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Comments for Public Posting:	"In a lawsuit filed in 2008 and elevated to the U.S. Supreme Court this year, nonprofit Inclusive Communities Project sued the Texas Department of Housing and Community Affairs, arguing it supported racial segregation by allocating too many housing credits to develop affordable housing in poorer, predominantly black neighborhoods. The high court sided with the nonprofit in June, returning the case to the lower court. But new research shows that the housing department may have been on to something. A study by Stanford GSB professors Rebecca Diamond and Tim McQuade shows that affordable housing development could be an effective policy to help revitalize and integrate low-income areas, Diamond says. The two studied affordable housing projects' impact on the surrounding neighborhoods over a 10-year span, and found that new projects in poorer neighborhoods increased surrounding home prices and reduced crime, while new projects in wealthier neighborhoods drove down home prices and decreased racial diversity." https://www.gsb.stanford.edu/insights/affordable-housing-good-neighborhood Venice in the last 10-15 years has seen meteoric rises in housing prices thanks in part to Google, Snapchat, etc bringing publicity and money to the area. It reeks of greed to put this project in an area whose neighborhood's valuation is high and doesn't need revitalization like other areas in Los Angeles. When we get the Olympics in a few years, this project is going to be scrutinized under a microscope especially by environmentally and societally focused Millennial and Gen Z journalists and "journalists" and will be a PR nightmare for its high cost per unit, wastefulness, and environmental and historic destruction versus something that would have more impact per dollar like, I don't know, recycling and converting one of those sparsely used buildings downtown. There are so many other areas around Los Angeles that are desperately in need of and in want of revitalization that would be brought about by a project like this. TL, DR: According to a 2015 Stanford study, a project like this in a now-wealthy neighborhood like Venice is funneling money away from low income neighborhoods around LA that would benefit from revitalization in the form of increasing property value, decreasing crime, and attracting a more racially and income diverse population.

Who Wants Affordable Housing in their Backyard? An Equilibrium Analysis of Low Income Property Development

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Abstract

We estimate the spillovers of properties financed by the Low Income Housing Tax Credit (LIHTC) onto surrounding neighborhood residents. We nonparametrically estimate the impact of LIHTC development on nearby house prices by developing a new difference-in-differences style estimator which exploits smoothness in housing prices across geographic distance and time. We find LIHTC development helps revitalize low income neighborhoods, driving up house prices 6.5%, lowering crime rates, and attracting a more racially and income diverse population. LIHTC development in higher income, low minority areas leads to local house price declines of 2.5% and attracts lower income households. We link these housing price effects to homeowner and renter preferences by developing a generalized hedonic model. Our estimates indicate that an affordable housing development in a low-income area improves welfare by \$23,000 per local homeowner and \$6500 per local renter, with aggregate welfare benefits to society of \$115 million. When viewed as a place-based policy, affordable housing appears to be a desirable way to invest in and revitalize low-income communities.

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1   Introduction

Increasing geographic income segregation and rising housing costs have put the issue of the government's role in promoting affordable housing at the forefront of current policy debates.[1] Subsidized housing policy often focuses on easing low income households' housing costs and providing access to financially out of reach neighborhoods. However, subsidized housing is also a place-based policy. Housing subsidies influence households' choices of neighborhoods and developers choices of where to build. Subsidy induced changes in the locations of households and housing construction can have important spillovers onto the neighborhood residents.[2] This creates the challenging task of determining how to best allocate affordable housing across neighborhoods.[3]

In this paper, we provide an analysis of the costs and benefits of affordable housing construction to surrounding neighborhood residents and how they vary across demographically different neighborhoods. We study the neighborhood impacts of multifamily housing developments funded through the Low Income Housing Tax Credit (LIHTC). Established in 1986, this program has become an integral component of federal housing policy, funding 21 percent of all multifamily developments over the period 1987-2008. Looking forward, with the construction of publicly run housing projects expected to continue to decline, the LIHTC program is likely to remain one of the main federal government initiatives designed to ensure access to affordable housing by low income households.[4]

We combine data on the location and funding dates for all LIHTC funded projects, housing transaction data from 129 counties, and home buyer race and income data to estimate the effects of LIHTC construction on the surrounding neighborhood. Our estimates show that the impact of affordable housing construction has dramatically different effects on surrounding property values based on whether the affordable housing was built in a relatively richer or poorer neighborhood and whether the neighborhood has a high share of minority residents. LIHTC construction in neighborhoods with a median income below \$26,000 increases local property values by approximately 6.5% within 0.1 miles of the development site

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[1] New York City and San Francisco have both announced plans for large expansions of affordable housing units to "ensure diverse and inclusive neighborhoods." Upon entering office, Bill de Blasio, mayor of New York City, unveiled a plan to create and preserve 200,000 units of affordable housing over ten years. In 2014, the mayor of San Francisco, Ed Lee, outlined an initiative to create 30,000 affordable housing units over six years to "ensure San Francisco remains a place where people from every background can call home.".

[2] Previous research suggests households are willing to pay to live near higher income and more educated neighbors (Bayer et al. (2007); Guerrieri et al. (2014); Diamond (2015)). The quality of the housing stock also spills over onto the value of neighboring houses (Rossi-Hansberg et al. (2010), Campbell et al. (2011)).

[3] Depending on the social planner's preferences, he may want use housing policy to maximize overall social welfare or only the welfare of the low-income population.

[4] Section 8 housing vouchers which provide rental subsidies to low income households who rent in the private rental market is the main alternative federally run low-income housing program.

In contrast, LIHTC construction in neighborhoods with median incomes above $54,000 leads to housing price declines of approximately 2.5% within 0.1 miles of the development site. These declines, however, are only seen in high income areas with a minority population of below 50%.

To account for these price impacts, we explore how LIHTC development affects other characteristics of the local neighborhood, in particular demographics and local crime rates. We find that the construction of a LIHTC development leads to increases in the income of new home buyers in low income areas. Conversely, affordable housing development leads to a decrease in home buyer income in higher income areas with low minority populations. Examining the impact of LIHTC construction on the share of Black home buyers, we find that the introduction of affordable housing leads to decreased segregation in lower income areas, but increased segregation in higher income areas. Finally, LIHTC development causes declines in both violent and property crime within low income areas, but not does not increase crime in high income areas.

We develop a structural model of housing and neighborhood choice and translate these house price estimates into preference estimates. The average household that desires living near LIHTC sites in low income areas is willing to pay approximately 6% of their house price to live 0.1 miles from a LIHTC site. In higher income areas with low minority populations, on the other hand, the average household who chooses to live near LIHTC is willing to pay approximately 1.6% of their total house price to avoid living within 0.1 miles of a LIHTC site.[5]

We use these preference estimates along with census data to calculate the local welfare impact of introducing affordable housing to a particular type of neighborhood. We decompose these effects into the welfare impacts of affordable housing on homeowners, renters, and absentee landlords.[6] Our analysis reveals large possible societal gains from building affordable housing in low income areas, with construction of LIHTC in low income, low minority areas increasing total welfare by approximately $116 million. Building LIHTC in low minority, high income areas leads to losses of approximately $17 million.

We identify the effect of affordable housing construction on housing prices by exploiting the timing of when funding is granted for the development along with the exact geographic location of the affordable housing. Clearly the neighborhoods targeted by developers to

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[5] While these households who choose to live near LIHTC sites in high income areas dislike LIHTC proximity, they find it optimal to live there since LIHTC proximity also provides a discount on their home prices. On net, these households prefer to live close to LIHTC sites in high income areas than to live further away.

[6] Since we don't have direct data on renters, we assume house prices equal the present discounted value of rents. Further, we assume that renters' preferences for LIHTC proximity are the same as homebuyers, holding race and income fixed.

build affordable housing are non-random. However, the exact geographic location of the development site within a broader neighborhood appears to be determined by idiosyncratic characteristics, such as which exact plot of land was for sale at the time and whether the developer was able to secure LIHTC funding from the government.[7]

We harness this identification strategy by developing a new econometric method for estimating a difference-in-differences style estimator in a non-parametric setting where treatment is a smooth function of distance to LIHTC site and time since LIHTC funding. We draw on new methods developed in statistics (De Brabanter et al 2011, 2013, Charnigo and Srinivasan, 2014) to transform our data on house price levels to data on the derivative of house prices with respect to distance from LIHTC sites. These transformed data allow us to flexibly difference out very local time trends and neighborhood variation in housing prices. Further, by viewing house prices as a smooth function of geographic location, we show how to generalize discrete geographic fixed effects in house prices to a smooth, time-invariant surface of house prices.

We translate our estimated price effects into households' preferences for living near LIHTC. We employ a structural, generalized hedonic model of housing choice along the lines of Rosen (1974) and Bajari and Benkard (2005) to link observed house prices to individual preferences for proximity to low income housing. The hedonic model allows us to view real estate as a *continuous* choice of quantities of housing and neighborhood characteristics. We specifically focus on the continuous choice of distance in miles to an LIHTC development. The key advantage of this approach is that it ensures the existence of an equilibrium price surface, which continuously maps housing and neighborhood characteristics to house prices without needing to specify the determinants of housing supply.[8] As a result of these two key model properties, an agent's optimality condition reduces to a simple equation relating marginal cost of moving further from an LIHTC site to its marginal benefit, which allows us to recover preferences on an individual basis.

The model suggests a straightforward, two-step estimation procedure. First, we nonparametrically estimate the equilibrium pricing surface, i.e. marginal costs, by studying the impact of LIHTC-financed multifamily construction on local house prices. The model's optimality condition then allows us to nonparametrically recover the local gradient of the utility function of each agent. Further parametric assumptions allow for recovery of structural preference parameters and a global description of each agent's utility function. Prefer-

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[7]Developers must apply for LIHTC funds. Acceptance rates vary across states. In California in 2012, 55 developments were funded from an application pool of 118.

[8]The existence of a continuous mapping between product characteristics and prices is a feature not shared by standard, discrete-choice models such as a conditional logit models (McFadden, 1973) or Berry, Levionsohn, and Pakes (1995).

ences are then correlated with home buyer demographic information and welfare analysis is conducted.

The heterogeneity of LIHTC impacts across neighborhoods with differing incomes has policy implications when construction of affordable housing is viewed as a place-based policy. Moving LIHTC properties from higher income to lower income neighborhoods benefits both the residents of the higher and lower income neighborhoods. Of course, the neighborhood benefits of LIHTC must be also weighed against the cost and benefits of the neighborhood to LIHTC tenants. Chetty et al. (2015) find that moving young children from high poverty public housing to low poverty areas increases these childrens' furture earnings by a present discounted value of $100 thousand. This effect is not large enough to overcome the our estimated benefits to low-income neighborhoods simply because there are many more low income households living in a low-income area than in the affordable housing development itself.

Previous work studying the welfare effects of place-based policy subsidizing firm locations has often found it challenging to identify heterogeneous effects of these policies across geographic areas. As stated in Glaeser & Gottlieb (2011) "For these externalities to create a justification for any particular spatial policy, these externalities must be stronger in some places than in others...Economics is still battling over whether such spillovers exist at all, and we are certainly not able to document compelling nonlinear effects." We are able to both document significant spillovers and heterogeneity in these effects across neighborhoods.

These place-based spillovers due to subsidized housing likely have large economic impacts across the US, as federal, state and local governments spend over $97 billion dollars a year on different forms of housing assistance.[9]

A growing literature has found that higher income individuals are willing to pay more for local neighborhood amenities (Bayer et al (2007), Diamond (2013), Handbury (2013)). A number of recent papers have also argued that higher income or more educated neighbors endogenously improve local amenities (Card, Mas, and Rothstein (2008), Bayer et al (2007), Guerrieri et al (2014), Diamond (2013)). However, previous work has not had access to micro-level demographic and housing transaction data. Further, LIHTC development provides a quasi-experimental shock to the income mix of ones' neighbors and allows us to identify the distribution of households' preferences for proximity to low-income neighbors.[10]

A small number of previous studies have examined the impacts of affordable housing

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[9]This is more than is spent on unemployment insurance in a typical year.

[10]LIHTC development also impacts the overall population density and average age of the neighborhood housing stock. We can't fully seperate out preferences for the income level of one's neighbors from preferences for new construction or increased density. However, the differential value of LIHTC development across neighborhoods of different income levels help zoom in on preferences over the income of one's neighbors.

on local neighborhoods. Baum-Snow and Marion (2009) use census data and a regression discontinuity approach to study the effects of LIHTC financed developments in low income neighborhoods on new construction, median incomes, and property values at the census block group level. He also finds that housing prices appreciate in low income areas. Schwartz et al. (2006) look at the price impact of affordable housing in New York City and report positive results. Goujard (2011) performs a similar study of social housing in Paris. Our study leverages extensive micro data to study highly local effects of affordable housing in many different parts of the United States. By looking across a wide array of neighborhoods and counties, we show how affordable housing has dramatically different effects on neighborhood residents based on neighborhood income and the minority share of the neighborhood population. Previous studies either focus on a single geographic area (Schwartz et al. 2006, Goujard 2011) or only within low income neighborhoods at a single point in time (Baum-Snow and Marion, 2009). Moreover, none of these studies utilize a structural framework in conjunction with detailed data on buyer characteristics to recover and put structure on individual preferences for proximity to affordable housing.

More broadly, our paper is related to a literature which examines the spillovers to neighborhoods of housing policies. Rossi-Hanberg et al. (2010) study the impact of urban revitalization programs implemented in the Richmond, Virginia area on local land prices. Campbell et al. (2011) examine the effects of housing foreclosure on housing prices nearby. Autor et al. (2014) study the impact of ending rent control on nearby real estate.

The paper proceeds as follows. Section 2 provides institutional background detail about the Low Income Housing Tax Credit. Section 3 describes out data sources and Section 4 details the hedonic model of housing choice. Section 5 discusses our estimation procedure for the pricing surface. We present our reduced form results on price and other neighborhood characteristics in Section 6. Section 7 presents our preference estimates and conducts welfare analysis. Section 8 concludes.

2 The Low Income Housing Tax Credit

In 1986, Congress passed the Tax Reform Act. As part of this legislation, Congress increased the Home Mortgage Interest Deduction and modified the treatment of imputed rent and local property taxes to further incentivize investment in owner-occupied housing. Concerned that such provisions would decrease the supply of affordable rental housing for low-income individuals, Congress introduced the Low Income Housing Tax Credit (LIHTC) as part of the Act to encourage the development of multifamily housing and thus serve as a balancing measure.

Each year, federal tax credits are allocated to the states based on population. In particular, each state receives the inflation-adjusted equivalent of \$2.30 per resident, as measured in 2014 dollars. These credits are awarded by state authorities to developers of qualified projects. Developers then sell these credits to investors to raise equity capital for their projects and reduce the amount of debt they would otherwise have to borrow. Investors receive a dollar-for-dollar credit against their federal tax liability for a period of 10 years, provided the property continues to comply with all program guidelines.

To qualify for a tax credit under the Low Income Tax Credit Program, federal guidelines require that proposed projects be for construction or rehabilitation of a residential rental property and satisfy either one of two low-income occupancy criteria. At least 20 percent of tenants must earn less than 50 percent of the Area Median Gross Income (AGMI), or alternatively, at least 40 percent of tenants must earn less than 60 percent of AGMI.[11] The AGMI is based on data from the Internal Revenue Service, the American Housing Survey, and the decennial Census. It is calculated annually by the Department of Housing and Urban Development (HUD) for all metropolitan areas and counties. If the income of a household in one of the low income units grows to exceed the relevant income limit, then the program requires developers to place a low income tenant into the next unit vacated by a market rate tenant.[12] Additionally, developers must restrict rents, including utility allowance, in low-income units to 30 percent of the relevant income limit, i.e. either 50 percent of 60 percent of AGMI for a minimum affordability period of 30 years.

Note that these criteria are only the minimal requirements as specified by the federal government. In practice, states almost always receive many more project proposals and tax credit allocation requests from developers than they have federal allotments, generally on the order of 2 to 4 times. Each state is therefore required to maintain a "Qualified Application Plan" (QAP) to govern the selection process. These plans usually operate by assigning point scores to various project characteristics and then allocating tax credits based on point totals until funds are exhausted. Such project characteristics include tenant demographics, location, further funding sources, and structural properties of the building. Given this latitude the states enjoy in determining selection criteria, many require developers to go beyond the minimum number of affordable units and the minimum level of affordability.

The value of tax credits received by selected developers is calculated according to the

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[11] Actual income limits depend on household size. The 50 percent of AGMI limit is for a base family size of four members. Income limits are adjusted upward by 4 percentage points for each family member in excess of four. Limits are adjusted downward by 5 percentage points for each family member short of four. These limits are multiplied by 1.2 to get the 60 percent income limits.

[12] Many LITHC propties are comprised 100 percent of low-income units. Clearly, this requirement becomes superfluous in such a case.

project's "qualified basis", which essentially reflects the cost of constructing or rehabilitating the low-income units. Specifically, the project's "eligible basis" is the value of all depreciable development costs, such as construction, engineering, soil tests, and utility connection fees. It does not include land acquisition costs. The qualified basis is then calculated by multiplying the eligible basis by the "applicable fraction." This is the smaller of two percentages, the fraction of low income units in the development, or the fraction of total square footage allotted to low income units. Once the qualified basis has been determined, the annual tax credit is determined by applying the relevant housing tax credit rate. New construction or substantial rehabilitation projects, which are not otherwise subsidized by the Federal government, receive a 9 percent credit rate, while all other projects receive a 4 percent credit rate. These annual credits are then paid out over a period of 10 years.[13]

Since its inception in 1986, the Low Income Housing Tax Credit Program has been an integral component in fostering the development of multifamily housing throughout the United States. With an annual tax credit valued at over 8 billion dollars, the program funded 21 percent of all multifamily developments between the years 1987-2008.

3   Data

We bring together data from a variety of sources. Our first dataset is from DataQuick, which provides detailed public records housing characteristics and transactions data collected from county assessor and register of deeds officers. This dataset covers over 109 million properties from 1988-2012 in over 2,300 jurisdictions and provides information such as sales price, transaction type, loan amount, number of beds, number of baths, square-footage, lot size, age, etc. The quality of the DataQuick data is not uniform across the country. Certain states, such as Texas and Utah, do not require the prices of housing transactions to be a matter of public record. Thus, DataQuick does not report house prices for those states. Other states, such as Illinois, provide prices in their records but do not collect information regarding the number of bathrooms. Finally, not all of the counties covered by DataQuick have records dating back to 1988. Coverage of a significant number of counties began in 1996.

We restrict our analysis to those counties which have transactions history data dating

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[13]This calculation is a baseline figure. Congress passed legislation in 1989 affording state allocating agencies the option to increase the qualified basis by up to 30 percent in both "qualified census tracts" (QCTs) and "difficult development areas" (DDAs). Census tracts with 50 percent of households earning below 60 percent of AGMI earn qualified status, subject to a population restriction which is generally non-binding. Metropolitan areas with high ratios of fair market rent to AMGI are designated as DDAs. See Baum-Snow and Marion (2009) for more details.

to at least 1996. From this subset, we then restrict to those counties which have at least an average of 1000 residential arm-length sales per year. This leaves us with a sample of approximately 16 million transactions located within 1.5 miles of a LIHTC site in a total of 129 counties in 15 states, concentrated largely in the major metropolitan areas of New England, Florida, California, Illinois, North Carolina, Tennessee, the Southwest and the Pacific Northwest. Figure 1 provides a map of the counties in our sample.

We merge this dataset with data collected by the United States federal government according to the provisions of the Home Mortgage Disclosure Act (HMDA). Passed in 1975 due to concerns over redlining in the mortgage market in urban, minority areas, this legislation requires all lending institutions to report public loan data. Implemented as Regulation C by the Federal Reserve Board, it was amended in 1989 in response to the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA).[14] These amendments greatly expanded the mortgage lenders covered under HMDA and required reporting of significant demographic information of both loan applicants and borrowers. The government provides public historical archives of this data covering the period 1991-2012. It includes information on loan census tract, loan amount, loan provider, and borrower demographics such as race, income, and sex. Since there is not a unique loan ID on which we can match the DataQuick data to the HMDA data, we perform a fuzzy merge. In particular, we merge the data according to census tract, year, loan amount, and bank name. This results in a match rate of approximately 80 percent.

Information on LIHTC financed projects is provided by the Department of Housing and Urban Development (HUD). This data covers 39,094 projects and almost 2,458,00 low income housing units placed into service between the years 1987 and 2012. Note that the data therefore reflects only those projects approved by the state allocating agencies and not all project proposals submitted to them. The dataset includes detailed geographic information regarding the project location, the type of construction, the year the project was placed in service, the year funds for the project were allocated, and the number of units designated as low-income. Geocoded information is missing for some of the projects and we exclude from the sample any projects for which the year funds allocated variable is missing. We are left with 7098 LIHTC projects located in our sample of 129 counties. See Panel C of Table 1 for summary statistics. Due to DataQuick's coverage of counties, our sample is from more dense, urban areas, relative to the overall distribution of LIHTC sites.

