



clerk CIS <clerk.cis@lacity.org>

Community Impact Statement - Submission Details

LA City SNow <cityoflaprod@service-now.com>
Reply-To: LA City SNow <cityoflaprod@service-now.com>
To: Clerk.CIS@lacity.org

Wed, Jun 14, 2023 at 7:17 PM

A Neighborhood Council Community Impact Statement (CIS) has been successfully submitted to your Commission or City Council. We provided information below about CISs and attached a copy of the CIS.

We encourage you to reach out to the Community Impact Statement Filer to acknowledge receipt and if this Community Impact Statement will be scheduled at a future meeting. Neighborhood Council board members are volunteers and it would be helpful if they received confirmation that you received their CIS.

The CIS process was enabled by the Los Angeles Administrative Code §Section 22.819. It provides that, "a Neighborhood Council may take a formal position on a matter by way of a Community Impact Statement (CIS) or written resolution." NCs representatives also testify before City Boards and Commissions on the item related to their CIS. If the Neighborhood Council chooses to do so, the Neighborhood Council representative must provide the Commission with a copy of the CIS or resolution sufficiently in advance for review, possible inclusion on the agenda, and posting on the Commission's website. Any information you can provide related to your agenda setting schedule is helpful to share with the NC.

If the CIS or resolution pertains to a matter *listed on the Commission's agenda*, during the time the matter is heard, the designated Neighborhood Council representative should be given an opportunity to present the Neighborhood Council's formal position. We encourage becoming familiar with the City Council's rules on the subject. At the Chair's discretion, the Neighborhood Council representative may be asked to have a seat at the table (or equivalent for a virtual meeting) typically reserved for City staff and may provide the Neighborhood Council representative more time than allotted to members of the general public. They are also permitted up to five (5) minutes of time to address the legislative body. If the CIS or resolution pertains to a matter *not listed on the agenda*, the designated Neighborhood Council representative may speak during General Public Comments.

We share this information to assist you with the docketing neighborhood council items before your board/commission. If you have questions and/or concerns, please contact the Department of Neighborhood Empowerment at empowerla@lacity.org.

***** This is an automated response, please DO NOT reply to this email. *****

Contact Information

Neighborhood Council: Downtown Los Angeles

Name: Debby Zhou

Email: debby.zhou@dlanc.com

The Board approved this CIS by a vote of: Yea(14) Nay(0) Abstain(0) Ineligible(0) Recusal(0)

Date of NC Board Action: 06/13/2023

Type of NC Board Action: Against Unless Amended

Impact Information

Date: 06/15/2023

Update to a Previous Input: No

Directed To: City Council and Committees

Council File Number: 23-0331

Agenda Date:

Item Number:

Summary: At a regular public meeting on June 13, 2023, the Board of Directors of the Downtown Los Angeles Neighborhood Council ("DLANC") voted to submit this Community Impact Statement against unless amended of CF 23-0331: Mills Act Historical Property Program /Assessment / Chattel Inc. / AECOM / Community Input. Please see our attached letter for additional information regarding our position.

Ref:MSG8502023

CITY OF LOS ANGELES CALIFORNIA



DOWNTOWN LOS ANGELES NEIGHBORHOOD COUNCIL OFFICERS

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PRESIDENT

JIM SARRATORI
VICE PRESIDENT OF ADMINISTRATION

WENDY CELAYA
VICE PRESIDENT OF
COMMUNICATION & OUTREACH

DEBBY ZHOU
SECRETARY

TONY HOOVER
TREASURER



WWW.DLANC.COM

EMAIL: DLANC@EMPOWERLA.ORG

June 13, 2023

Re: Community Impact Statement on CF 23-0331: Mills Act Historical Property Program / Assessment / Chattel Inc. / AECOM / Community Input

To Whom It May Concern:

At our regularly held public meeting on June 13, 2023, the Board of Directors of the Downtown Los Angeles Neighborhood Council ("DLANC") voted to provide the following comments:

The Downtown Los Angeles Neighborhood Council submits this Community Impact Statement **against unless amended** of Council File 23-0331: Mills Act Historical Property Program / Assessment / Chattel Inc. / AECOM / Community Input.

Since the creation of the Adaptive Reuse Ordinance (ARO) in 1999, Downtown Los Angeles has transformed into a 24-hour community with many historic and architecturally significant structures saved, rehabilitated, and adaptively reused as housing and other mixed-uses. The ARO, coupled with the historic preservation incentive and financial assistance of the Mills Act program, have facilitated the revitalization and positive transformation of our community and has further allowed for an increase in Affordable Housing, the creation of new businesses, and an increase in first-time property ownership for many residents in Los Angeles that now occupy spaces in Downtown Los Angeles' many historic buildings.

While DLANC and its constituents recognize the need for reforms to the Mills Act program, particularly with regard to costs associated with its administration and enforcement, DTLA constituents have concerns about the adoption of several recommendations proposed by Chattel, Inc., in their recently completed Assessment. Concerning recommendations include: the unconditional revision of all existing contracts; the revocation of automatic, annual renewals of the contracts for a term of ten (10) years to be replaced with a "sunset" clause after 20 years, thereby limiting a property's participation in the Mills Act program; and the elimination of the existing valuation exemption.

The high costs associated with historic rehabilitation require that property owners rely on bank loans to maintain and restore LA's historic buildings. Participation in the Mills Act Program is a significant factor in banks' determination of making loans. Specifically, the calculation of loan amounts for building rehabilitation

are based on a bank's appraised value of the building, a valuation that will be critically reduced if the building's participation in the Mills Act Program doesn't automatically renew. If the City cancels the automatic renewal feature of the current Program banks will lend fewer dollars, which will stifle the historic preservation of downtown buildings, including residential, commercial, and mix-used. (see the attached Exhibit 1 for further reference). Given these not obvious economic factors, it is in the best interest of the public to exempt buildings within the Historic Core and Greater Downtown Area from the proposed termination of automatic contract renewals. These renewals are imperative to incentivizing the development of historic properties in DTLA.

In a time of renowned unaffordability in housing and economic uncertainty, we encourage the City to consider the broader historic preservation, economic and social benefits of the program. By mitigating for owners the high costs associated with historic rehabilitation and maintenance, the City helps depress the costs of renting, both residential and commercial. The Program's role in increasing housing stock Downtown cannot be overstated, nor can its success in diversifying neighborhoods be heralded enough. Through the Mills Act Program, the City has incentivized owners to bring vacant properties back into the market and make these properties affordable to tenants of varying incomes. In their 2020 Preservation Positive report, LA Conservancy found that since 2013, the Mills Act program has helped facilitate an increase of 19,342 apartments in Downtown and the future preservation of the buildings that have existing contracts as well as those that have yet to be rehabilitated in the future with the incentive and financial assistance that is the primary purpose of the Mills Act program. The Mills Act Program is the only financial incentive that the City of Los Angeles offers for the preservation of its historic properties. Many are concerned about the impact that a decision to "sunset" all contracts after 20 years will have on the continued growth of housing downtown. And if an affordable housing mandate is imposed as a requirement for all properties participating in the Program, then development costs will be substantially increased, which will undoubtedly quash the renaissance of Downtown Los Angeles.

The proposed elimination of existing valuation exemptions is another threat to the continued preservation of the historic building stock across the Downtown area and the revitalization of Downtown's many neighborhoods. LA Conservancy's report also found that the average cost of historic rehabilitation to be \$198.43 per square foot. However, when added to the \$30 - \$100 per square foot cost of complying with the City's 2015 Non-Ductile Concrete (NDC) Ordinance, costs to rehabilitate Downtown historic properties can reach as high as \$298 per square foot.¹ The City's NDCO working group cited the Mills Act as an important, "economic incentive," that helps offset these costs. By removing the valuation exemption the City would effectively disqualify most historic buildings in DTLA.

By limiting participation for eligible DTLA properties to 20 years, ending automatic renewals, and eliminating valuation exemptions, the City will cripple future historic preservation efforts across downtown. In addition, this would depress economic activity and will impede the City's effort to protect character-defining and culturally significant buildings, homes, and places in our community.

Therefore, DLANC recommends OHR, CHC, and Council consider the following recommendations:

Funding

- Ask the City Council to approve and allocate a budget increase to OHR for increased staffing and administration of the Program.
- Recommend the creation of a Mills Act Reserve Fund in which all fees generated by the Program are deposited and for which the only eligible uses are for expenses related to the facilitation of the program.

¹ Omgivning, "Non-Ductile Concrete Buildings White Paper," City of Los Angeles Non-Ductile Concrete Working Group, October 2021.

Property Eligibility Requirements

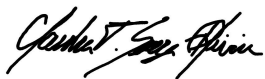
- Investigate less burdensome eligibility requirements to reduce the barrier of entry for under-represented and other at-risk communities.
- The Exemption for Downtown LA should not be removed.
- Affordable housing requirements should remain separate from the Program.
- Include Qualified Census Tracts as a Priority Consideration Criteria as defined in LAAC Sec. 19.142.
- Issue waivers to new caps (years and building value) to historic buildings within an LA JEDI Zone.
- Create provisions in the Mills Act program to factor inflation and rising costs for historic preservation - this can include an audit of the program by OHR every 5 years to assess the program's health.

Administration & Program Transparency

- Continue the 10-Year Automatic Renewals of the Program within the Downtown Community Plan.
- Work with the Department of Building & Safety and the City Attorney to develop a cohesive enforcement strategy through the creation of an Ordinance to create a cohesive contract termination and citation structure for properties not in compliance.
- Create robust tenant anti-displacement measures to protect multi-family and affordable housing units that participate in the Mills Act program, particularly with properties seeking entry into the program.
- Create an Open Data system to show the department's distribution of participating properties, inspections, and non-compliance/enforcement efforts.
- Seek alternatives to the contract-renewal process to develop a framework/timeline for proposed improvements to historic properties due to the cost, time, and technical challenges related to historic preservation.
- Recommend that properties that are determined to be out of compliance with the provision of the contract are removed from the program and contracts be terminated without a ten-year sunset requirement. Incomplete work does not have to be completed. This allows for more new applicants and properties to enter the program.
- Audit the performance of consultants hired to perform, on the City's behalf, tasks associated with the Program, including annual compliance inspections and program administration.

Recognizing the importance of the program, we support City Planning's timeline of restarting the program in January of 2024. Thank you for your consideration.

Sincerely,



Claudia Oliveira
President,
DLANC



Ryan Afari
Chair,
DLANC Planning & Landuse Committee

Cc: Office of Historic Resources, Department of City Planning (via email)
External Affairs Unit, Department of City Planning (via email)
Council District 14 (via email)
Council District 1 (via email)