

Communication from Public

Name: Jessica Lall
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Comments for Public Posting: Please see attached letter.



February 23, 2021

Councilmember Marqueece Harris-Dawson, Chair
Planning and Land Use Management Committee
200 N Spring Street
Los Angeles, CA 90012

Re: Council File 09-0969-S3 – City Planning Comprehensive Fee Update

Dear Councilmember Harris-Dawson,

Established in 1924, Central City Association (CCA) is committed to advancing policies and projects that enhance Downtown Los Angeles' vibrancy and increase investment in the region. We are a membership organization representing over 300 members that have played a leading role in transforming Downtown Los Angeles and our city by building over 17,000 units of new housing, and more than 6.6 million square feet of office and retail space and 3,600 hotel rooms that have resulted in hundreds of thousands of jobs and tax revenue dollars to the City.¹ **Despite immensely challenging economic circumstances and years of increasing costs and requirements placed upon new development and businesses by the City, we are writing to support the proposed case processing fee increases. We recognize the need for continued investment in our City Planning Department for the future of our city. However, to encourage continued investment, as partners with City Planning and the City, we hope that commitments can be made to reduce processing times. We appreciate Planning's recent announcement of more ministerial affordable housing reviews, for example, and believe that improved procedures which reduce project-by-project review and encourage more by-right project approvals are needed to reflect our status as the nation's second-largest city and a dynamic global metropolis.**

Operational Changes to Improve Case Processing

We first want to acknowledge the work of our City Planning Department which has the task of stewarding the growth of our city and balancing the needs and concerns of its myriad constituencies and interests while working amid an arcane planning apparatus. Because so many of the City's Community Plans and other long-range planning documents have not been updated in decades, many projects, even small projects, often must go through lengthy discretionary entitlement processes. This places a heavy caseload on City Planning staff and makes it difficult to simultaneously allocate resources to focus on long-term plans, while also slowing down the delivery of projects and their associated benefits across the city.

Mayor Garcetti issued [Executive Directive No. 19](#) in March 2017 to direct that all 35 Community Plans and all elements of the General Plan were to be updated within six years. It has been five years since that order was issued and still 24 of the 35 plans have not been updated in 20 years or more, and several Community Plans have not even begun the years-long process of being updated. While the Los Angeles Department of City Planning is the biggest local planning department in the country, we recognize that, among other challenges, it is mired in processing an exorbitant amount of individual project cases.

The City's Planning Department is also home to the largest amount of new employees in the City. We are encouraged that there are many new hires excited about planning, and we're hopeful they will bring fresh and innovative ideas to the City. The flipside to this is that many of the new and less experienced planning staff are responsible for handling major projects with complicated entitlements and environmental documents, which can create serious bottlenecks for processing projects that represent millions and potentially billions of dollars of investment in the city. We have seen this firsthand, such as with applications in the Sustainable Communities Environmental Assessment (SCEA) review track, which is

¹ <https://www.ccala.org/what-we-do/member-development-projects/>

intended to be a streamlining mechanism but is resulting in multiple years-long review processes for projects, in some cases even longer than if a project had pursued the conventional environmental clearance.

We hope the fee updates will generate revenue to be dedicated to improving case processing by providing the Department with more reliable and sustainable funding over the long term, decreasing General Fund subsidy by about \$8 million. However, this is not sufficient. **In addition to the fee increases, we request that the Department identify and resolve existing bottlenecks to case processing and set clear review time limits, deadlines and establish an accountability structure that is transparent and accessible to the public.**

Recognizing that CEQA clearance is the source of many delays, we recommend that the Department promote environmental review training and technical expertise housed in a dedicated “Environmental Compliance Group” of approximately four to six City Planners that are dedicated to handle as many environmental clearances as possible, such as CEQA exemptions, Negative Declarations (NDs), Mitigated Negative Declarations (MNDs), SCEAs, and other environmental documents. Such a technical group of dedicated professionals could shorten review time periods considerably and provide greater consistency. We recognize that most Environmental Impact Reports (EIRs) are handled in the Major Projects group along with the Major Projects, and fully support the work of that unit; potentially EIRs that are not associated with Major Projects could also be handled in a dedicated Environmental Compliance Group.

Help the Planning Department and the City by Reducing Discretionary Review

Our City leaders also need to recognize the broader context of these fees, the adverse economic development climate created by a layering of City policies and why it is so important to do everything in our power to enable more by-right development for the kinds of projects we want to see in our city. Ultimately, less discretionary review will support the Department of City Planning by requiring less resources for case processing and freeing the Department to do more long-range planning.

COVID-19 has devastated our region with serious health, social and economic impacts. Unemployment has skyrocketed across many sectors. In Downtown, office buildings are typically 10-20 percent occupied on a given day,² hotels are about 40 percent occupied and revenues per available room are down over 50 percent compared to last year³ and residential rents have fallen seven percent compared to last year with vacancy rates near 15 percent.⁴ These conditions have created incredible uncertainty and made it immensely challenging for projects to obtain financing to move forward.