We finally collect 1990 census data at the tract and block group level. These data provide information on median income levels and minority population shares.

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[14]The rule-writing authority of Regulation C was transferred from the Federal Reserve Board to the Consumer Financial Protection Bureau on July 21, 2011.

Panel A of Table 1 provides summary statistics. Compared to the United States as a whole, the counties in our sample have a similar black share (11.6% vs 12.1% nationwide), a significantly higher Hispanic share (15.3% vs 8.3% nationwide), and a median income approximately 18% greater. Median income is higher than the rest of the United States since our sample comprises urban areas and metropolitan areas in relatively high productivity areas such as New England, New York and California. Hispanic share is quite large in our sample since many of our counties are in California and the Southwest, which hosts a large Hispanic population compared to the rest of the country. Within the census block groups which receive LIHTC developments, the Hispanic and Black share are even higher at 24.0% and 23.6%, respectively. The median incomes are also 33% lower in these select block groups than average block groups within our sample of counties.

Panel C of Table 1 also provides summary information about locales within 1 mile, 0.5 miles, 0.2 miles, and 0.1 miles of projects financed through the Low Income Housing Tax Credit program. Average housing prices are about 7% lower and average home buyer incomes are 5% lower within half a mile of a LIHTC site than those within 1 mile of an LIHTC site. The percent of home buyers which are Black is 11% higher within half a mile of an LIHTC site than within one mile. It is clear LIHTC development is targeted at lower income, higher minority share, and lower housing cost areas. However, housing prices, home buyer incomes, and the Black share of home buyers are quite similar between areas within 0.2 miles of an LIHTC site and those within 0.1 miles. The lack of variation in neighborhood characteristics at these more fine geographic measures help substantiate our identification strategy that precise geographic location of LIHTC development provides quasi-experimental variation. As an aside, to examine whether our merge procedure linking the housing transaction data to the HMDA data introduces selection biases, Table 1 also reports house prices using both the DataQuick database alone as well as the merged DataQuick-HMDA database. The housing prices of those matched to the HMDA data are about 10% higher than the average housing transaction, however this does not vary with distance to a LIHTC site.

4 Model of Housing Choice

Our goal is to formalize a structural, econometric framework which we can use to estimate preferences for proximity to LIHTC properties and thereby quantify the costs and benefits of affordable housing to surrounding neighborhood residents. We develop a generalized hedonic model along the lines of Rosen (1974) and Bajari and Benkard (2005). In this framework, a house j is considered a bundle of characteristics $\left(R_j, \mathbf{X}_j \mathbf{Y}_j, \boldsymbol{\xi}_j\right)$. Here $R_j \in \mathbb{R}_+$

denotes the distances to the nearest LIHTC property.[15] The $(K_c + K_d)$-dimensional vector $\mathbf{X}_j = (\mathbf{X}_{j,c}, \mathbf{X}_{j,d}) \in \mathbb{R}^{K_c} \times \mathbb{R}^{K_d}$ denotes physical and location characteristics of the house j. The vector $\mathbf{X}_{j,c} \in \mathbb{R}^{K_c}$ reflects characteristics which can, to an approximation, be thought of as continuously chosen by agents, such as square-footage, lot size, numbers of beds/baths, and age. The vector $\mathbf{X}_{j,d} \in \mathcal{L}_{\mathbf{X}_d} \subset \mathbb{R}^{K_d}$, with $\mathcal{L}_{\mathbf{X}_d}$ finite, reflects discrete choice variables, such as whether the property is a condo or single-family house. The $L-$dimensional categorical variable $\mathbf{Y}_j \in \mathcal{L}_{\mathbf{Y}} \subset \mathbb{R}^L$, with $\mathcal{L}_{\mathbf{Y}}$ finite, reflects neighborhood characteristics of the nearest LIHTC property; in particular, we focus on median income and minority share. This specification allows the agent to view LIHTC properties in different types of neighborhoods as distinct goods with varying impacts on their utility.[16] Finally, $\boldsymbol{\xi}_j \in \mathbb{R}^J$ is a $J-$dimensional vector of property and location characteristics of the house which are observable to the home buyer but not to the econometrician. Such variables might include whether there is a finished basement or not. We allow each household to have their own utility function over the housing and neighborhood characteristics: $U_i(R, \mathbf{X}, \mathbf{Y}, \boldsymbol{\xi}, c)$.[17] $c \in \mathbb{R}_+$ is a composite good, whose price is normalized to one, which represents all other consumption.

Under this setup, with minimal assumptions on the utility function and no supply side assumptions, we have the following intuitive characterization of house prices at time any t:

Theorem 1 *Suppose that for all $i, U_i\left(R_j, \mathbf{X}_j, \mathbf{Y}_j, \boldsymbol{\xi}_j, c\right)$ is continuously differentiable and strictly increasing in c, with $\partial U_i\left(R_j, \mathbf{X}_j, \mathbf{Y}_j, \boldsymbol{\xi}_j, c\right)/\partial c > \varepsilon$ for some $\varepsilon > 0$. Suppose also that $U_i\left(R_j, \mathbf{X}_j, \mathbf{Y}_j, \boldsymbol{\xi}_j, c\right)$ is Lipschitz continuous in $\left(R_j, \mathbf{X}_j, \mathbf{Y}_j, \boldsymbol{\xi}_j\right)$. Then for any two houses j and j' with positive demand at time t:*

1. $R_j = R_{j'}, \mathbf{X}_j = \mathbf{X}_{j'}, \mathbf{Y}_j = \mathbf{Y}_{j'}, \boldsymbol{\xi}_j = \boldsymbol{\xi}_{j'} \implies p_{jt} = p_{j't}$

2. $|p_{jt} - p_{j't}| \leq C\left(|R_j - R_{j'}| + |\mathbf{Y}_j - \mathbf{Y}_{j'}| + \left|\boldsymbol{\xi}_j - \boldsymbol{\xi}_{j'}\right|\right)$ for some $C < \infty$.

Proof. See Bajari and Benkard (2005). ∎

That is, there exists an equilibrium price surface which is Lipschitz continuous with respect to characteristics and such that there is a single price for each unique bundle of characteristics. This allow us to write equilibrium house prices as a mapping from characteristics space

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[15] We focus on the choice of proximity to the closest LIHTC site to each house to simplify the model. However, the model can be generalized to allow households to choose to live near multiple LIHTC sites simultaneously.

[16] For example, a given household may find LIHTC proximity desirable when it is built in a low income neighborhood, but undesirable when it is built in a high income neighborhood.

[17] We do not incorporate an additive error term, ε_{ij}, to the utility function which is specific to both the house j and the individual i, making this a "pure characteristics model." See Berry & Pakes (2007) for discussion comparing pure characteristics models to those with product -by-household specific unoberved tastes.

$p_{jt} = p_t(R, \mathbf{X}, \mathbf{Y}, \boldsymbol{\xi})$. Note that the equilibrium price function can vary with time. This is because in the hedonic framework each different time period is treated as a distinct market, in which market primitives such as consumer preferences or marginal production costs can change.[18]

The home buyers' optimization problem can now be written as:

$$\max_{R,X,Y,\xi,c} U_i(R, \mathbf{X}, \mathbf{Y}, \boldsymbol{\xi}, c) \quad \text{such that} \quad p_t(R, \mathbf{X}, \mathbf{Y}, \boldsymbol{\xi}) + c \leq y_i, \tag{1}$$

where y_i is the income of agent i.

Household i elects his ideal household and neighborhood bundle $(R^*, \mathbf{X}^*, \mathbf{Y}^*, \boldsymbol{\xi}^*, c^*)$ by maximizing his utility. For the continuous housing and neighborhood characteristics, this can be written as setting the first order conditions to zero. This relates the slope of households' utility function to the slope of the pricing surface, $p_t(R, \mathbf{X}, \mathbf{Y}, \boldsymbol{\xi})$:

$$\frac{\partial U_i(R^*, \mathbf{X}^*, \mathbf{Y}^*, \boldsymbol{\xi}^*, c^*)}{\partial R} = \frac{\partial p_t(R^*, \mathbf{X}^*, \mathbf{Y}^*, \boldsymbol{\xi}^*)}{\partial R} \tag{2}$$

$$\frac{\partial U_i(R^*, \mathbf{X}^*, \mathbf{Y}^*, \boldsymbol{\xi}^*, c^*)}{\partial \mathbf{X}_c} = \frac{\partial p_t(R^*, \mathbf{X}^*, \mathbf{Y}^*, \boldsymbol{\xi}^*)}{\partial \mathbf{X}_c}. \tag{3}$$

Thus, in the case of a continuous choice set, knowledge of the equilibrium price function is sufficient to determine marginal rates of substitution at the chosen bundle.

Affordable housing proximity may be viewed as an amenity to some, but a disamenity to others, even in the same neighborhoods. To ensure the utility function is always concave when it is increasing, we use slightly different functional forms to represent utility when LIHTC proximity is viewed as desirable versus undesirable. We parameterize households' preference for proximity to LIHTC developments as:

$$U_i^G(R, \mathbf{X}, \mathbf{Y}, \boldsymbol{\xi}, c) = \gamma_{i,\mathbf{Y}} \log(1 + R_{0,\mathbf{Y}} - R)\mathbf{1}[R \leq R_{0,\mathbf{Y}}] + u_i(\mathbf{X}, \boldsymbol{\xi}) + c \tag{4}$$

$$U_i^B(R, \mathbf{X}, \mathbf{Y}, \boldsymbol{\xi}, c) = \gamma_{i,\mathbf{Y}} \log\left(\frac{1+R}{1-R_{0,\mathbf{Y}}}\right)\mathbf{1}[R \leq R_{0,\mathbf{Y}}] + u_i(\mathbf{X}, \boldsymbol{\xi}) + c, \tag{5}$$

where $U_i^G(R, \mathbf{X}, \mathbf{Y}, \boldsymbol{\xi}, c)$ represents utility when living closer to LIHTC is viewed as desirable and $U_i^B(R, \mathbf{X}, \mathbf{Y}, \boldsymbol{\xi}, c)$ represents utility when living closer to LIHTC is viewed as undesirable.

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[18]It is important to emphasize that the existence of an equilibrium price surface is not a trivial result which holds in any reasonable model one might write down. In a logit model of demand, for example, two different products with identical characteristics can have different prices if firms have different costs of production. The reason for this is that in logit demand models, in fact any standard discrete-choice model, the existence of the individual specific shock ε_{ij} ensures that products with different prices but identical characteristics will still both have positive demand. Intuitively, the ε_{ij} shock means that identical products can't truly exist, in the sense that not everyone in the market will agree on their characteristics. That agents do fully agree on characteristics in the hedonic model imposes structure on the prices.

Here, R is the distance in miles to the nearest LIHTC property, $R_{0,\mathbf{Y}}$ is the maximal distance at which proximity to LIHTC of type $\mathbf{Y}$ contributes to agent utility. If an agent lives more than $R_{0,\mathbf{Y}}$ from an LIHTC site, his utility is not impacted. This functional form ensures utility is always concave when it is increasing and that the utility value of living at distance $R_{0,\mathbf{Y}}$ is equal to zero regardless of whether LIHTC proximity is viewed as desirable or undesirable. The parameter $\gamma_{i,\mathbf{Y}}$ reflects agent i's personal preference for proximity to LIHTC in neighborhood of type $\mathbf{Y}$. Note that individual households view LIHTC properties in different types of neighborhoods as distinct goods and can have varying preferences with respect to them. The function $u_i(\mathbf{X}, \boldsymbol{\xi})$ reflects the utility contribution of the house's physical and location characteristics.

We place minimal restrictions on the equilibrium price function. First, we assume that for any $\mathbf{Y} \in \mathcal{L}_{\mathbf{Y}}$: [19]

$$\text{if } R > R_{0,\mathbf{Y}} : \frac{\partial p_t(R, \mathbf{X}, \mathbf{Y}, \boldsymbol{\xi})}{\partial R} = 0. \tag{6}$$

We further assume that this gradient has constant sign for all $R \leq R_{0,\mathbf{Y}}$. That is, prices are either monotonically increasing or decreasing as a function of distance to the LIHTC site.[20] If house prices are increasing with distance to LIHTC, then standard optimization implies that the location choice of agent i with utility U_i^B who dislike proximity to LIHTC housing will satisfy the interior first-order condition if $R^* < R_{0,\mathbf{Y}}$:[21]

$$\text{if } R^* < R_{0,\mathbf{Y}} : \frac{\gamma_{i,\mathbf{Y}}}{1 + R_i^*} = \frac{\partial p_t(R_i^*, \mathbf{X}_i^*, \mathbf{Y}_i^*, \boldsymbol{\xi}_i^*)}{\partial R}. \tag{7}$$

Conversely, in areas in which house prices are decreasing with distance from LIHTC developments, individuals with utility U_i^G who like proximity to affordable housing will satisfy the interior first-order condition if $R^* < R_{0,\mathbf{Y}}$:

$$\text{if } R^* < R_{0,\mathbf{Y}} : \frac{-\gamma_{i,\mathbf{Y}}}{1 + R_{0,\mathbf{Y}} - R_i^*} = \frac{\partial p_t(R_i^*, \mathbf{X}_i^*, \mathbf{Y}_i^*, \boldsymbol{\xi}_i^*)}{\partial R}. \tag{8}$$

Individuals who dislike proximity to LIHTC will move out of the area, satisfying $R_i^* > R_{0,\mathbf{Y}}$.

The above suggests a two-step procedure for recovering households' preferences for LIHTC proximity. First, estimate the equilibrium price function, and in particular its gradient

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[19]In the estimation, we will identify $R_{0,\mathbf{Y}}$ by finding the point at which the price gradient is estimated to equal 0.

[20]We do not need this assumption for our model and estimation methods to be well defined. However it ensures that households will not maximize their utility at corner solutions when choosing their optimal proximity to LIHTC. In estimation of the hedonic price surface, we find this assumption to hold in the data.

[21]Individuals of type G may also live in these neighborhoods who value proximity to LIHTC housing. Since prices are decreasing as one moves closer to the LIHTC site in these neighborhoods, such individuals will optimally locate themselves at the corner solution $R_i^* = 0$.

with respect to LIHTC proximity in each neighborhood type $\mathbf{Y}$. Next, each households' observed choice of LIHTC proximity R_i^* and the estimated gradient function are used to identify the household's preference for LIHTC proximity $\gamma_{i,\mathbf{Y}}$ from equations (7) and (8) .

5   Estimating the Equilibrium Price Function

The minimal set of assumptions outlined in the previous section do not provide much guidance to the actual form of the equilibrium price function. It ultimately depends on a variety of inputs, such as marginal costs and the nature of competition in the housing market which are not modeled. In particular, the price function may be non-separable in the error term $\boldsymbol{\xi}$. Identifying the price function in the non-separable case requires additional assumptions on the utility and presents significant difficulties on both the econometric and computational fronts. See Bajari and Benkard (2005) for further details. We instead assume that the price function is additively separable in the error term $\boldsymbol{\xi}$ and house characteristics $\mathbf{X}$, but still maintain a quite flexible non-parametric structure. In particular, we suppose:

$$\log p_t\left(R, \mathbf{X}, \mathbf{Y}, \boldsymbol{\xi}\right) = \widetilde{m}_{\mathbf{Y}}\left(R, \tau\right) + h_t\left(\mathbf{X}, \boldsymbol{\xi}\right), \tag{9}$$

where $\widetilde{m}_{\mathbf{Y}}\left(R, \tau\right)$ represents the impact of being R miles away from an LIHTC development built in neighborhood type $\mathbf{Y}$. We allow the price impact of LIHTC development to vary with τ, the number of years since the LIHTC site received government funding. We assume this price impact of LIHTC development is additively separable from the function $h_t\left(\mathbf{X}, \boldsymbol{\xi}\right)$ which measures the prices impacts of the other physical and neighborhood characteristics. We are interested in estimating the gradient of $\widetilde{m}_{\mathbf{Y}}\left(R, \tau\right)$ with respect to R.

To develop a formal econometric model, we first index all of the LIHTC locations by a unique l. Each location l will have a type $\mathbf{Y} \in \mathcal{L}_{\mathbf{Y}}$. We refer to neighborhood l as the 1.5 mile radius circle surrounding LIHTC site l. We refer to each geographic location within neighborhood l by its polar coordinates (r, θ), relative to the location of the LIHTC site. Since housing and neighborhood characteristics $(\mathbf{X}, \boldsymbol{\xi})$ vary with the geographic location of the house (r, θ) and the year t, there is a mapping from geographic location and time (r, θ, t) to the available characteristics $(\mathbf{X}, \boldsymbol{\xi})$ at that location:

$$(\mathbf{X}, \boldsymbol{\xi}) = g_l\left(r, \theta, t\right),$$

where g_l is a unique vector of functions for each neighborhood l. Plugging this into equation (9):

$$\log p_t\left(R, g_l\left(r, \theta, t\right), \mathbf{Y}\right) = \widetilde{m}_{\mathbf{Y}}\left(R, \tau\right) + h_t\left(g_l\left(r, \theta, t\right)\right). \tag{10}$$

If LIHTC development was randomly assigned to geographic locations, then equation (10) could be estimated by treating $h_t\left(g_l\left(r,\theta,t\right)\right)$ as a residual and non-parametrically estimating the relationship between housing prices and distance to the LIHTC site R and years since LIHTC funding τ. However, clearly LIHTC developers target developments to certain types of neighborhoods and our estimator needs to account for this. To do so, we develop a difference-in-differences style setup to identify $\widetilde{m}_{\mathbf{Y}}\left(R,\tau\right)$. We estimate the econometric specification:[22]

$$\log p_{jt} = \widetilde{m}_{\mathbf{Y}}\left(r_j,\tau_j\right) + \phi_l\left(r_j,\theta_j\right) + \varphi_l\left(\theta_j,t_j\right) + \varepsilon_{jt}. \tag{11}$$

The non-parametric function $\phi_l\left(r_j,\theta_j\right)$ denote location "fixed effects." In a standard difference-in-difference framework, treatment is usually assigned to discrete entities (e.g. people, cities, firms), however we generalize this to the continuous case and allow for a smooth surface of housing prices across geographic locations that do not depend on time.[23] The non-parametric function $\varphi_l\left(\theta_j,t_j\right)$ allows for a time trend for neighborhood l, which also could potentially vary based on θ.[24] We have assumed that local price trends do not depend on r. ε_{jt} captures that some housing and neighborhood characteristics will vary discretely over geographic location and time, and thus will not be captured by $\widetilde{m}_{\mathbf{Y}}\left(r_j,\tau_j\right) + \phi_l\left(r_j,\theta_j\right) + \varphi_l\left(\theta_j,t_j\right)$.[25]

To identify equation (11) we assume that local housing price trends unaccounted for by our location "fixed effects" $\phi_l\left(r_j,\theta_j\right)$ and neighborhood time trends $\varphi_l\left(\theta_j,t_j\right)$ are independent of distance to the LIHTC site, r_j, and year since LIHTC funding, τ_j:

$$E\left(\varepsilon_{jt}|\widetilde{m}_{\mathbf{Y}}\left(r_j,\tau_j\right),\phi_l\left(r_j,\theta_j\right),\varphi_l\left(\theta_j,t_j\right)\right) = 0.$$

While the overall neighborhood is likely an endogenous choice by developers, due to highly local supply constraints such as the exact location of available lots, the placement of a low-income property is plausibly exogenous with respect to *highly local* price trends. Intuitively,

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[22]Note that by defining geographic locations in polar coordinates (r,θ) relative to the LIHTC site l, Distance to the LIHTC R, is equal to r, the polar coordinate radius coordinate. Thus, $R = r$.

[23]One could consider discretizing the geography into something like census tracts or even individual houses and including census tract or house fixed effects in the regression. However, this suffers from a bias/variance tradeoff where if the geographic units are too large, the regression does not adequately control for neighborhood variation in house prices. However if the geographic units are too small (house fixed effects) a large amount of information is thrown away. In the case of house fixed effects, we would only be able to use repeat sales of the same houses to identify our estimates, even if there were many houses that only transacted once but were located right next to each other. The smooth surface of housing prices over geography attempts to deal with this bias/variance tradeoff more efficiently.

[24]For example, it could be that in some neighborhoods there is more house price appreciate to the north than to the south for reasons unrelated to LIHTC development. While not controlling for θ is unlikey to bias our estimates, it can help with regard to efficiency.

[25]For example, crossing a school district boundary will lead to a discountinuous jump in school quality, which will not be fully picked up by $\phi_l\left(r_j,\theta_j\right)$, since we assume $\phi_l\left(r_j,\theta_j\right)$ is continuous.

we can obtain a consistent estimate of the non-parametric price gradient by examining price changes close to a LIHTC property vs price changes slightly further away and then using differences-in-differences to "difference out fixed effects". Furthermore, to the extent that the level treatment effect ultimately decays towards zero with distance within this area, we can estimate the overall level treatment effect by integrating our estimate of the gradient.

While we set up the estimator in non-parametric framework, such a strategy has been pursued in previous papers, albeit in a more parametric form. This more parametric approach would compare price changes in an inner circle of certain radius to a price changes in an outer ring of certain radius that surrounds the inner ring. The inner ring would be thought to receive the treatment, while the outer ring would act as the control. Examples of this approach include Currie et al. (2013), Autor et al. (2014), Aliprantis and Hartley (2014), and Shoag and Veuger (2015).[26] The advantage of our framework is that our results are not sensitive to the choice of inner ring and outer ring radii.

Standard estimation methods for estimating additively separable non-parametric functions, as we have in equation (11) are very computationally challenging to work with when there are many additively separable non-parametric functions.[27] Instead, we build on new methods developed in the statistics literature by De Brabanter et al (2011, 2013) and Charnigo and Srinivasan (2014) which allow us to directly estimate the *derivative* of $\widetilde{m}_{\mathbf{Y}}(r_j, \tau_j)$ allowing us to "difference out" some of additively separable nonparametric functions, which makes estimation computationally feasible. The idea is to estimate gradients of the pricing surface using empirical partial derivatives and then to use kernel regression as a smoothing procedure. The key advantage of these methods is that they provide a way to "difference out" the fixed effects and time trends in a spatial, non-parametric setting, just as one would do in a fully parametric differences-in-differences design. The procedure provides substantial computational and efficiency gains over the alternative of estimating the full non-parametric surface in levels and then taking derivatives. We outline the methodology here.

First, we create "empirical derivatives" of the log house price surface with respect to distance r to the LIHTC site at each housing transaction data point $(r_\iota, \theta_\iota, t_\iota)$. Let $\widetilde{Y}_\iota$ be the

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[26] Autor et al. (2014) approachs this problem slightly differently using exponential weighting based on distance.

[27] The standard method is a procedure called back-fitting which is a Gauss-Seidel algorithm where one estimates an individual non-parametric function, given a guess of the other additively seperable non-parametric functions. The procedure loops overs each non-paramteric fucntion, given the best guess of the others until the method converges. See Hastie and Tibshirani (1990) for more details. This method would be incredibly computationally challenging as we would have to estimate 2 non paramteric functions for each LIHTC site l along with $\widetilde{m}_{\mathbf{Y}}(r_j, \tau_j)$. This would require iterating over more than 14,000 functions.

empirical derivative at $(r_\iota, \theta_\iota, t_\iota)$ within neighborhood l constructed according to:

$$\widetilde{Y}_{\iota,l} = \sum_{k=1}^{\kappa_n} w_k \frac{\log p_{a(k,\iota,r)} - \log p_{b(k,\iota,r)}}{r_{a(k,\iota,r)} - r_{b(k,\iota,r)}} \tag{12}$$

$$w_k = \frac{k}{\kappa_n (\kappa_n + 1)/2} \tag{13}$$

with the observation subscripts recursively defined by:

$$a(1,\iota,r) = \arg \min_{\{d \in L_{r,\iota} : r_d > r_\iota + l_n\}} r_d, \quad b(1,i,r) = \arg \max_{\{d \in L_{r,i} : r_d < r_i - l_n\}} r_d \tag{14}$$

$$a(k,\iota,r) = \arg \min_{\{d \in L_{r,\iota} r_d > r_{a(k-1,\iota,r)}\}} r_d, \quad b(k,i,r) = \arg \max_{\{d \in L_{r,\iota} : r_d < r_{b(k-1,\iota,r)}\}} r_d \tag{15}$$

where $l_n > 0$.[28]

$$L_{r,i} := \left\{ p \in \{1, ..., n\} : \frac{(t_p - t_i)^2}{(r_p - r_i)^2} < \vartheta_n^t, \frac{(\theta_p - \theta_i)^2}{(r_p - r_i)^2} < \vartheta_n^\theta \right\} \tag{16}$$

Equation (12) calculates a numerical derivative with respect to LIHTC distance between a pair of houses $a(k,\iota,r)$ and $b(k,\iota,r)$ by the difference in house prices $(\log p_{a(k,\iota,r)} - \log p_{b(k,\iota,r)})$ divided by the difference in LIHTC distance $(r_{a(k,\iota,r)} - r_{b(k,\iota,r)})$. Equation (12) calculates these numerical derivatives for κ_n pairs of houses and creates a weighted average of these with weights w_k. This weighted average is our empirical derivative at $(r_\iota, \theta_\iota, t_\iota)$, $\widetilde{Y}_\iota$.

Equations (14), (15), and (16) determine which houses to use for the numerical derivative calculation. Equation (16) first determines the set of "eligible" houses to use in the empirical derivative. Since we are interested in the derivative with respect to LIHTC distance, we ideally would want to compute the empirical derivatives using houses with identical θs and ts. Essentially, we want to hold θ and t fixed and zoom in on house price variation only in the r dimension. Since we cannot choose where to observe house price transactions, we create a tolerance window within which θ and t are "approximately" held fixed. Equation (16) states that houses are in the set eligible for our empirical derivative calculation if both their squared distance in time from t_i and squared distance in angle from θ_i is no more than ϑ_n^t and ϑ_n^θ, respectively, their squared distance in LIHTC distance r_i. Essentially this means that houses in the eligible set $L_{r,i}$ are similar to $(r_\iota, \theta_\iota, t_\iota)$ in the θ and t dimension, but differ in the r dimension. Visually, this can be thought of house transactions

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[28]l_n ensures we throw away house price transactions extremely close to r_ι. If we have numerical derivatives from transactions which occur at the exact same location as r_i(such as multiple transactions in the same condo building), the denominator in equation (12) will blow up. Thus, we throw out transaction less then $l_n = 0.01$ miles away from r_i.

which fall within a 3D "bowtie" around $(r_\iota, \theta_\iota, t_\iota)$, as illustrated in Figure 2. ϑ_n is a tuning parameter which determines the width of the bowtie. A large ϑ_n allows more house prices to be eligible for the empirical derivative calculation, but will also add bias since they will have more variation in the θ and t dimension. A smaller ϑ_n allows less data to be used in the empirical derivative calculation, leading to more variance. We search for (at most) κ_n nearby transactions within this "bowtie" of nearby locations. The house prices $(a(1, \iota, r), ..., a(k, \iota, r))$ are transactions which are further away from the LIHTC site than r_ι and the house prices $(b(1, \iota, r), ..., b(k, \iota, r))$ are the transactions closer to the LIHTC site than r_ι. When constructing empirical derivatives in each local area, we use only pre-treatment data in constructing pre-treatment derivatives and only post-treatment data in constructing post-treatment derivatives. This is to ensure that data from the post-treatment period has no effect on the pre-treatment estimates.

Once we have transformed our data on house price levels to data on house price derivatives, we smooth these house price derivatives using a standard kernel estimator. Define the Nadaraya-Watson kernel estimate at (r, t):

$$\widehat{\phi}_l(r, t) = \frac{n^{-1} \sum_{\iota=1}^n K_{\mathbf{H}_n}((r, t) - (r_\iota, t_\iota)) \widetilde{Y}_{\iota,l}}{n^{-1} \sum_{\iota=1}^n K_{\mathbf{H}_n}((r, t) - (r_\iota, t_\iota))} \tag{17}$$

where:

$$K_{\mathbf{H}_n}((r, t) - (r_\iota, t_\iota)) = \frac{1}{h_{r,n} h_{t,n}} K\left(\frac{r - r_\iota}{h_{r,n}}, \frac{t - t_\iota}{h_{t,n}}\right) \tag{18}$$

and $K(\cdot, \cdot)$ is the two-dimensional Epichanokov kernel with bandwidths $h_{r,n}, h_{t,n}$. for $\vartheta_n > 0$. Thus, $\widehat{\phi}_l(r, t)$ is constructed around each LIHTC site l.

The following theorem provides a consistent estimate of the gradient treatment effect.

Theorem 2 *Suppose:*

1. $n \to \infty, h_n \to 0, l_n \to 0, k_n \to \infty$

2. $nh_n \to \infty, k_n n^{-1} \to 0, l_n^2 k_n \to \infty$

Letting T_l denote the treatment year of LIHTC site l of type $\mathbf{Y}$. Then the following:

$$\widehat{\phi}_l(r, T_l + \tau) dt - \widehat{\phi}_l(r, T_l - 1) \tag{19}$$

is a consistent estimate of $\frac{\partial \widetilde{m}_{\mathbf{Y}}(R, \tau)}{\partial R}$, where we assume $\frac{\partial \widetilde{m}_{\mathbf{Y}}(R, \tau-1)}{\partial R} = 0$.

The proof of this result, as well as a general discussion of nonparametric derivative estimation in both the univariate and multivariate setting, are provided in the Appendix

A. This result generalizes De Brabanter et al (2011, 2013) and Charnigo and Srinivasan (2014) to the case where the data are observed at random locations. De Brabanter et al. (2011, 2013) analyzes a univariate case when the data can be observed at chosen locations, Charnigo and Srinivasan (2014) analyze the multivariate case again where the locations of the data are fixed. Neither of these consider the difference in differences setup.

In our empirical work, we define the treatment year T_l as the year in which funds are allocated for the development project, rather than the year the project is placed in service. We do this for two reasons. First, prices are forward looking and thus should reflect anticipated neighborhood effects of low income property development when the project is announced. Second, the construction of the project itself may have direct effects on prices prior to the development being placed into service, but after the funding is announced. We set $\kappa_n = 5, h_{r,n} = 0.3, h_{r,n} = 5, \vartheta_n^t = 1.6, \vartheta_n^\theta = 0.4,$ and $l_n = .01$. With enough house price transactions around a single LIHTC site, we would be able to estimate the price impacts for each site individually, however for power reasons we average our estimates across LIHTC sites of type $\mathbf{Y}$:

$$\frac{\partial \widetilde{m_{\mathbf{Y}}(R,\tau)}}{\partial R} = \frac{1}{N_{\mathbf{Y}}} \sum_{l \in \mathbf{Y}} \left[\widehat{\phi}_l(r, T_l + \tau) \, dt - \widehat{\phi}_l(r, T_l - 1) \right],$$

where $N_{\mathbf{Y}}$ is the number of LIHTC sites of type $\mathbf{Y}$ in our data. We use block bootstrapping over LIHTC neighborhoods to obtain standard errors.

6   Reduced Form Results

6.1   Price Effects

We begin by studying the reduced form price effects. For clarity of exposition, we begin by presenting the nonparametric level estimates obtained by integrating the gradient estimates as described in the previous section. Figure 3 illustrates the average impact of LIHTC construction on local house prices across all neighborhoods. First, note that prices leading up to the LIHTC funding are quite flat, validating our identification assumption that absent LIHTC construction, housing prices very close to the LIHTC site would have trended similarly to house prices slightly further away. Nonetheless, it appears from Figure 3 that LIHTC construction has no significant average impact on local house prices. However, this figure masks substantial heterogeneity in the price impact of LIHTC development on local house prices.

To examine such heterogeneity, we re-estimate the price effects for construction in various

location types $\mathbf{Y} \in \mathcal{L}_{\mathbf{Y}}$. We begin by dividing the LIHTC sites into four buckets based on the 1990 census median income of the census block group in which the LIHTC site is located. The income quartile cutoffs are $26,017, $38,177, and $54,642 in 2012 dollars. Note that, consistent with the summary statistics evidence provided in Table 1, the cutoff for the top income quartile is still substantially below the average block group median income of $66,652 for the counties in our sample. Moreover, LIHTC residents must earn no more than 60% of the local area's median gross income, which on average across all our counties is 0.6*$66,652 =$39,991. Thus, the bottom quartile of LIHTC sites have residents earning significantly below the average income cutoff, while the top quartile neighborhoods have median incomes about $15,000 above the average income cutoff.[29]

Figure 4 illustrates the heterogeneity in price impacts. Panel A shows that LIHTC construction triggers large local price appreciation of approximately 6.5% after 10 years in the bottom income quartile. Panel B shows that LIHTC development has little impact in the second income quartile, beyond maybe small appreciation very close to the development site. We see in panels C and D that construction of affordable housing leads to striking and markedly different effects in both the third and fourth income quartiles, with construction leading to price declines of approximately 3% after 10 years in the third income quartile and declines of 2.5% in the fourth income quartile. The speed of the price decline in the fourth income quartile is dramatic, with practically all losses within 0.1 miles of a LIHTC site over the 10 year period occurring in the first year. However, the price declines in income quartiles 3 and 4 "radiate outwards" as time since LIHTC funding increases. At distances of 0.3 to 0.4 miles away from the LIHTC site, there are modest declines in house prices right away, but they fall over time. It appears the housing market very quickly "prices" the impact of LIHTC very locally, but it takes 5 to 10 years for the house prices 0.3 to 0.4 miles away to fully adjust to the shock. In all cases, we do not see strong evidence for pre-trends in prices, further validating our identification assumption that there are no very local house price trends correlated with LIHTC development.

We additionally examine the impact of LIHTC development in high minority areas. In particular, we restrict to those LIHTC sites located within a census block group that has a population at least 50% Black or Hispanic based on the 1990 census. We then further classify these sites based on whether they are in low income areas, defined as within the first or second income quartile, or high income areas, defined as within the third or fourth income quartiles.

Figure 5 illustrates the effects of affordable housing construction in high minority areas. Low income, high-minority areas see strong price appreciation of approximately 5% after

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[29]This is an approximate, back of the envelope calcuation. AGMI limits vary county by county.

10 years resulting from LIHTC development, similar to the overall effect we see in the first and second income quartile. Conversely, prices in high income, high-minority areas remain relatively stable, with no evidence of the house price decline documented above. Thus, the substantial price depreciation seen in high income areas occurs in those neighborhoods with minority populations of below 50%.

We define the short term effect as the average price gradient impact on LIHTC site l between event years 0 through 5, relative to event years -5 to 0:

$$\frac{\partial \log p^{short}}{\partial r}(r, l) = \frac{1}{5} \int_0^5 \widehat{\phi}_l (r, T_l + \tau) \, d\tau - \frac{1}{5} \int_{-5}^0 \widehat{\phi}_l (r, T_l - \tau) \, d\tau.$$

Similarly we define the longer term impact of LIHTC sites as the impact in event years 5 through 10, relative to event years -5 to 0:

$$\frac{\partial \log p^{long}}{\partial r}(r, l) = \frac{1}{5} \int_5^{10} \widehat{\phi}_l (r, T_l + \tau) \, d\tau - \frac{1}{5} \int_{-5}^0 \widehat{\phi}_l (r, T_l - \tau) \, d\tau.$$

We decompose these price gradient effects into differential effects based on income quartile and minority share:

$$\frac{\partial \log p^{short}(r, l)}{\partial r} = \delta^{short}_{\mathbf{Y}_l^{inc}}(r) + \beta^{short}_{\mathrm{mlow}}(r) * \mathbf{Y}_l^{minor} * \mathbf{1}\left[\mathbf{Y}_l^{inc} \leq 2\right] + \beta^{short}_{\mathrm{mhigh}}(r) * \mathbf{Y}_l^{minor} * \mathbf{1}\left[\mathbf{Y}_l^{inc} > 2\right] + \varepsilon_{rl}, \quad (20)$$

$$\frac{\partial \log p^{long}(r, l)}{\partial r} = \delta^{long}_{\mathbf{Y}_l^{inc}}(r) + \beta^{long}_{\mathrm{mlow}}(r) * \mathbf{Y}_l^{minor} * \mathbf{1}\left[\mathbf{Y}_l^{inc} \leq 2\right] + \beta^{long}_{\mathrm{mhigh}}(r) * \mathbf{Y}_l^{minor} * \mathbf{1}\left[\mathbf{Y}_l^{inc} > 2\right] + \varepsilon_{rl}, \quad (21)$$

where $\mathbf{Y}_l^{inc} \in [1, 2, 3, 4]$ is the income quartile LIHTC site l is located in, and $\mathbf{Y}_l^{minor}$ is an indicator variable equal to 1 if LIHTC site is located in a high minority area. $\delta^{short}_{\mathbf{Y}_l^{inc}}(r)$ and $\delta^{long}_{\mathbf{Y}_l^{inc}}(r)$ represent the short and long term price impacts of LIHTC development in low minority areas in income quartile $\mathbf{Y}_l^{inc}$ at distance r. $\beta^{short}_{\mathrm{mlow}}(r)$ and $\beta^{long}_{\mathrm{mlow}}(r)$ measure the differential short and long term impacts in high minority areas within income quartiles 1 and 2. $\beta^{short}_{\mathrm{mhigh}}(r)$ and $\beta^{long}_{\mathrm{mhigh}}(r)$ measure the differential short and long term impacts in high minority areas within income quartiles 3 and 4.

Figures 6 and 7 illustrate our nonparametric estimates in the short-term and long-term of the price *gradient* treatment effects given by equations (20) and (21) as well as 90% confidence intervals. Here, a negative estimate implies prices are increasing as one moves closer to the construction site, while a positive estimate implies prices are decreasing as one moves closer. Note that the results reported in the Q1/Q2 High Minority and Q3/Q4 High Minority plots are differential effects relative to the low minority effects reported in the Q1-Q4 plots. The Q1/Q2 High Minority plot illustrates that there may be slightly larger price appreciation effects in low income areas when the area is also high minority, however the effect is not quite statistically significant . Further, the statistically significant negative impact on the price

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gradient in the Q3/Q4 High Minority plot demonstrates that high income, high minority areas suffer significantly less price depreciation than high income, low minority areas. This is, of course, consistent with the evidence see in the second panel of Figure 5. High minority and low income areas receive the most house price appreciation from LIHTC development, while higher income, low minority areas exhibit house price decline.

6.2   Mechanisms

Taken together, these results seem to imply that LIHTC construction makes low income neighborhoods more desirable regardless of minority share, while making high income, low minority share neighborhoods less desirable. There are a variety of possible explanations for this finding. Even if LIHTC development is the initial shock that causes these house price changes, there are likely many indirect mechanisms through which LIHTC impacts the desirability of the local neighborhood. We begin by using the merged DataQuick-HMDA data and our nonparametric methods to investigate the impact of LIHTC development on local demographic change. If local residents have preferences over the demographics of their neighbors, the in-migration of LIHTC residents may further attract different types of residents and these new in-migrants could make the neighborhood more or less desirable. Figure 8 reports the average treatment effect in levels (not gradients) from years 0 to 10 on home buyer income. Consistent with our price results, we find that the introduction of affordable housing leads to home buyers with higher incomes of approximately 3%-4% in low income, low minority-share areas. Conversely, such introduction leads to a statistically significant decrease in home buyer income of approximately 1.5% in low minority, top income quartile areas. The effects are muted in high minority areas, with low-income high minority areas not attracting quite as high income home buyers as the low-income non-minority areas. The high income, high minority areas also do not experience declines in home buyer income, unlike the high income, low minority areas.

We next investigate the impact of LIHTC construction on the Black share of home buyers, with the results presented in Figure 9. The average impact on low income, low minority share areas is statistically and economically insignificant. However, low-income, high-minority areas do see a statistically significant decrease in the percentage of Black home buyers. We also see decreases in the Black share of home buyers in the higher income, high minority areas of 3 percentage points. Therefore, it appears that building affordable housing in high minority areas may lead to lower racial segregation.

We finally explore the impact of affordable housing development on local crime rates in Figure 10. The cities of Chicago, San Francisco, and San Diego provide comprehensive

detailed local crime statistics dating from 2001-2014 in Chicago, 2003-2014 in San Diego, and 2007-2014 in San Francisco. These data provide the type of crime, as well as the date and the exact location in the city. Since this is a much smaller sample (we have only have 127 LIHTC sites developed in this time frame in these cities), we cut the data only by high/low income and high/low minority. We find both violent and property crime decline in low income areas, regardless of minority share. However, in higher income areas we do not see any increase in crime, rather property crime may even fall slightly. Lowering crime in low income areas appears to be one of the driving mechanisms through which LIHTC improves low income neighborhoods.[30]

6.3 Model Estimates

To keep the model parsimonious, we only use the short term and long term price gradient estimates from equations (20) and (21) to recover households' preferences for LIHTC proximity. We denote these $\frac{\partial \log \widehat{p^{short}}(r,\mathbf{Y})}{\partial r}$ and $\frac{\partial \log \widehat{p^{long}}(r,\mathbf{Y})}{\partial r}$.

Figure 6 plots the estimates of the short-term price gradient effects and Figure 7 plots the estimates of the long-term price gradient effects. These are labeled the "non-parametric estimates" in the figures. To use these estimates within our structural model to recover preferences, we set the gradient equal to zero at all distances past the point where the gradient first hits the x-axis and crosses zero or the point at which it comes the closest to zero. These estimates are also shown in Figures 8 and 9.[31] We use the point at which the price effect goes to zero as our estimate of $R_{0,\mathbf{Y}}$, the distance beyond which household utility is no longer impacted by LIHTC proximity.

Using the estimated price gradients, we use equations (5) and (4) to estimate each household's preference to live near LIHTC within neighborhood type $\mathbf{Y}$, $\hat{\gamma}_{i,\mathbf{Y}}$: [32]

$$\text{if } R^* \;<\; R_{0,\mathbf{Y}} \text{ and } \frac{\partial \log \widehat{p^{\tau_s}}(r,\mathbf{Y})}{\partial r} > 0 : \hat{\gamma}_{i,\mathbf{Y}} = \frac{\partial \widehat{p^{\tau_s}}(r,\mathbf{Y})}{\partial r}(1+R_i^*), \qquad (22)$$

$$\text{if } R^* \;<\; R_{0,\mathbf{Y}} \text{ and } \frac{\partial \log \widehat{p^{\tau_s}}(r,\mathbf{Y})}{\partial r} < 0 : \hat{\gamma}_{i,\mathbf{Y}} = \frac{-\partial p_t\left(R_i^*,\mathbf{X}_i^*,\mathbf{Y}_i^*,\boldsymbol{\xi}_i^*\right)}{\partial R}\left(1+R_{0,\mathbf{Y}}-R_i^*\right) \tag{23}$$

where τ_s represents whether the household purchased their home in the short term or long

---

[30]It is not uncommon for LIHTC developments to include live-in 24 hour security guards. Local police sometimes also set up an outpost within LIHTC developments. These investments may be part of the reason crime declines.

[31]Our raw estimates are never statistically different from zero at any distance past the point where gradient first hits the x-axis.

[32]We identify each household's preference for LIHTC proximity within neighborhood of type $\mathbf{Y}$ that the household chose to live in.

term after LIHTC development. We designate LIHTC proximity to be desirable within neighborhoods where LIHTC development caused price appreciation, while we designate LIHTC proximity as undesirable within areas where it causes price decline.

We now examine how households' preferences for LIHTC proximity vary with race and income of home buyers. We measure how much each household is willing to pay (as a share of their house price) to live 0.1 miles from an LIHTC development. Panel A of Figures 11 and 12 shows that higher income households are willing to pay the most to live close the LIHTC development in Q1 income areas, conditional on wanting to live in a Q1 income area. This is true in both high and low minority areas. We find minority home buyers are willing to pay more to live in high minority, Q1 income areas than non-minority home buyers, while the reverse is true in low minority Q1 income areas. Overall, households choosing to live near LIHTC site in Q1 income areas are willing to pay about 6% of their house price to live 0.1 miles from an LIHTC site. The preferences in Q2 areas are essentially zero, as reflected in the essentially zero price effects discussed previously. Within low minority Q3 areas and Q4 areas, we find that higher income households are willing to pay slightly more to avoid living 0.1 miles from an LIHTC site. We also find that minority home buyers are less deterred by LIHTC development in Q3 and Q4 low minority areas than non-minority home buyers. Overall, these households are willing to pay about 1.6% of their house price to avoid living within 0.1 miles of LIHTC. Within Q3 and Q4 high minority areas, the effects are economically insignificant, consistent with the economically insignificant price effects discussed previously. Appendix figure A1 and A2 report similar effects measured in dollars, instead of in house price percentages, as these will be the numbers more closely linked to those used in the next section for the welfare calculation. These figures are dominated by the fact that higher income households buy more expensive houses, creating a strong link between home buyer income and willingness to pay for LIHTC proximity.

7 Welfare

We consider the local welfare impact of building affordable housing in a variety of neighborhood types $\mathbf{Y} \in \mathcal{L}_{\mathbf{Y}}$, holding fixed the desirability of all other neighborhoods outside of the LIHTC area.[33] In the pre-period, prior to construction of a LIHTC development, the local population optimizes over a vector of housing and neighborhood characteristics $(\mathbf{X}, \boldsymbol{\xi})$

---

[33]While we are able to quantify the welfare benefits of LIHTC development locally, we cannot account for potential broader impacts on the city/state as a whole. For example, if LIHTC simply relocated crime to other neighborhoods in a dispersed manner, we cannot capure the welfare effects of the dispersed impacts across the whole city.

according to the following problem:

$$\max u_i\left(\mathbf{X}, \boldsymbol{\xi}\right) + c \quad \text{s.t.} \quad h_0\left(\mathbf{X}, \boldsymbol{\xi}\right) + c \leq y_i \tag{24}$$

where $u_i\left(\mathbf{X}, \boldsymbol{\xi}\right)$ is an individual-specific utility function and $h_0\left(\mathbf{X}, \boldsymbol{\xi}\right)$ is the equilibrium hedonic price function over characteristics in the pre-period.[34] We denote the optimal bundle of characteristics chosen by household i prior to LIHTC construction as $\left(\mathbf{X}_{0,i}^*, \boldsymbol{\xi}_{0,i}^*\right)$. Let R_{pre} denote the distance from the future LIHTC site at this optimal bundle of characteristics.[35]

We assume zero moving costs, such that when affordable housing is built, all individuals in the local population will reoptimize according to the problem:

$$\max_{R,X,\boldsymbol{\xi},c} U_i\left(R, \mathbf{X}, \mathbf{Y}, \boldsymbol{\xi}, c\right) \quad \text{such that} \quad p_1\left(R, \mathbf{X}, \boldsymbol{\xi}\right) + c \leq y_i + p_1\left(R_{pre}, \mathbf{X}_{0,i}^*, \boldsymbol{\xi}_{0,i}^*\right),$$

where the individual utility function follows the parametric form defined in equations (4) and (5). Here,

$$p_1\left(R, \mathbf{X}, \boldsymbol{\xi}\right) = \widetilde{m}_{\mathbf{Y}}\left(R\right) + h_1\left(\mathbf{X}, \boldsymbol{\xi}\right)$$

is the new equilibrium hedonic price function , with $\widetilde{m}_{\mathbf{Y}}\left(R\right) = 0$ for all $R > R_{0,\mathbf{Y}}$ The quantity $p_1\left(R_{pre}, \mathbf{X}_{0,i}^*, \boldsymbol{\xi}_{0,i}^*\right)$ in the budget constraint is the revenue received from the sale of the current home. We denote optimal choices in the post period by agent i as $\left(R_{1,i}^*, \mathbf{X}_{1,i}^*, \boldsymbol{\xi}_{1,i}^*, c_{1,i}^*\right)$. We assume that $h_1\left(\mathbf{X}, \boldsymbol{\xi}\right) = h_0\left(\mathbf{X}, \boldsymbol{\xi}\right)$ such that all agents choose the same bundle of house of characteristics $\left(\mathbf{X}, \boldsymbol{\xi}\right)$ in the post-period as in the pre-period.

The welfare impacts of LIHTC construction accrues to homeowners, renters, and absentee landlords. For homeowners, if $R_{pre} \geq R_{0,\mathbf{Y}}$ and $R_{1,i}^* \geq R_{0,\mathbf{Y}}$, then the welfare impact $\Delta U_i = 0$. The effect of LIHTC on utility is zero at distances beyond $R_{0,\mathbf{Y}}$, agents do not choose an alternative bundle of house characteristics $\left(\mathbf{X}, \boldsymbol{\xi}\right)$, and they can obtain their original bundle of house characteristics for the same price. For homeowners who live at a location $R_{pre} < R_{0,\mathbf{Y}}$ in the pre-period, but optimally choose $R_{1,i}^* \geq R_{0,\mathbf{Y}}$ post construction, the welfare impact is given by the change in prices:

$$\Delta U_i = \widetilde{m}_{\mathbf{Y}}\left(R_{pre}\right).$$

These households move away from the LIHTC development, but face welfare impacts from the amount of house price appreciation or depreciation ($\widetilde{m}_{\mathbf{Y}}\left(R_{pre}\right)$) they must realize in

---

[34]We assume that agents do not anticipate LIHTC development when they choose their optimal bundle of characteristics in the pre-period.

[35]Note that R_{pre} is not chosen by agents in the pre-period, but is a function of the phsyical location of the optimal bundle $\left(\mathbf{X}_{0,i}^*, \boldsymbol{\xi}_{0,i}^*\right)$.

order to move.

For homeowners who optimally choose $R^*_{1,i} < R_{0,\mathbf{Y}}$, the welfare impact is given by the resulting utility gain and change in prices. For areas where being closer to LIHTC is desirable we have:

$$
\begin{aligned}
\Delta U_i &= \gamma_{i,\mathbf{Y}} \log\left(1 + R_{0,\mathbf{Y}} - R^*_{1,i}\right) + \widetilde{m}_\mathbf{Y}\left(R_{pre}\right) - \widetilde{m}_\mathbf{Y}\left(R^*_{1,i}\right), & \text{if } R_{pre} \le R_{0,\mathbf{Y}} \\
\Delta U_i &= \gamma_{i,\mathbf{Y}} \log\left(1 + R_{0,\mathbf{Y}} - R^*_{1,i}\right) - \widetilde{m}_\mathbf{Y}\left(R^*_{1,i}\right), & \text{if } R_{pre} > R_{0,\mathbf{Y}}.
\end{aligned}
$$

For areas where being further from LIHTC is desirable we have:

$$
\begin{aligned}
\Delta U_i &= \gamma_{i,\mathbf{Y}} \log\left(\frac{1 + R^*_{1,i}}{1 - R_{0,\mathbf{Y}}}\right) + \widetilde{m}_\mathbf{Y}\left(R_{pre}\right) - \widetilde{m}_\mathbf{Y}\left(R^*_{1,i}\right), & \text{if } R_{pre} \le R_{0,\mathbf{Y}} \\
\Delta U_i &= \gamma_{i,\mathbf{Y}} \log\left(\frac{1 + R^*_{1,i}}{1 - R_{0,\mathbf{Y}}}\right) - \widetilde{m}_\mathbf{Y}\left(R^*_{1,i}\right), & \text{if } R_{pre} > R_{0,\mathbf{Y}}.
\end{aligned}
$$

Since we do not observe data directly on renters, we must make the assumption that house prices are equal to the present discounted value of rents. The renter's utility optimization is:

$$
\max_{R,X,\boldsymbol{\xi},c} U_i\left(R, \mathbf{X}, \mathbf{Y}, \boldsymbol{\xi}, c\right) \quad \text{such that} \quad p_1\left(R, \mathbf{X}, \boldsymbol{\xi}\right) + c \le y_i.
$$

The only difference between the renter's and home owner's optimization is that homeowners receive the revenue from the house sale of their previous residence. This money, for renters, would go to the landlord in the form of rent payments.

We find that the welfare impacts for renters who optimally choose $R^*_{1,i} < R_{0,\mathbf{Y}}$ in areas where being closer to LIHTC is desirable are given by:

$$
\Delta U_i = \gamma_{i,\mathbf{Y}} \log\left(1 + R_{0,\mathbf{Y}} - R^*_{1,i}\right) - \widetilde{m}_\mathbf{Y}\left(R^*_{1,i}\right),
$$

Renters benefit from LIHTC proximity, but also face the negative impact of having to pay higher rents. Within areas where being further from LIHTC is desirable renters' utility is given by:

$$
\Delta U_i = \gamma_{i,\mathbf{Y}} \log\left(\frac{1 + R^*_{1,i}}{1 - R_{0,\mathbf{Y}}}\right) - \widetilde{m}_\mathbf{Y}\left(R^*_{1,i}\right).
$$

While these renters do not like living near LIHTC, they are compensated for it by the lower rents. On net, these renters are made strictly better off since they could have chosen to live far away from the LIHTC site and receive a utility of zero. The impact is zero for renters who optimally choose $R^*_{1,i} > R_{0,\mathbf{Y}}$. Finally, the welfare impact on absentee landlords whose properties are located at $R^*_{1,i} \le R_{0,\mathbf{Y}}$ is given by the present value of the change in rents

they collect:

$$\Delta U_i = \widetilde{m}_\mathbf{Y}\left(R_{1,i}^*\right).$$

The impact is zero for landlords with properties located at distances greater than $R_{0,\mathbf{Y}}$ since rents do not change. These impacts are summarized in Tables 2 and 3.

We aggregate these individual welfare effects to calculate the total welfare impact on homeowners, renters, and absentee landlords. To this end, let $q^H\left(\gamma_\mathbf{Y}, R_1, Race, y | \mathbf{Y}, R_1 < R_{0,\mathbf{Y}}\right)$ denote the joint density of preference parameters, distance chosen from the LIHTC site, race, and income given that the household has chosen to live in a neighborhood of type $\mathbf{Y}$, with $R_1 < R_{0,\mathbf{Y}}$ miles from an LIHTC site. This density can be directly estimated from the merged DataQuick-HMDA data. Then the aggregate welfare impact of a LIHTC site developed in neighborhood of type $\mathbf{Y}$ for homeowners is given by (for each amenity/disamenity type):

$$
\begin{aligned}
\Delta U_{agg,\mathbf{Y}}^H &= N_H \sum_{Race} \int \gamma_\mathbf{Y} \log\left(1 + R_{0,\mathbf{Y}} - R_{1,i}^*\right) q^H\left(\gamma_\mathbf{Y}, R_1, Race, y | \mathbf{Y}, R_1 < R_{0,\mathbf{Y}}\right) d\gamma_\mathbf{Y} dR_1 dy, \\
\Delta U_{agg,\mathbf{Y}}^H &= N_H \sum_{Race} \int \gamma_\mathbf{Y} \log\left(\frac{1 + R_{1,i}^*}{1 - R_{0,\mathbf{Y}}}\right) q^H\left(\gamma_\mathbf{Y}, R_1, Race, y | \mathbf{Y}, R_1 < R_{0,\mathbf{Y}}\right) d\gamma_\mathbf{Y} dR_1 dy
\end{aligned}
$$

where N_H is the average number of homeowners who choose to live around a single LIHTC site in neighborhoods of type $\mathbf{Y}$, within $R_{0,\mathbf{Y}}$ miles of the LIHTC site. We measure N_H from the 5-year pooled American Community Survey block group data on the median number of homeowners per LIHTC site living within $R_{0,\mathbf{Y}}$ miles of the LIHTC site of type $\mathbf{Y}$.[36] These numbers are reported in Table A1.

To calculate the impact for renters we assume that the density of preference parameters and chosen LIHTC distances conditional on race and income is the same as that for homeowners, that is:

$$q^R\left(\gamma_\mathbf{Y}, R_1 | Race, y, \mathbf{Y}, R_1 < R_{0,\mathbf{Y}}\right) = q^H\left(\gamma_\mathbf{Y}, R_1 | Race, y, \mathbf{Y}, R_1 < R_{0,\mathbf{Y}}\right).$$

We can then calculate the aggregate welfare impact on renters as (within areas where LIHTC

---

[36]We meaure these household counts for the LIHTC sites used in our estimation, not the entire country.

is viewed as an amenity):

$$
\begin{aligned}
\Delta U_{agg,\mathbf{Y}}^{R} &= N_R \sum_{Race} \int \left[\gamma_{\mathbf{Y}} \log\left(1 + R_{0,\mathbf{Y}} - R_{1,i}^*\right) - \widetilde{m}_{\mathbf{Y}}(R_1) \right] q^R\left(\gamma_{\mathbf{Y}}, R_1, Race, y\right) d\gamma_{\mathbf{Y}} dR_1 dy \\
&= N_R \sum_{Race} \int \left[\gamma_{\mathbf{Y}} \log\left(1 + R_{0,\mathbf{Y}} - R_{1,i}^*\right) - \widetilde{m}_{\mathbf{Y}}(R_1) \right] q^R\left(\gamma_{\mathbf{Y}}, R_1 | Race, y\right) q^R\left(Race, y\right) d\gamma_{\mathbf{Y}} dR_1 dy \\
&= N_R \sum_{Race} \int \left[\gamma_{\mathbf{Y}} \log\left(1 + R_{0,\mathbf{Y}} - R_{1,i}^*\right) - \widetilde{m}_{\mathbf{Y}}(R_1) \right] q^H\left(\gamma_{\mathbf{Y}}, R_1 | Race, y\right) q^R\left(Race, y\right) d\gamma_{\mathbf{Y}} dR_1 dy \\
&= N_R \sum_{Race} \int \left[\gamma_{\mathbf{Y}} \log\left(1 + R_{0,\mathbf{Y}} - R_{1,i}^*\right) - \widetilde{m}_{\mathbf{Y}}(R_1) \right] q^H\left(\gamma_{\mathbf{Y}}, R_1, Race, y\right) \frac{q^R\left(Race, y\right)}{q^H\left(Race, y\right)} d\gamma_{\mathbf{Y}} dR_1 dy.
\end{aligned}
$$

In areas where LIHTC is viewed as a disamenity we have:

$$
\Delta U_{agg,\mathbf{Y}}^{R} = N_R \sum_{Race} \int \left[\gamma_{\mathbf{Y}} \log\left(\frac{1 + R_{1,i}^*}{1 - R_{0,\mathbf{Y}}}\right) - \widetilde{m}_{\mathbf{Y}}(R_1) \right] q^H\left(\gamma_{\mathbf{Y}}, R_1, Race, y\right) \frac{q^R\left(Race, y\right)}{q^H\left(Race, y\right)} d\gamma_{\mathbf{Y}} dR_1 dy.
$$

The joint density of race and income for both renters and homeowners, $q^R\left(Race, y\right)$ and $q^H\left(Race, y\right)$ respectively, are calculated from 5-year pooled American Community Survey micro data. Finally, the aggregate impact on absentee landlords is given by:

$$
\Delta U_{agg}^{ll} = N_R \sum_{Race} \int \widetilde{m}_{\mathbf{Y}}(R_1) q^H\left(\gamma_{\mathbf{Y}}, R_1, Race, y\right) \frac{q^R\left(Race, y\right)}{q^H\left(Race, y\right)} d\gamma_{\mathbf{Y}} dR_1 dy.
$$

Panel A of Table 4 reports the average willingness to pay for LIHTC development per homeowner, renter, and landlord impacted by LIHTC development within neighborhoods of different types. Within Q1 income, low minority areas, the average homeowner would be willing to pay $23,257 for LIHTC development. The average renter would be willing to pay $6502 and the average landlord would be willing to pay $6011.[37] In Q1, high minority areas, the average homeowner would be willing to pay $16,838, the average renter would be willing to pay $6475, and the average landlord would be willing to pay $6099. There are substantial benefits to the community from LIHTC development in Q1 income areas. However, the opposite is true in low minority Q3 and Q4 areas. Within Q4 areas, the average homeowner would be willing to pay $6275 to deter LIHTC development, the average renter would be willing to be $67 for LIHTC development and the average landlord would be willing to pay $2416 to deter LIHTC development. In high minority, Q4 income areas, residents benefit from LIHTC development.

---

[37]The sum of the welfare benefits to landlords and renters is less than that of homeowners because renters tend to be lower income, lowering their willingness to pay.

Table 5 scales these numbers to aggregate effects to get total willingness to pay by society from LIHTC development in different areas. The units are reported in thousands of dollars. Since low income areas tend to be quite dense, as evidenced by Table A1, the aggregate benefit to homeowners from LIHTC development in Q1 income low minority areas is $57.6 million. The aggregate benefit to renters is $29.2 million and the benefit to landlords is $29.0 million. In total, society would be improved by $115.8 million from a single LIHTC development in a low income, low minority area. This number is even bigger in low income, high minority areas, ($211 million), simply because there tend to be more people living close to LIHTC in these areas. Conversely, development of LIHTC in a Q4, low minority area leads to an aggregate welfare loss of $17.4 million.

Viewing LIHTC development as a place based policy, these estimates suggests that development should be strongly targeted to low income areas. However, the location of affordable housing also influences the welfare of the tenants living in the affordable housing. Recent work by Chetty et al. (2015) finds that young children strongly benefit from growing up in lower poverty neighborhoods. While the neighborhoods types analyzed in Chetty et al. (2015) do not map directly into our definitions, they report that a child moving out of public housing and into a low poverty area gains $99,000 in presented discounted value of future income over a lifetime. If we use this number to benchmark the potential gains to LIHTC tenants living in a Q4 low minority area versus a Q1 low minority neighborhood, our estimates would imply the LIHTC development would have to house 1332 children for the benefits to the tenant to outweigh the costs to society. Given that the average LIHTC development has 82 apartments, it is impossible for 1332 children to live there during the 30 years LIHTC developments are required to remain low-income housing.

8   Conclusion

In this paper, we study multifamily housing developments funded through the Low Income Housing Tax Credit (LIHTC) to quantify the costs and benefits of affordable housing development on surrounding neighborhoods. Leveraging new econometric methods, we find that LIHTC construction has heterogenous effects on local house prices based on neighborhood characteristics. In lower income areas, house prices appreciate substantially over the long-run in response to the introduction of affordable housing projects. Areas with a high minority share also experience significant price appreciation when a LIHTC development is built. On the other hand, prices in areas with higher median incomes and low minority shares tend to depreciate over the long-run.

We employ a structural, generalized hedonic model of housing choice to link these esti-

mated price effects to individual preferences for proximity to low income housing. In areas where affordable housing developments are viewed as an amenity, higher income households are willing to pay more for proximity. Conversely, higher income households are willing to pay more to live further away from affordable housing developments in areas where such properties are viewed as a disamenity.

Our results show that affordable housing development has large welfare impacts as a place based policy, which swamp the welfare impacts to tenants living in affordable housing. Given the goals of many affordable housing policies is to decrease income and racial segregation in housing markets, these goals might be better achieved by investing in affordable housing in low income and high minority areas, which will then spark in-migration of high income and a more racially diverse set of residents. These housing market spillovers leading to broader neighborhood change appear to make a larger dent in lowering racial and income segregation in the housing market than policies which try to achieve these goals by targeting higher income or low minority areas with affordable housing developments.

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A Econometric Proofs

A.1 Univariate Case

Suppose we draw an iid sample of size n from the following nonparametric model

$$Y_i = m(x_i) + \varepsilon_i$$

where $E(\varepsilon_i|x_i) = 0$ and $Var(\varepsilon_i|x_i) = \sigma^2$. We assume that $m(x)$ is twice continuously differentiable. The variable x_i is distributed according to the joint density function:

$$f(x) : [x_{\min}, x_{\max}] \to (0, \infty).$$

We propose the following Nadaraya-Watson kernel estimator for the first derivative $m'(x_i)$:

$$
\begin{aligned}
\widehat{m}'(x) &= \frac{n^{-1}\sum_{i=1}^{n} K_{h_n}(x - x_i)\widetilde{Y}_i}{n^{-1}\sum_{i=1}^{n} K_{h_n}(x - x_i)} \\
\widetilde{Y}_i &= \sum_{j=1}^{k_{n,i}} w_j \frac{Y_{i+j} - Y_{i-j}}{x_{i+j} - x_{i-j}} \mathbf{1}\,[k_{n,i} > 0] \\
w_j &= \frac{j}{k_{n,i}(k_{n,i} + 1)/2},
\end{aligned}
\tag{25}
$$

with the observations $\{(x_{i+j}, Y_{i+j})\}_{j=1}^{k_n} \{(x_{i-j}, Y_{i-j})\}_{j=1}^{k_n}$ defined recursively by:

$$
\begin{aligned}
x_{i+1} &= \arg\min_{x > x_i + l_n} x, & x_{i-1} &= \arg\max_{x < x_i - l_n} x \\
x_{i+j} &= \arg\min_{x > x_{i+j-1}} x, & x_{i-j} &= \arg\max_{x < x_{i-j-1}} x
\end{aligned}
$$

for $j = 2, ..., k_{n,i}$ where $l_n > 0$. The random variable $k_{n,i}$ is defined as:

$$
\begin{aligned}
k_{n,i} &= \min\left(|L_{n,i}|, |U_{n,i}|, \kappa_n\right) \\
L_i &= \{x_p : x_p < x_i - l_n\} \\
U_i &= \{x_p : x_p > x_i - l_n\}
\end{aligned}
$$

for some $\kappa_n > 0$. Note:

$$
K_{h_n}(x - x_i) = \frac{1}{h_n} K\left(\frac{x - x_i}{h_n}\right),
$$

where $K(\cdot)$ is a kernel function. We have the following result:

Theorem 3 *Assume the random design model above and suppose:*

1. $K(u)$ is bounded, compactly supported, and symmetric

2. $n \to \infty, h_n \to 0, l_n \to 0, \kappa_n \to \infty$

3. $nh_n \to \infty, \kappa_n n^{-1} \to 0, l_n^2 \kappa_n \to \infty$

Then $\widehat{m}'(x) \to^p m'(x)$ for all $x \in (x_{\min}, x_{\max})$.

We prove the theorem through a sequence of lemmas.

Lemma 4 *The estimate*

$$
n^{-1} \sum_{i=1}^n K_{h_n}(x - x_i)
$$

converges in probability to $f(x)$ for all $x \in (x_{\min}, x_{\max})$.

Proof. This is a standard result. See Hardle (1990). ∎

Lemma 5 *As $n \to \infty$, the bias:*

$$
\left| E\left[\frac{1}{n} \sum_{i=1}^n K_{h_n}(x - x_i) \widetilde{Y}_i\right] - m'(x) f(x) \right| \to 0.
$$

Proof. We can control the bias of the estimator as follows:

$$\left| E\left[\frac{1}{n} \sum_{i=1}^{n} K_{h_n}\left(x - x_i\right) \widetilde{Y}_i \right] - m'\left(x\right) f\left(x\right) \right|$$

$$= \left| E\left[\frac{1}{n} \sum_{i=1}^{n} K_{h_n}\left(x - x_i\right) \sum_{j=1}^{k_{n,i}} w_j \frac{Y_{i+j} - Y_{i-j}}{x_{i+j} - x_{i-j}} \mathbf{1}\left[k_{n,i} > 0\right] \right] - m'\left(x\right) f\left(x\right) \right|$$

$$= \left| \int K_{h_n}\left(x - u\right) E\left[\sum_{j=1}^{k_{n,i}} w_j \frac{Y_{i+j} - Y_{i-j}}{x_{i+j} - x_{i-j}} \mathbf{1}\left[k_{n,i} > 0\right] \middle| x_i = u \right] f\left(u\right) du - m'\left(x\right) f\left(x\right) \right|$$

Applying Taylor's theorem, we have:

$$E\left[\sum_{j=1}^{k_{n,i}} \frac{Y_{i+j} - Y_{i-j}}{x_{i+j} - x_{i-j}} \mathbf{1}\left[k_{n,i} > 0\right] \middle| x_i = u \right]$$

$$= \sum_{j=1}^{k_{n,i}} w_j m'\left(u\right) E_i\left[\frac{x_{i+j} - x_{i-j}}{x_{i+j} - x_{i-j}} \right] P\left(k_{n,i} > 0\right)$$

$$+ \frac{1}{2} \sum_{j=1}^{k_{n,i}} w_j E_i\left[\frac{m''\left(\zeta_{i,i+j}\right)\left(x_{i+j} - x_i\right)^2 - m''\left(\zeta_{i,i-j}\right)\left(x_i - x_{i-j}\right)^2}{x_{i+j} - x_{i-j}} \mathbf{1}\left[k_{n,i} > 0\right] \right]$$

$$= m'\left(u\right) P\left(k_{n,i} > 0\right) + \frac{1}{2} \sum_{j=1}^{k_{n,i}} w_j E_i\left[\frac{m''\left(\zeta_{i,i+j}\right)\left(x_{i+j} - x_i\right)^2 - m''\left(\zeta_{i,i-j}\right)\left(x_i - x_{i-j}\right)^2}{x_{i+j} - x_{i-j}} \mathbf{1}\left[k_{n,i} > 0\right] \right]$$

where $\zeta_{i,i+j} \in \left(x_i, x_{i+j}\right)$ and $\zeta_{i,i-j} \in \left(x_{i-j}, x_i\right)$. By the triangle inequality, the bias is bounded above by

$$\left| \int K_{h_n}\left(x - u\right) m'\left(u\right)\left[1 - P\left(k_{n,i} > 0\right)\right] f\left(u\right) du - m'\left(x\right) f\left(x\right) \right|$$

$$+ \left| \int K_{h_n}\left(x - u\right) \sum_{j=1}^{k_{n,i}} w_j E_i\left[\frac{m''\left(\zeta_{i,i+j}\right)\left(x_{i+j} - x_i\right)^2 - m''\left(\zeta_{i,i-j}\right)\left(x_i - x_{i-j}\right)^2}{x_{i+j} - x_{i-j}} \mathbf{1}\left[k_{n,i} > 0\right] \right] f\left(u\right) du \right|.$$

$P\left(k_{n,i} > 0\right) \to 0$ by Hoeffding's inequality. The first term thus goes to zero as $n \to \infty$ according to the usual proof for consistency of Nadaraya-Watson estimators. See, for example, Hardle (1990). Since by assumption m is twice continuously differentiable and x

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is distriubted over a compact region, the second expression is bounded above by:

$$\sup_x |m''(x)| \int |K_{h_n}(x-u)| \sum_{j=1}^{k_{n,i}} w_j E_i \left[\frac{(x_{i+j}-x_i)^2 + (x_i - x_{i-j})^2}{x_{i+j} - x_{i-j}} \mathbf{1}\left[k_{n,i} > 0\right] \right] f(u)\, du$$

$$\leq \sup_x |m''(x)| \int |K_{h_n}(x-u)| \sum_{j=1}^{k_{n,i}} w_j E_i \left[(x_{i+j} - x_{i-j}) \mathbf{1}\left[k_{n,i} > 0\right] \right] f(u)\, du$$

It therefore suffices to show that $\sum_{j=1}^{k_{n,i}} w_j E_i \left[(x_{i+j} - x_{i-j}) \mathbf{1}\left[k_{n,i} > 0\right] \right] \to \infty$ as $n \to \infty$. Let $\delta > 0$ and set N_1 such that $l_n < \delta/2$ for all $n \geq N_1$. Letting $F_B(k; n, p)$ denote the cdf of the binomial distribution with parameters n and p, then for all $n > N_1$,

$$\sum_{j=1}^{k_{n,i}} w_j E_i \left[(x_{i+j} - x_{i-j}) \mathbf{1}\left[k_{n,i} > 0\right] \right] \leq E_i \left| x_{i+k_{n,i}} - x_{i-k_{n,i}} \right|$$

$$\leq \frac{\delta}{2} P\left(x_{i+k_{n,i}} - x_{i-k_{n,i}} < \delta/2 \right) + r_{\max} P\left(x_{i+k_{n,i}} - x_{i-k_{n,i}} \geq \delta/2 \right)$$

$$\leq \frac{\delta}{2} + r_{\max} F_B\left(\kappa_n; n-1, p_\delta\right),$$

where $p_\delta = \int_{u-\delta}^{u-l_{N_1}} f(s)\, ds + \int_{u+l_{N_1}}^{u+\delta} f(s)\, ds$. Since $\kappa_n n^{-1} \to 0$ as $n \to \infty$, there exists N_2 such that $\kappa_n n^{-1} < p_\delta/2$ for all $n > N_2$. Let $N = \max\left\{ N_1, N_2, -2\ln\left(\frac{\delta}{2r_{\max}}\right) / p_\delta^2 \right\}$. Then by Hoeffding's inequality, for all $n > N$:

$$\frac{\delta}{2} + r_{\max} F_B\left(\kappa_n; n-1, p_\delta\right) \leq \frac{\delta}{2} + r_{\max} \exp\left(-2 \frac{(np_\delta - \kappa_n)^2}{n} \right)$$

$$\leq \frac{\delta}{2} + r_{\max} \exp\left(-\frac{np_\delta^2}{2} \right)$$

$$\leq \frac{\delta}{2} + r_{\max} \frac{\delta}{2r_{\max}}$$

$$= \delta,$$

which proves the claim. ∎

Lemma 6 *As* $n \to \infty$*, the variance:*

$$Var\left(n^{-1} \sum_{i=1}^n K_{h_n}(x - x_i) \widetilde{Y}_i \right) \to 0.$$

Proof. The variance can be decomposed as:

$$n^{-1} \left\{ \begin{array}{l} \int K_{h_2}^2(x - u) E\left[\widetilde{Y}^2 | x_i = u \right] f(u)\, du \\ + \left(E\left[\frac{1}{n} \sum_{i=1}^n K_{h_n}(x - x_i) \widetilde{Y}_i \right] \right)^2 \end{array} \right\}.$$

Due to the asymptotic unbiasedness of the estimator shown above, by Hardle (1990) it suffices to show that:

$$E\left[\widetilde{Y}^2|x_i = u\right] \to \left[m'(u)\right]^2,$$

which will be the case as long as:

$$Var\left(\widetilde{Y}|x_i = u\right) \to 0.$$

Using Taylor's Theorem, this variance is:

$$Var_i\left(\sum_{j=1}^{k_{n,i}} w_j \frac{\varepsilon_{i+j} - \varepsilon_{i-j}}{x_{i+j} - x_{i-j}} + \sum_{j=1}^{k_{n,i}} w_j \frac{m''\left(\zeta_{i,i+j}\right)\left(x_{i+j} - x_i\right)^2 - m''\left(\zeta_{i,i-j}\right)\left(x_i - x_{i-j}\right)^2}{x_{i+j} - x_{i-j}}\right)$$

Using the law of total variance, this can be decomposed as:

$$Var_i\left(w_j \frac{m''\left(\zeta_{i,i+j}\right)\left(x_{i+j} - x_i\right)^2 - m''\left(\zeta_{i,i-j}\right)\left(x_i - x_{i-j}\right)^2}{x_{i+j} - x_{i-j}}\right)$$

$$+E\left[Var\left(\sum_{j=1}^{k_{n,i}} w_j \frac{\varepsilon_{i+j} - \varepsilon_{i-j}}{x_{i+j} - x_{i-j}} \Big| \left\{x_{i+j} : j = -k_{n,i}, ..., k_{n,i}\right\}\right)\right]$$

$$+Var\left(E\left[\sum_{j=1}^{k_{n,i}} w_j \frac{\varepsilon_{i+j} - \varepsilon_{i-j}}{x_{i+j} - x_{i-j}} \Big| \left\{x_{i+j} : j = -k_{n,i}, ..., k_{n,i}\right\}\right]\right)$$

$$= Var_i\left(w_j \frac{m''\left(\zeta_{i,i+j}\right)\left(x_{i+j} - x_i\right)^2 - m''\left(\zeta_{i,i-j}\right)\left(x_i - x_{i-j}\right)^2}{x_{i+j} - x_{i-j}}\right)$$

$$+E\left(Var\left[\sum_{j=1}^{k_{n,i}} w_j \frac{\varepsilon_{i+j} - \varepsilon_{i-j}}{x_{i+j} - x_{i-j}} \Big| \left\{x_{i+j} : j = -k_{n,i}, ..., k_{n,i}\right\}\right]\right)$$

since $E\left(\varepsilon_{i+j}|x_{i+j}\right) = E\left(\varepsilon_{i-j}|x_{i-j}\right) = 0$. By the work above, we know that:

$$E_i\left[\sum_{j=1}^{k_{n,i}} w_j \frac{m''\left(\zeta_{i,i+j}\right)\left(x_{i+j} - x_i\right)^2 - m''\left(\zeta_{i,i-j}\right)\left(x_i - x_{i-j}\right)^2}{x_{i+j} - x_{i-j}}\right]^2 \to 0.$$

Furthermore:

$$E_i\left[\left(\sum_{j=1}^{k_{n,i}} w_j \frac{m''\left(\zeta_{i,i+j}\right)(x_{i+j}-x_i)^2 - m''\left(\zeta_{i,i-j}\right)(x_i-x_{i-j})^2}{x_{i+j}-x_{i-j}}\right)^2\right]$$

$$\leq E_i\left[\left(\sum_{j=1}^{k_{n,i}} w_j \left|\frac{m''\left(\zeta_{i,i+j}\right)(x_{i+j}-x_i)^2 - m''\left(\zeta_{i,i-j}\right)(x_i-x_{i-j})^2}{x_{i+j}-x_{i-j}}\right|\right)^2\right]$$

$$\leq \left[\sup_x m''(x)\right]^2 E_i\left[\left(\sum_{j=1}^{k_{n,i}} w_j \frac{(x_{i+j}-x_i)^2 + (x_i-x_{i-j})^2}{x_{i+j}-x_{i-j}}\right)^2\right]$$

$$\leq \left[\sup_x m''(x)\right]^2 E_i\left[(x_{i+k}-x_{i-k})^2\right].$$

As before, Hoeffding's inequality can be used to show that this approaches zero as $n \to \infty$. Thus, the first term approaches zero as $n \to \infty$. Finally:

$$E\left[Var\left(\sum_{j=1}^{k_{n,i}} w_j \frac{\varepsilon_{i+j}-\varepsilon_{i-j}}{x_{i+j}-x_{i-j}} \mid \{x_{i+j}: j=-k_{n,i},...,k_{n,i}\}\right)\right]$$

$$= E\left[2\sigma^2 \sum_{j=1}^{k_{n,i}} \frac{w_j^2}{(x_{i+j}-x_{i-j})^2}\right]$$

$$\leq \frac{2\sigma^2}{4l_n^2} \sum_{j=1}^{k_{n,i}} \frac{j^2}{k_{n,i}\left(k_{n,i}+1\right)^2/4}$$

$$\leq \frac{\sigma^2}{3l_n^2} \frac{2\kappa_n+1}{\kappa_n\left(\kappa_n+1\right)}$$

$$\leq \frac{\sigma^2}{3l_n^2\kappa_n}$$

$$\to 0$$

since $l_n^2\kappa_n \to \infty$ as $n \to \infty$, which proves the claim. ∎

The previous two lemmas show that the numerator of equation (25) converges in mean-square error to zero, which implies convergence in probability. The theorem thus follows by Slutsky's theorem.

A.2 Multivariate Case

We now extend our estimation procedure to the multidimensional case. Suppose we draw an iid sample of size n from the following nonparametric model

$$Y_i = m\left(\mathbf{X}_i\right) + \varepsilon_i$$

where $E\left(\varepsilon_i|\mathbf{X}_i\right) = 0$ and $Var\left(\varepsilon_i|\mathbf{X}_i\right) = \sigma^2$. We assume that $\mathbf{X}_i = (x_{1,i}, ...x_{D,i}) \in \mathbb{R}^D$ and m is twice continuously differentiable in all of its arguments. The variables $\mathbf{X}_i$ are distributed according to the joint density function:

$$f\left(\mathbf{X}\right) : \prod_{d=1}^{D} [x_{d,\min}, x_{d,\max}] \rightarrow (0, \infty).$$

We propose the following Nadaraya-Watson kernel estimator for the first derivative $\partial m/\partial x_d$:

$$\frac{\partial \widehat{m}}{\partial x_d} = \frac{n^{-1} \sum_{i=1}^{n} K_{\mathbf{H}_n}\left(\mathbf{X} - \mathbf{X}_i\right) \widetilde{Y}_i}{n^{-1} \sum_{i=1}^{n} K_{\mathbf{H}_n}\left(\mathbf{X} - \mathbf{X}_i\right)} \tag{26}$$

$$\widetilde{Y}_i = \sum_{j=1}^{k_{n,i}} w_j \frac{Y_{a(j,i,d)} - Y_{b(j,i,d)}}{x_{d,a(j,i,d)} - x_{d,b(j,i,d)}}$$

$$w_j = \frac{j}{k_{n,i}\left(k_{n,i}+1\right)/2},$$

with the observations $\left\{\left(\mathbf{X}_{a(j,i,d)}, Y_{a(j,i,d)}\right)\right\}_{j=1}^{k_n} \left\{\left(\mathbf{X}_{b(j,i,d)}, Y_{b(j,i,d)}\right)\right\}_{j=1}^{k_n}$ defined recursively by:

$$a\left(1,i,d\right) = \arg\min_{\left\{p \in L_{d,i} : x_{d,p} > x_{d,i}+l_n\right\}} x_{d,p}, \quad b\left(1,i,d\right) = \arg\max_{\left\{p \in L_{d,i} : x_{d,p} < x_{d,i}-l_n\right\}} x_{d,p}$$

$$a\left(j,i,d\right) = \arg\min_{\left\{p \in L_{d,i} : x_{d,p} > x_{d,a(j-1,i,d)}\right\}} x_{d,p}, \quad b\left(j,i,d\right) = \arg\max_{\left\{p \in L_{d,i} : x_{d,p} < x_{d,b(j-1,i,d)}\right\}} x_{d,p}$$

for $j = 2, ..., k_{n,i}$ where $l_n > 0$ and:

$$L_{d,i} := \left\{ p \in \{1, ..., n\} : \frac{\left(x_{q,p} - x_{q,i}\right)^2}{\left(x_{d,p} - x_{d,i}\right)^2} < \vartheta_n \text{ for all } q \neq d \right\}$$

for some $\vartheta_n > 0$. Letting $\mathbf{H}_n = (h_{1,n}, ..., h_{D,n})$, note that:

$$K_{\mathbf{H}_n}\left(\mathbf{X} - \mathbf{X}_i\right) = \frac{1}{h_{1,n} \cdots h_{D,n}} K\left(\frac{x_1 - x_{1,i}}{h_{1,n}}, ..., \frac{x_D - x_{D,i}}{h_{D,n}}\right),$$

where $K\left(\cdot\right)$ is a kernel function. We have the following result:

Theorem 7 *Assume the random design model above and suppose:*

1. *$K\left(u\right)$ is bounded, compactly supported, and spherically symmetric.*

2. *$n \rightarrow \infty, h_n \rightarrow 0, l_n \rightarrow 0, k_n \rightarrow \infty, \vartheta_n \rightarrow 0$*

3. *$nh_n \rightarrow \infty, k_n n^{-1} \rightarrow 0, l_n^2 k_n \rightarrow \infty$*

Then:

$$\frac{\partial \widehat{m}}{\partial x_d}\left(\mathbf{X}\right) \rightarrow^p \frac{\partial m}{\partial x_d}\left(\mathbf{X}\right)$$

for all $\mathbf{X} \in \prod_{d=1}^{D} \left(x_{d,\min}, x_{d,\max} \right).$

We again prove the result in a sequence of lemmas.

Lemma 8 *The estimate*

$$n^{-1} \sum_{i=1}^{n} K_{\mathbf{H}_n} \left(\mathbf{X} - \mathbf{X}_i \right)$$

converges in probability to $f(\mathbf{X})$ *for all* $\mathbf{X} \in \prod_{d=1}^{D} \left(x_{d,\min}, x_{d,\max} \right).$

Proof. This is a standard result. See Hardle (1990). ∎

Lemma 9 *As* $n \to \infty$, *the bias:*

$$\left| E \left[n^{-1} \sum_{i=1}^{n} K_{\mathbf{H}_n} \left(\mathbf{X} - \mathbf{X}_i \right) \widetilde{Y}_i \right] - \frac{\partial m}{\partial x_d} (\mathbf{X}) f(\mathbf{X}) \right| \to 0.$$

Proof. Write the bias as:

$$\left| E \left[\frac{1}{n} \sum_{i=1}^{n} K_{\mathbf{H}_n} \left(\mathbf{X} - \mathbf{X}_i \right) \widetilde{Y}_i \right] - \frac{\partial m}{\partial x_d} (\mathbf{X}) f(\mathbf{X}) \right|$$

$$= \left| \int \sum_{i=1}^{n} K_{\mathbf{H}_n} \left(\mathbf{X} - \mathbf{U} \right) E \left[\sum_{j=1}^{k_n} w_j \frac{Y_{a(j,i,d)} - Y_{b(j,i,d)}}{x_{d,a(j,i,d)} - x_{d,b(j,i,d)}} | \mathbf{X}_i = \mathbf{U} \right] f(\mathbf{U}) \, d\mathbf{U} - \frac{\partial m}{\partial x_d} (\mathbf{X}) f(\mathbf{X}) \right|$$

where $\mathbf{U} = \left(u_1, ..., u_D \right)$ and $d\mathbf{U} = du_1 \cdots du_D$. Applying Taylor's theorem as in the univariate case, we have:

$$E \left[\sum_{j=1}^{k_n} w_j \frac{Y_{a(j,i,d)} - Y_{b(j,i,d)}}{x_{d,a(j,i,d)} - x_{d,b(j,i,d)}} | \mathbf{X}_i = \mathbf{U} \right]$$

$$= \sum_{j=1}^{k_n} \sum_{q=1}^{D} w_j \frac{\partial m}{\partial x_q} (\mathbf{U}) E_i \left[\frac{x_{q,a(j,i,d)} - x_{q,b(j,i,d)}}{x_{d,a(j,i,d)} - x_{d,b(j,i,d)}} \right]$$

$$+ \sum_{j=1}^{k_n} \sum_{|\alpha|=2} w_j E_i \left[\frac{R_\alpha \left(\mathbf{X}_{a(j,i,d)} \right) \left(X_{a(j,i,d)} - X_i \right)^\alpha - R_\alpha \left(\mathbf{X}_{b(j,i,d)} \right) \left(X_{b(j,i,d)} - X_i \right)^\alpha}{x_{d,a(j,i,d)} - x_{d,b(j,i,d)}} \right],$$

where we have used the multi-index notation with $\alpha \in \mathbb{N}^D$ and where $R_\alpha (\cdot)$ denotes the remainder of the Taylor expansion. By the triangle inequality, the bias is therefore bounded above by

$$\left| \int K_{\mathbf{H}_n} \left(\mathbf{X} - \mathbf{U} \right) \frac{\partial m}{\partial x_d} (\mathbf{U}) f(\mathbf{U}) \, d\mathbf{U} - \frac{\partial m}{\partial x_d} (\mathbf{X}) f(\mathbf{X}) \right| + \left| \int K_{\mathbf{H}_n} \left(\mathbf{X} - \mathbf{U} \right) \sum_{j=1}^{k_n} \sum_{q \neq d} \frac{\partial m}{\partial x_q} (\mathbf{U}) \sqrt{\vartheta_n} f(\mathbf{U}) \, d\mathbf{U} \right|$$

$$+ \left| \int K_{\mathbf{H}_n} \left(\mathbf{X} - \mathbf{U} \right) \sum_{j=1}^{k_n} \sum_{|\alpha|=2} w_j E_i \left[\frac{R_\alpha \left(\mathbf{X}_{a(j,i,d)} \right) \left(X_{a(j,i,d)} - X_i \right)^\alpha - R_\alpha \left(\mathbf{X}_{b(j,i,d)} \right) \left(X_{b(j,i,d)} - X_i \right)^\alpha}{x_{d,a(j,i,d)} - x_{d,b(j,i,d)}} \right] f(\mathbf{U}) \, d\mathbf{U} \right|.$$

The first term converges to zero as $n \to \infty$ by the usual consistency proof for multivariate Nadaraya-Watson estimates. The second term converges to zero since $\vartheta_n \to 0$ as $n \to \infty$. The final term is bounded above by:

$$\sup_{|\alpha|=2} \sup_{\mathbf{X}} |D^\alpha m(\mathbf{X})| \int |K_{\mathbf{H}_n}(\mathbf{X} - \mathbf{U})| \sum_{j=1}^{k_n} \sum_{|\alpha|=2} w_j E_i \left[\frac{\left(X_{a(j,i,d)} - X_i\right)^\alpha + \left(X_{b(j,i,d)} - X_i\right)^\alpha}{x_{d,a(j,i,d)} - x_{d,b(j,i,d)}} \right] f(\mathbf{U}) \, d\mathbf{U}$$

$$\leq \sup_{|\alpha|=2} \sup_{\mathbf{X}} |D^\alpha m(\mathbf{X})| \int |K_{\mathbf{H}_n}(\mathbf{X} - \mathbf{U})| \sum_{j=1}^{k_n} w_j \left(1 + (D-1)\sqrt{\vartheta_n} + \frac{D(D-1)}{2} \vartheta_n \right) E_i \left[x_{d,a(j,i,d)} - x_{d,b(j,i,d)} \right] f(\mathbf{U}) \, d\mathbf{U},$$

which converges to zero by Hoeffding's inequality as in the univariate case and since $\vartheta_n \to 0$ as $n \to \infty$ ∎

Table 1: Summary Statistics

Panel A: 1990 Census Block Group Data

	Whole US	Counties in Sample	Block Groups with LIHTC Development Sites
1990 Black Share	0.1212	0.1164	0.2402
	[0.2399]	[0.2334]	[0.3121]
1990 Hispanic Share	0.0827	0.1526	0.2363
	[0.1668]	[0.2091]	[0.2518]
1990 Median Income	56482	66652	44694
	[28730]	[32620]	[23208]

Panel B: LIHTC Developments

	All LIHTC	Estimation Sample
Year Funds Allocated	1997.6	2000.8
	[6.70]	[5.55]
# Low Income Units	60.3	82.2
	[71.5]	[86.3]
% Units Low Income	0.97	0.96
	[0.13]	[0.13]
New Construction	0.63	0.58
	[0.48]	[0.49]
Rehab Existing Building	0.37	0.42
	[0.48]	[0.49]
In Central City	0.46	0.64
	[0.50]	[0.48]
In Metro,Non-Central City	0.30	0.36
	[0.46]	[0.48]
In Rural Area	0.24	0
	[0.43]	[0]
Observations	32799	6882

Panel C: DataQuick & HMDA Data

	Transactions<1 mi of LIHTC Site	Transactions<.5 mi of LIHTC Site	Transactions<.2 mi of LIHTC Site	Transactions<.1 mi of LIHTC Site
Housing Transaction Price	305610	284742	268217	270652
	[336428]	[380557]	[404520]	[471396]
Housing Transaction Price -HMDA Matched	323703	302575	284829	284256
	[319851]	[364203]	[377024]	[411580]
% of Home Buyers Black	0.0612	0.068	0.0735	0.0726
	[0.4670]	[0.4737]	[0.4800]	[0.4802]
Income of Home Buyer	97619	94375	92649	93299
	[50859]	[51099]	[52625]	[54365]
Housing Transactions	8164281	3430606	807411	241875

Panel D: Crime Rates within 1 mi of LIHTC Sites

	Low Minority Income Q1/2	High Minority Income Q1/2	Low Minority Income Q3/4	High Minority Income Q3/4
Annual Violent Crimes	617.1	586.9	383.3	453.0
per Square Mile	[2720.7]	[1557.8]	[2044.2]	[1154.0]
Annual Property Crimes	2523.2	1083.1	1495.1	982.3
per Square Mile	[9701.8]	[2787.6]	[7155.5]	[2670.2]
Observations	678030	2452968	989424	559950

Note: All prices inflated to 2012 dollars. Standard deviations in brackets. Crime data covers San Diego 2003-2014, Chicago 2001-2014, and San Francisco 2007-2014 for 127 LIHTC Sites. An observation for crime data is a 0.025 square mile area.

Table 2: Welfare Impacts of LIHTC on Households (LIHTC Amenity)

ΔU_i	Homeowners	Renters	Landlords
$R_{pre} > R_{0,\mathbf{Y}}, R_{1,i}^* > R_{0,\mathbf{Y}}$	0	0	0
$R_{pre} > R_{0,\mathbf{Y}}, R_{1,i}^* < R_{0,\mathbf{Y}}$	$\gamma_{i,\mathbf{Y}} \log\left(1 + R_{0,\mathbf{Y}} - R_{1,i}^*\right) - \widetilde{m}_{\mathbf{Y}}\left(R_{1,i}^*\right)$	$\gamma_{i,\mathbf{Y}} \log\left(1 + R_{0,\mathbf{Y}} - R_{1,i}^*\right) - \widetilde{m}_{\mathbf{Y}}\left(R_{1,i}^*\right)$	0
$R_{pre} < R_{0,\mathbf{Y}}, R_{1,i}^* > R_{0,\mathbf{Y}}$	$\widetilde{m}_{\mathbf{Y}}\left(R_{pre}\right)$	0	$\widetilde{m}_{\mathbf{Y}}\left(R_{1,i}^*\right)$
$R_{pre} < R_{0,\mathbf{Y}}, R_{1,i}^* < R_{0,\mathbf{Y}}$	$\gamma_{i,\mathbf{Y}} \log\left(1 + R_{0,\mathbf{Y}} - R_{1,i}^*\right) + \widetilde{m}_{\mathbf{Y}}\left(R_{pre}\right) - \widetilde{m}_{\mathbf{Y}}\left(R_{1,i}^*\right)$	$\gamma_{i,\mathbf{Y}} \log\left(1 + R_{0,\mathbf{Y}} - R_{1,i}^*\right) - \widetilde{m}_{\mathbf{Y}}\left(R_{1,i}^*\right)$	$\widetilde{m}_{\mathbf{Y}}\left(R_{1,i}^*\right)$

Note: R_{pre} represents distance of household's chosen location before LIHTC development from new LIHTC development site. $R_{1,i}^*$ represents chosen distance from LIHTC development site when household reoptimizes location post LIHTC development. $R_{0,\mathbf{Y}}$ represents max distance at which LIHTC proximity can impact utility. Each row and column pair represents a different household type. Entry summarizes welfare impact of LIHTC development when agents view LIHTC proximity as an amenity.

Table 3: Welfare Impacts of LIHTC on Households (LIHTC Disamenity)

ΔU_i	Homeowners	Renters	Landlords
$R_{pre} > R_{0,\mathbf{Y}}, R_{1,i}^* > R_{0,\mathbf{Y}}$	0	0	0
$R_{pre} > R_{0,\mathbf{Y}}, R_{1,i}^* < R_{0,\mathbf{Y}}$	$\gamma_{i,\mathbf{Y}} \log\left(\frac{1+R_{1,i}^*}{1-R_{0,\mathbf{Y}}}\right) - \widetilde{m}_{\mathbf{Y}}\left(R_{1,i}^*\right)$	$\gamma_{i,\mathbf{Y}} \log\left(\frac{1+R_{1,i}^*}{1-R_{0,\mathbf{Y}}}\right) - \widetilde{m}_{\mathbf{Y}}\left(R_{1,i}^*\right)$	0
$R_{pre} < R_{0,\mathbf{Y}}, R_{1,i}^* > R_{0,\mathbf{Y}}$	$\widetilde{m}_{\mathbf{Y}}\left(R_{pre}\right)$	0	$\widetilde{m}_{\mathbf{Y}}\left(R_{1,i}^*\right)$
$R_{pre} < R_{0,\mathbf{Y}}, R_{1,i}^* < R_{0,\mathbf{Y}}$	$\gamma_{i,\mathbf{Y}} \log\left(\frac{1+R_{1,i}^*}{1-R_{0,\mathbf{Y}}}\right) + \widetilde{m}_{\mathbf{Y}}\left(R_{pre}\right) - \widetilde{m}_{\mathbf{Y}}\left(R_{1,i}^*\right)$	$\gamma_{i,\mathbf{Y}} \log\left(\frac{1+R_{1,i}^*}{1-R_{0,\mathbf{Y}}}\right) - \widetilde{m}_{\mathbf{Y}}\left(R_{1,i}^*\right)$	$\widetilde{m}_{\mathbf{Y}}\left(R_{1,i}^*\right)$

Note: R_{pre} represents distance of household's chosen location before LIHTC development from new LIHTC development site. $R_{1,i}^*$ represents chosen distance from LIHTC development site when household reoptimizes location post LIHTC development. $R_{0,\mathbf{Y}}$ represents max distance at which LIHTC proximity can impact utility. Each row and column pair represents a different household type. Entry summarizes welfare impact of LIHTC development when agents view LIHTC proximity as a disamenity.

Table 4: Mean Utility Benefit per Household from LIHTC Construction

Panel A: Low Minority Areas

	Income Q1	Income Q2	Income Q3	Income Q4
Average Benefit per Home Owner	23257	204	-4419	-6275
Average Benefit per Renter	6502	67	234	67
Average Benefit per Landlord	6011	46	-2843	-2416

Panel B: High Minority Areas

	Income Q1	Income Q2	Income Q3	Income Q4
Average Benefit per Home Owner	16838	1942	-1054	1355
Average Benefit per Renter	6475	190	342	971
Average Benefit per Landlord	6099	1288	375	1090

Note: Mean welfare benefit from LIHTC construction to households who choose to live nearby. Utility is measured in 2012 dollars. To decompose effect between renters and landlords we assume the present discounted value of future rents is equal to house prices.

Table 5: Total Utility Benefit to Households from LIHTC Construction

Panel A: Low Minority Areas

	Income Q1	Income Q2	Income Q3	Income Q4
Aggregate Benefit to Home Owners	57,585	60.29	-4,605	-14,232
Aggregate Benefit to Renters	29,208	23.87	258	78.48
Aggregate Benefit to Landlords	29,048	28.42	-3,331	-3,208
Aggregate Benefit to Society	115841	112.6	-7,678	-17,362

Panel B: High Minority Areas

	Income Q1	Income Q2	Income Q3	Income Q4
Aggregate Benefit to Home Owners	63,388	1,164	-3,827	6,038
Aggregate Benefit to Renters	73,417	314.7	1,903	4,861
Aggregate Benefit to Landlords	74,236	2,672	2,262	5,907
Aggregate Benefit to Society	211041	4,150	338	16,806

Note: Total welfare benefit from LIHTC construction to households. Utility is measured in thousands of 2012 dollars. To decompose effect between renters and landlords we assume the present discounted value of future rents is equal to house prices.

Figure 1: Counties Used in Analysis
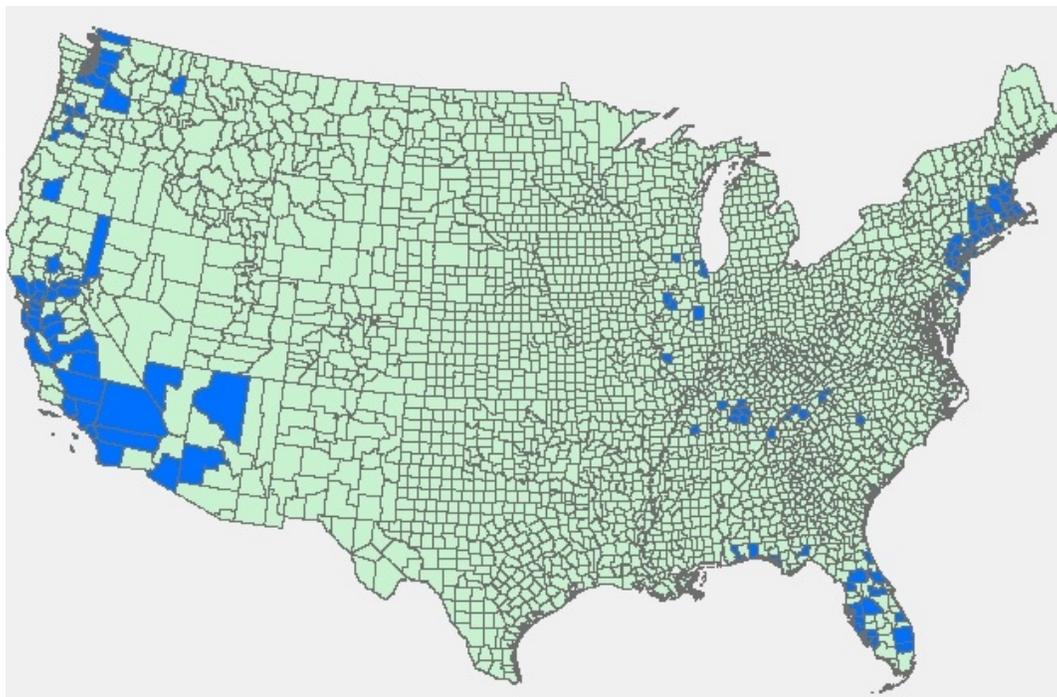
Note: Counties were selected based on whether the history of housing transaction data began in 1996 or earlier and had at least an average of 1000 arm-length transactions per year. This gives 129 counites in 15 states.

Figure 2: Example of Bowtie Threshold Used in Empirical Derivatives
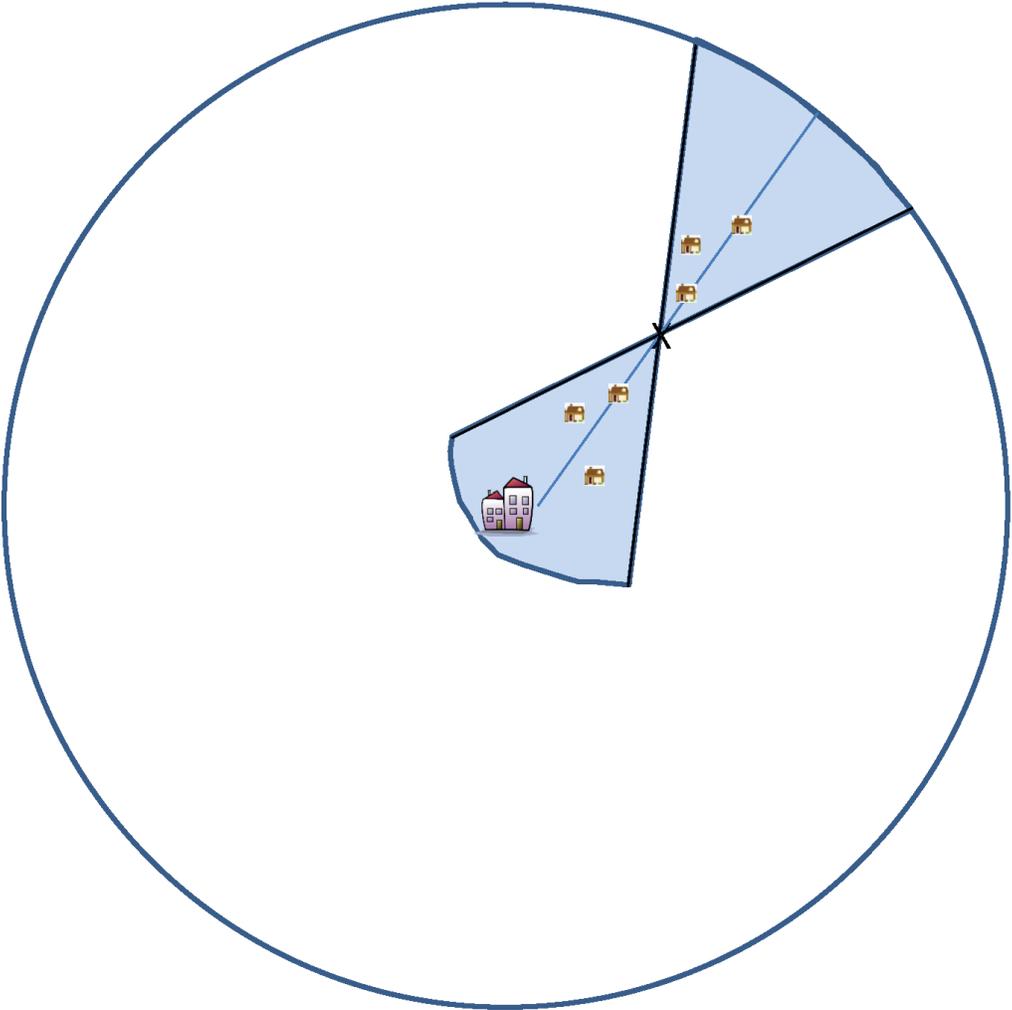
Note: LIHTC site is located in the middle of the ring. The site marked X is where the empirical derivative with respect to LIHTC distance is being measured. Houses inside the shaded region are candidates for the empirical derivative calculation.

Figure 3: Average Price Impact of LIHTC
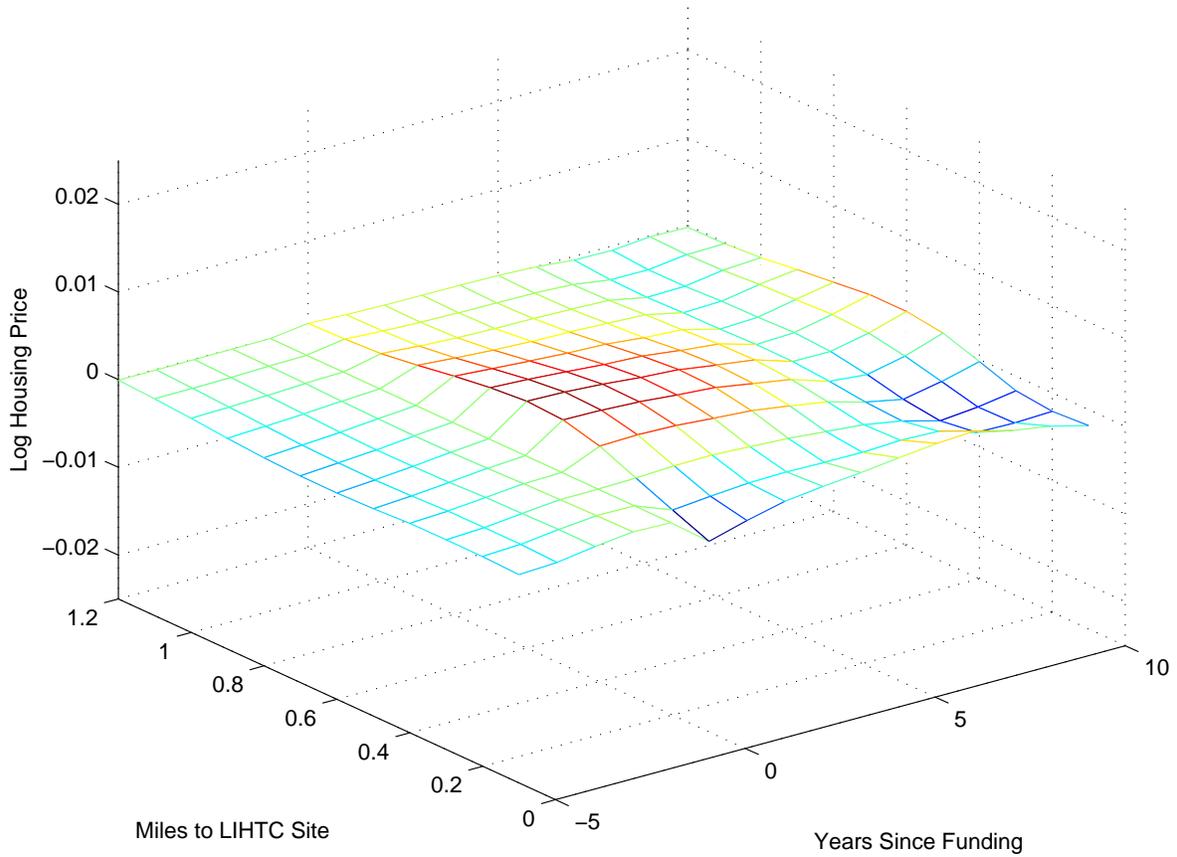
Note: Kernel smoothed estimates of log house prices using Nadaraya-Watson estimator with Epanechnikov kernel. Estimates integrate over the estimated derivatives to measure log price levels at a given distance from LIHTC site, relative to 1.4 miles away.

Figure 4: Price Impact of LIHTC by Neighborhood Median Income

(a) Q1 Income Neighorhoods
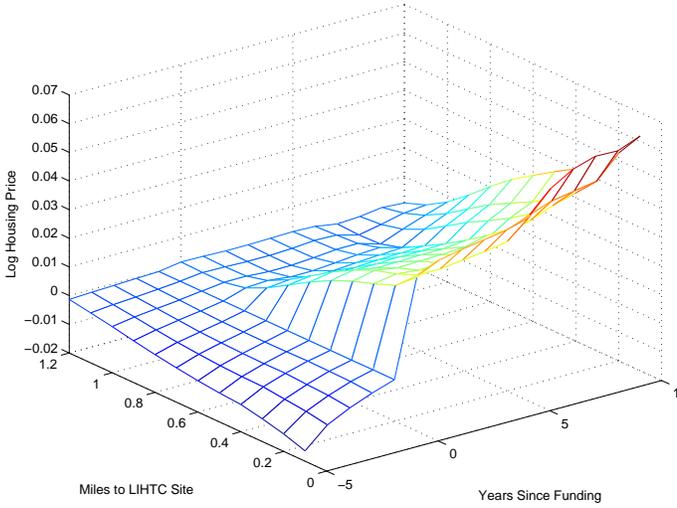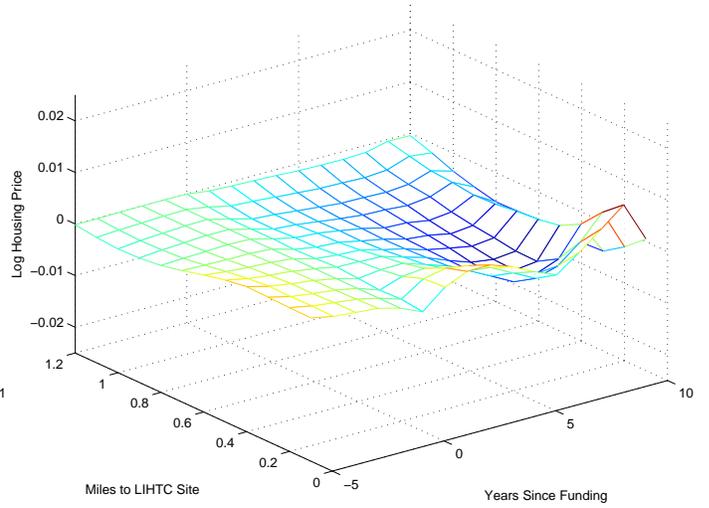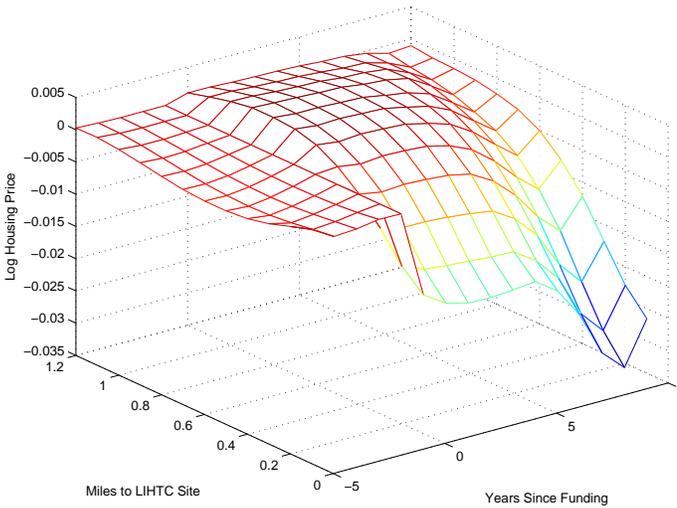
(b) Q2 Income Neighorhoods

(c) Q3 Income Neighorhoods

(d) Q4 Income Neighorhoods

Note: Kernel smoothed estimates of log house prices using Nadaraya-Watson estimator with Epanechnikov kernel. Estimates integrate over the estimated derivatives to measure log price levels at a given distance from LIHTC site, relative to 1.4 miles away. Household median income quartile cutoffs are $26017, $38177, and $54642 in 2012 dollars, as reported in the 1990 Census block group of the LIHTC site.

Figure 5: Price Impact of LIHTC by Median Income within High Minority Neighborhoods

(a) Q1 & Q2 Income, High Minority Neighorhoods
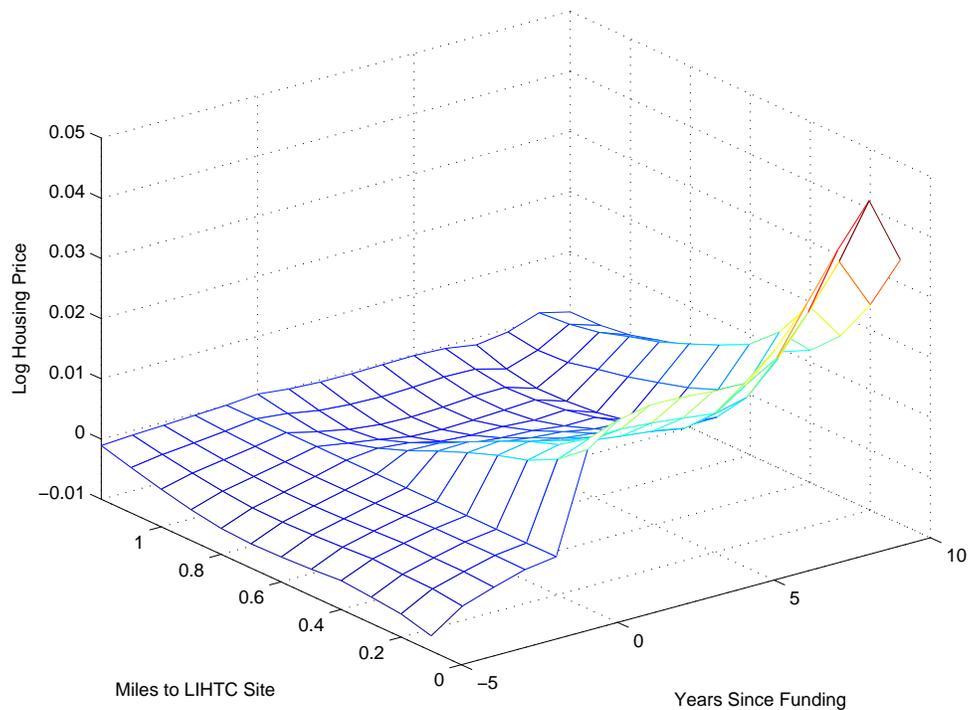
(b) Q3 & Q4 Income, High Minority Neighorhoods
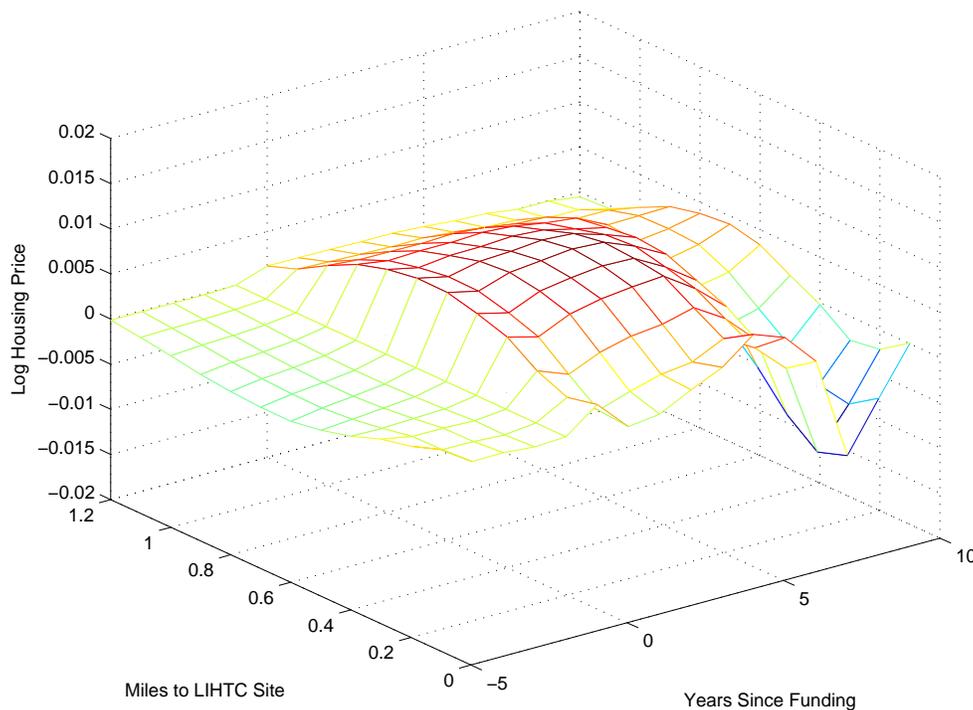
Note: Kernel smoothed estimates of log house prices using Nadaraya-Watson estimator with Epanechnikov kernel. Household median income quartile cutoffs are $26017, $38177, and $54642 in 2012 dollars, as reported in the 1990 Census block group of the LIHTC site.

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Figure 6: Impact of LIHTC on Derivative of Log House Prices wrt miles from LIHTC vs miles to LIHTC:

Impacts 0 to 5 years post LIHTC Funding

Note: Kernel smoothed estimates of log house price derivatives with respect to distance to LIHTC using Nadaraya-Watson estimator with Epanechnikov kernel. Household median income quartile cutoffs are $26017, $38177, and $54642 in 2012 dollars, as reported in the 1990 Census block group of the LIHTC site. An LIHTC project is consider high minority share if at least 50% of the census block group where the LIHTC project is located was Black or Hispanic as reported in the 1990 census. Dashed lines are fully non-parametric estimate and confidence intervals. Solid line represents effect truncated to zero for distances beyond which the first time the non-parametric estimate crosses zero or gets closest to zero. These price effects are used in structural model of preference estimation. Standard errors estimated using a block-bootstrap with 500 simimulations where sampling is done over LIHTC sites. Dashed lines measure 90% confidence interval.

Figure 7: Impact of LIHTC on Derivative of Log House Prices wrt miles from LIHTC vs miles to LIHTC:

Impacts 6 to 10 years post LIHTC Funding

Note: Kernel smoothed estimates of log house price derivatives with respect to distance to LIHTC using Nadaraya-Watson estimator with Epanechnikov kernel. Household median income quartile cutoffs are $26017, $38177, and $54642 in 2012 dollars, as reported in the 1990 Census block group of the LIHTC site. An LIHTC project is consider high minority share if at least 50% of the census block group where the LIHTC project is located was Black or Hispanic as reported in the 1990 census. Dashed lines are fully non-parametric estimate and confidence intervals. Solid line represents effect truncated to zero for distances beyond which the first time the non-parametric estimate crosses zero or gets closest to zero. These price effects are used in structural model of preference estimation. Standard errors estimated using a block-bootstrap with 500 simiulations where sampling is done over LIHTC sites. Dashed lines measure 90% confidence interval.

Figure 8: Impact of LIHTC on Homebuyer Income:

Impacts 0 to 10 years post LIHTC Funding
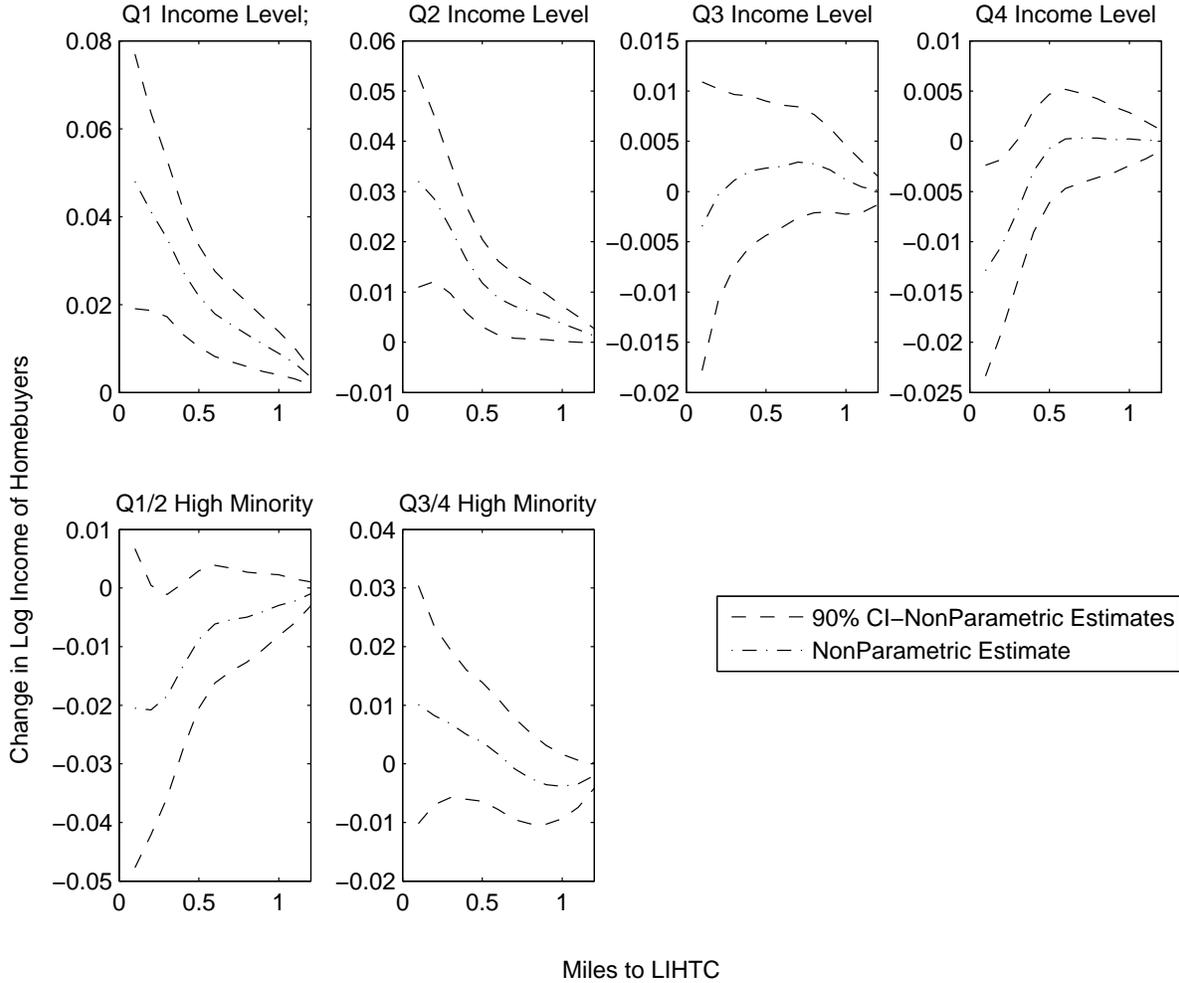
Note: Kernel smoothed estimates of log homebuyer income which are black using Nadaraya-Watson estimator with Epanechnikov kernel. Household median income quartile cutoffs are $26017, $38177, and $54642 in 2012 dollars, as reported in the 1990 Census block group of the LIHTC site. An LIHTC project is consider high minority share if at least 50% of the census block group where the LIHTC project is located was Black or Hispanic as reported in the 1990 census. Dashed lines are fully non-parametric estimate and confidence intervals. Standard errors estimated using a block-bootstrap with 500 simiulations where sampling is done over LIHTC sites. Dashed lines measure 90% confidence interval.

Figure 9: Impact of LIHTC on Black Share of Homebuyers:

Impacts 0 to 10 years post LIHTC Funding
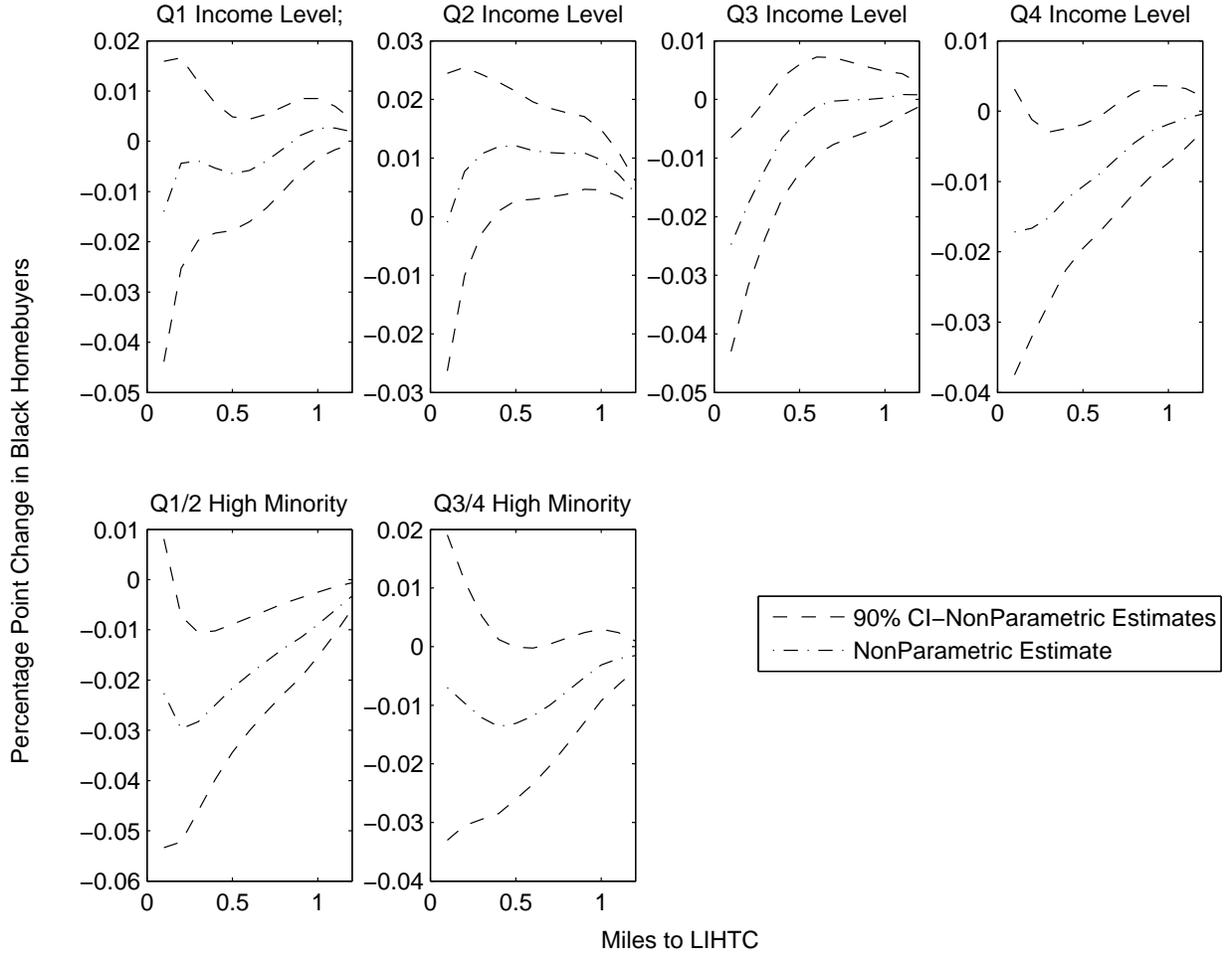
Note: Kernel smoothed estimates of percent of homebuyers which are black using Nadaraya-Watson estimator with Epanechnikov kernel. Household median income quartile cutoffs are $26017, $38177, and $54642 in 2012 dollars, as reported in the 1990 Census block group of the LIHTC site. An LIHTC project is consider high minority share if at least 50% of the census block group where the LIHTC project is located was Black or Hispanic as reported in the 1990 census. Dashed lines are fully non-parametric estimate and confidence intervals. Solid line represents effect truncated to zero for distances beyond which the first time the non-parametric estimate crosses zero or gets closest to zero. These price effects are used in structural model of preference estimation. Standard errors estimated using a block-bootstrap with 500 simiulations where sampling is done over LIHTC sites. Dashed lines measure 90% confidence interval.

Figure 10: Crime Impacts of LIHTC by Neighborhood Median Income

(a) Property Crime in High Minority Neighorhoods
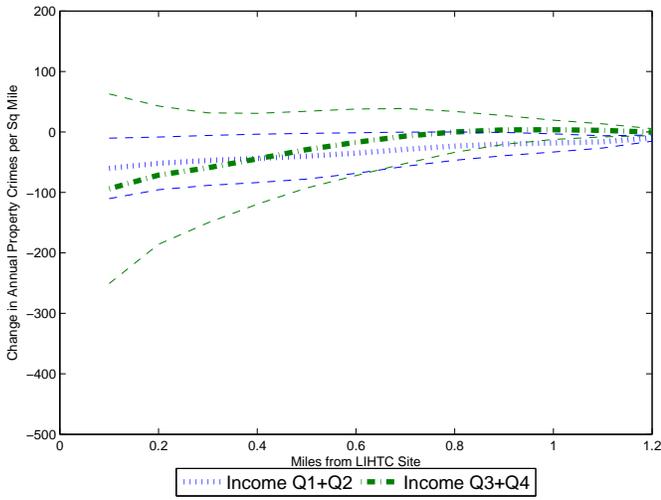
(b) Property Crime in Low Minority Neighorhoods
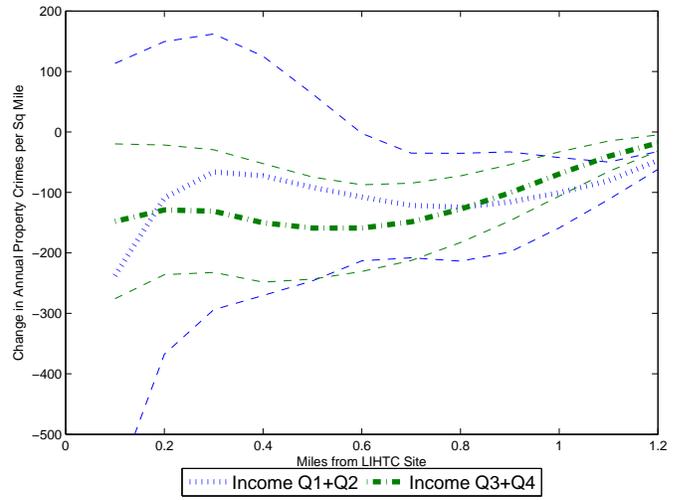
(c) Violent Crime in High Minority Neighorhoods
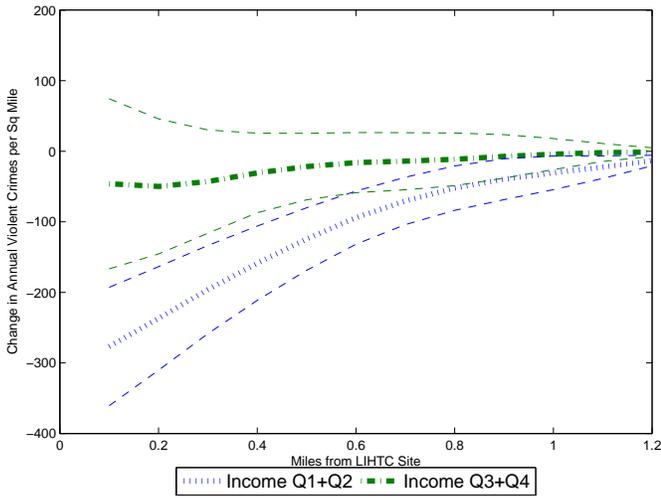
(d) Violent Crime in Low Minority Neighorhoods
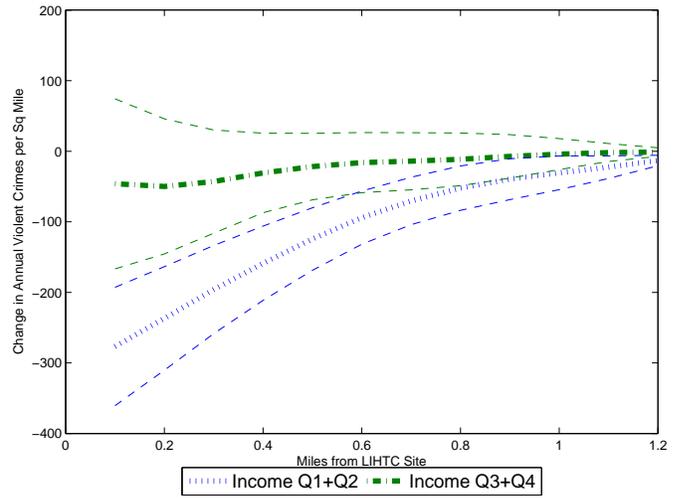
Note: Kernel smoothed estimates of annual crimes per square mile using Nadaraya-Watson estimator with Epanechnikov kernel. Estimates integrate over the estimated derivatives to measure log crimes per square mile at a given distance from LIHTC site, relative to 1.4 miles away. Household median income quartile cutoffs are $26017, $38177, and $54642 in 2012 dollars, as reported in the 1990 Census block group of the LIHTC site.

Figure 11: Mean Willingness to Pay to Live 0.1 miles from LIHTC: Low Minority Areas

(a) Q1 Income Neighborhoods

(b) Q2 Income Neighborhoods
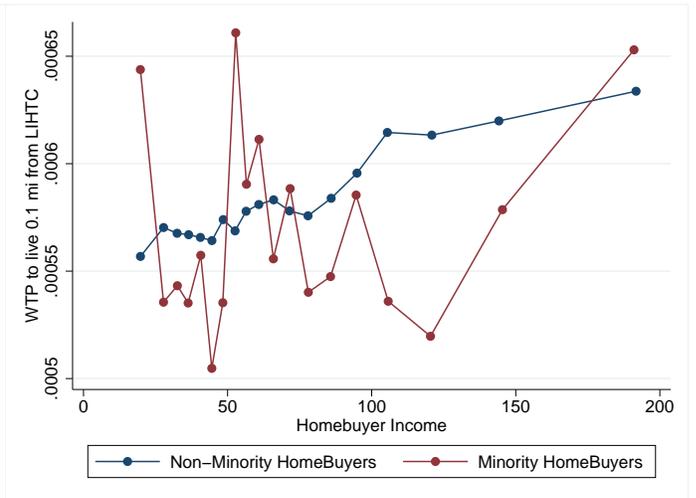
(c) Q3 Income Neighborhoods
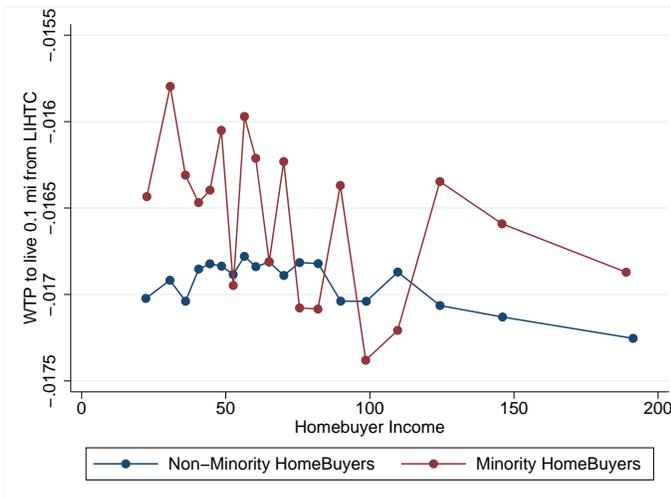
(d) Q4 Income Neighborhoods
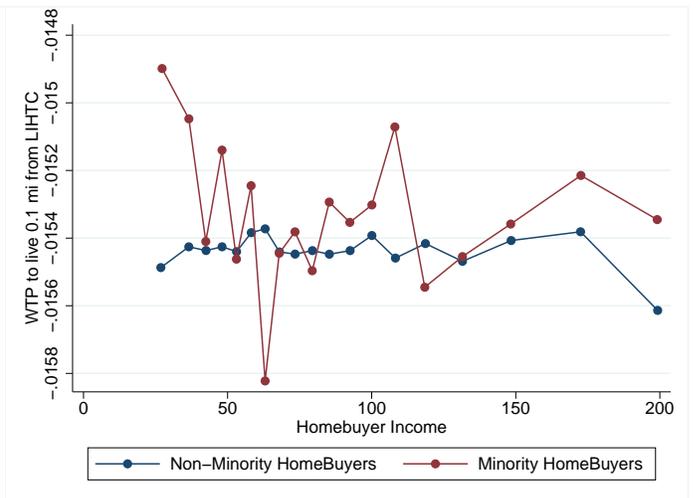
Note: Willingness to pay is measured as a percentage of the hombuyer's houseprice. Household median income quartile cutoffs are $26017, $38177, and $54642 in 2012 dollars, as reported in the 1990 Census block group of the LIHTC site. Reported preferences are for households who choose to live close to LIHTC development.

Figure 12: Mean Willingness to Pay to Live 0.1 miles from LIHTC: High Minority Areas

(a) Q1 Income Neighorhoods

(b) Q2 Income Neighborhoods
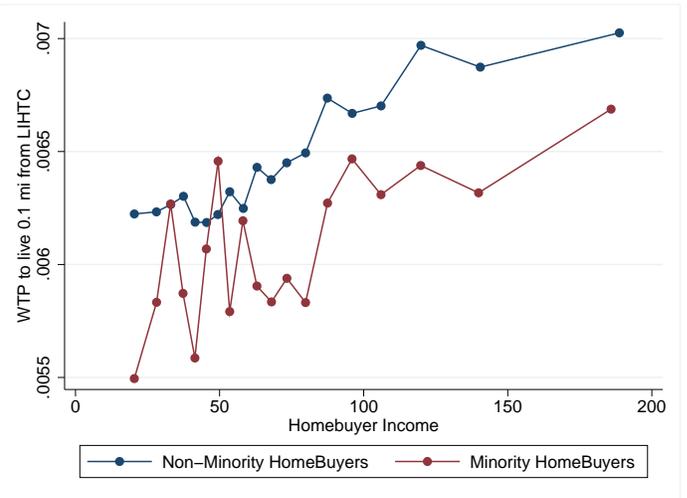
(c) Q3 Income Neighborhoods
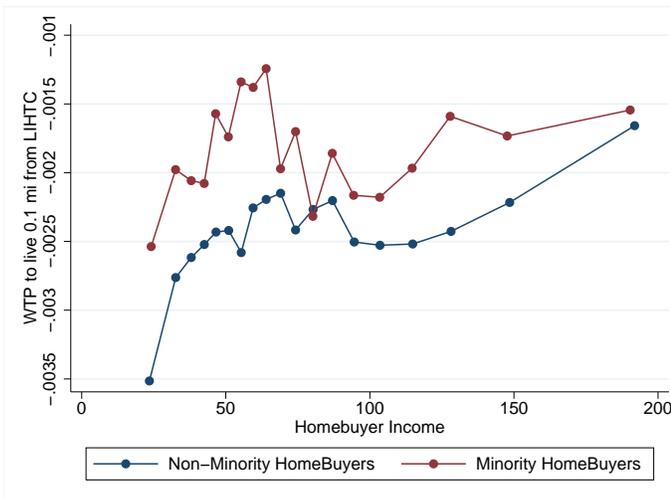
(d) Q4 Income Neighborhoods
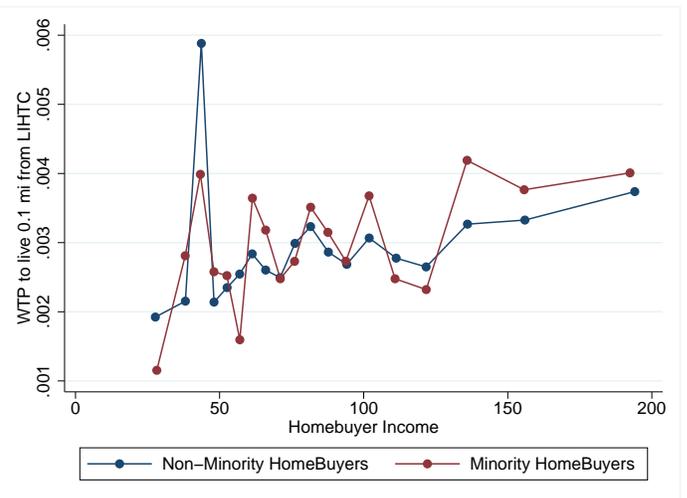
Note: Willingness to pay is measured as a percentage of the hombuyer's houseprice. Household median income quartile cutoffs are \$26017, \$38177, and \$54642 in 2012 dollars, as reported in the 1990 Census block group of the LIHTC site. Reported preferences are for households who choose to live close to LIHTC development.

Table A1: Median # of Households Impacted by LIHTC Development

Panel A: Low Minority Areas

	Income Q1	Income Q2	Income Q3	Income Q4
# Renting HHs Impacted by LIHTC	4832.5	621	1171.5	1328
# Owning HHs Impacted by LIHTC	2476	296	1042	2268
Observations	658	884	1768	2463

Panel B: High Minority Areas

|	Income Q1	Income Q2	Income Q3	Income Q4
# Renting HHs Impacted by LIHTC	12171	2075	6028	5422
# Owning HHs Impacted by LIHTC	3764.5	599	3630	4456.5
Observations	2248	1817	1267	340

Note: Median number of renting and home owning households living within the area impacted by LIHTC development, as meaured in the 2007-2012 ACS. Standard deviation in brackets below. Each observation is a neighborhood around a LIHTC development.

Figure A1: Mean Willingness to Pay to Live 0.1 miles from LIHTC: Low Minority Areas
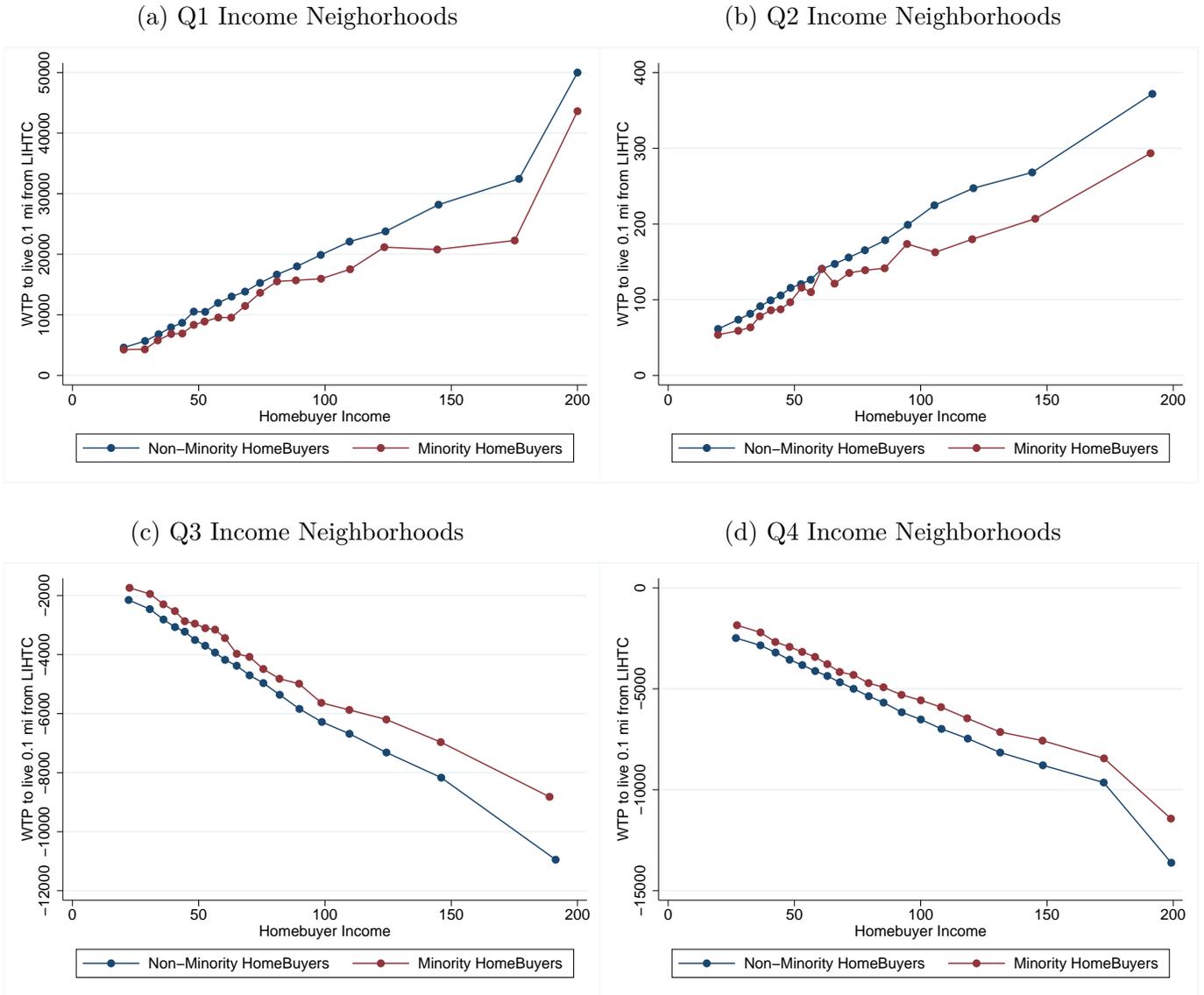
(a) Q1 Income Neighborhoods

(b) Q2 Income Neighborhoods

(c) Q3 Income Neighborhoods

(d) Q4 Income Neighborhoods

Note: Willingness to pay is measured in 2012 dollars. Household median income quartile cutoffs are $26017, $38177, and $54642 in 2012 dollars, as reported in the 1990 Census block group of the LIHTC site. Reported preferences are for households who choose to live close to LIHTC development.

Figure A2: Mean Willingness to Pay to Live 0.1 miles from LIHTC: High Minority Areas

(a) