planning coordinates with other departments that are responsible for the City's infrastructure through Mayor Garcetti's Executive Directive 19 technical advisory committee (TAC) created to support the update of the General Plan. Some examples of relevant plans addressing sustainability, resiliency and infrastructure include the Urban Water Management Plan, Water System Capital Improvement Plan, Sustainability pLAn, the Resilient LA Plan, Air Quality Management Plan, Water Integrated Resources Plan and the "One Water" Plan. Many of these documents are being reviewed for policies and programs to be incorporated, where appropriate, into the General Plan Safety Element. Other specialized infrastructure plans include Master Plans managed by the Port of Los Angeles and Los Angeles World Airport.

More broadly, whenever the City considers increasing allowable development intensities, public safety and impact on public services is an important consideration. For instance, zoning revisions are subject to California's Environmental Quality Act (CEQA). CEQA analysis takes into account the environmental impact of proposed projects on a variety of factors, including public services, water and air quality, wildfire, and hazards. The Housing/Safety Element's draft CEQA document states the intention to avoid Very High Fire Hazard Severity Zones and sea level rise areas when considering rezonings and other future programs related to development in those specific areas. Infrastructure planning has been an important consideration when updating the City's development policies in the General Plan, and this is particularly important as the City plans for considerable new housing capacity in the Housing Element and Community Plans. As such the Department has recently secured funding for an infrastructure study through the State's Regional Early Action Planning (REAP) Grant, which will allow for a more targeted review and assessment of the City's infrastructure planning processes.

It should also be noted that new residential development often creates funding (through fees or tax) for upgraded infrastructure and/or may result in localized infrastructural improvements including sewers, power cables, transformers, streetscape improvements, trees, and lighting. This is particularly important in California where property taxes, which are critical to support local services, generally are not re-assessed until properties redevelop or change hands. In addition, infrastructure is more efficiently provided in urban infill areas where services are already provided.

How a ballot measure would impact or be impacted by CEQA, and by ongoing updates to Community Plans and the citywide Housing Element?

A ballot measure is subject to the California Environmental Quality Act (CEQA) if it requires discretion by a public body, which would include a measure placed on the ballot by the City Council. An initial study of the proposed measure would be prepared and then the appropriate level of environmental review would be decided upon. This is different from measures placed on the ballot via a petition of registered voters, such as Measure JJJ, which was passed by voters in 2016 and directed the City to develop the TOC incentive program.

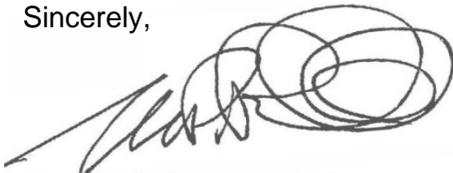
Any rezonings that add housing capacity during the ongoing updates to the Community Plans will be part of the RHNA Rezoning Program if they occur during the allotted three-year period from Housing Element adoption (October 2021- 2024). For more detail on the linkages between the Community Plan updates and the recommended initiatives in this report, please see the first topic in this section above (*Relationship to Community Plan and General Plan Updates*).

Conclusion

The zoning initiatives recommended in this report represent important steps the City could take to address the housing shortage and expand affordable housing opportunities in a way that furthers the City's goals around equity and sustainability. In the shorter term, the Housing Element and its associated RHNA Rezoning Program offers an important opportunity to expand housing opportunities, particularly in high opportunity areas of the city with good transit and job access. The update to the City's affordable housing incentive programs can result in more community benefits, deeper affordability and strengthened anti-displacement measures. In the longer term, a structural change to the way the City plans for housing at the community level is proposed, to ensure all neighborhoods do their fair share. All of these efforts will require significant public engagement and analysis prior to consideration for adoption.

For questions regarding this report, please contact Matt Glesne, Senior City Planner, at matthew.glesne@lacity.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Vincent P. Bertoni', written over a circular scribble.

Vincent P. Bertoni, AICP
Director of Planning
Los Angeles City Planning