These fee increases are happening on this backdrop. While we support greater cost recovery, and think it is overall reasonable that these fees would move the Department’s budget from 63 percent to 84 percent cost recovery, the City needs to step back and consider why some of these processes exist and what their real impacts on our city are. For instance, the City requires Conditional Use Permits (CUP) for any number of uses that we consider vital, essential parts of our communities. Here is how some of those uses would be impacted by the new CUP fees:

- Child Care less than or equal to 50 children in the R-3 zone or Large Family Daycare – \$1,108 more (26 percent increase)
- Certified farmer’s market – \$1,197 more (79 percent increase)
- Service of alcohol in a small restaurant less than or equal to 50 seats – \$3,960 more (105 percent increase)
- Conditional use by ZA for alcohol and entertainment – \$4,043 (63 percent more)
- Conditional use by APC or CPC (which includes schools in many areas of the City) – \$12,389 (98 percent increase)

² Building and Office Managers Association (BOMA) survey and interview data

³ *Second Quarter 2020 Downtown LA Market Report*, Downtown Center Business Improvement District: <https://ctycms.com/ca-dtla/docs/dtla-market-report-q2-2020.pdf>

⁴ Ibid

These are all uses that have been severely impacted by COVID-19 and will now face increased barriers. Moreover, these uses should not require CUPs to begin with. The Restaurant Beverage Program and DTLA 2040 Community Plan Update offer some promise to reduce barriers for some of these uses, but the former was initiated four years ago and the latter seven years ago, and both have yet to be adopted as they continue to make their way through arduous political approval processes.

Additionally, amid a worsening housing shortage and related homelessness crisis, the City has added additional costs to projects by increasing and expanding Park Fees and implementing the Affordable Housing Linkage Fee. The City has continually looked to add costs to new development to shoulder the burden of funding the City's public needs, instead of treating it as a shared responsibility among the entire city and pursuing more equitable ideas like taxing land instead of development.⁵

While these cost increases have advanced and been implemented, City initiatives to support development and affordability have generally stagnated. As an example, in addition to the delayed rollout of Community Plan updates, a motion asking for a report back on potentially amending the Site Plan Review threshold of 50 units, which is the cutoff for whether a project is discretionary and triggers CEQA review, was introduced in 2015 but then the Council File expired in 2018 after Council inaction.⁶ Relatedly, under the fee updates, costs for Site Plan review will be \$1,853 more (21 percent increase).

Making it easier for projects to be built and leveraging new development is key to addressing the challenges of the City. More housing of all kinds makes the City more affordable – given the disproportionate housing growth in Downtown, it was the only area of the city where rent actually decreased pre-pandemic.⁷ Over the past five years, nearly 6,300 rent-restricted affordable units have been created without a single cent spent by the City through the Density Bonus and Transit Oriented Communities (TOC) programs by enabling more market rate units to be built as a way of cross subsidizing.⁸ New development is also the economic and fiscal lifeblood of the city, providing hundreds of thousands of jobs and driving property taxes and other City revenues that bolster the budget and allow the City to fund its most basic services for Angelenos.

The Density Bonus, TOC and Accessory Dwelling Unit (ADU) programs have been bright spots and should be credited with helping the City achieve 50 percent of projects processed through administrative approval, rather than discretionary review, last year. However, it's notable that these programs were the byproduct of state legislation and a ballot initiative. The City can and should do more to make it easier to build housing affordable across the income spectrum, and lower barriers to economic opportunities.

As a dynamic, global metropolis and second-largest city in the country, there should no longer be areas zoned only for parking or forcing any project with more than 50 units to go through a lengthy, appealable approval process. We have previously offered several recommendations for ways the City can reduce discretionary review and promote good development in a [November 2020 letter we submitted to the Planning and Land Use Management Committee](#) and here again refer you to that list of ideas.

Reducing discretionary review, particularly for projects where it is clearly unnecessary and a hindrance to public objectives, would allow City Planning to allocate more resources from case processing to long-term planning efforts like

⁵ <https://www.latimes.com/opinion/op-ed/la-oe-manville-monkonnen-linkage-fee-20170719-story.html>

⁶ <https://cityclerk.lacity.org/lacityclerkconnect/index.cfm?fa=ccfi.viewrecord&cfnumber=15-1003>

⁷ <https://www.bloomberg.com/news/articles/2019-12-06/unpacking-a-debate-on-california-s-vacant-housing>

⁸ <https://planning.lacity.org/resources/housing-reports>



Community Plan and General Plan Updates. This shift would have the benefit of speeding up these plans and create a virtuous cycle that helps move away from outdated plans and ad hoc project review and approval overall.

To reiterate, we are supportive of the fee increases because we are willing partners in working to improve our City Planning Department and broader City government. However, we expect the City to fulfill its role in our partnership by demonstrating a clearer and more decisive commitment to fostering investment, housing and economic opportunity in the most effective and expedient ways possible. We will be holding the city accountable to complete the long-range planning goals established in Executive Directive No.19 and are always willing partners to help complete this important work.

Please reach out with any questions and thank you for your consideration and commitment to a better Los Angeles.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J Lall'.

Jessica Lall
President & CEO,
Central City Association of Los Angeles

cc: Councilmember Bob Blumenfield
Councilmember Gil Cedillo
Councilmember John Lee
Councilmember Mark Ridley-Thomas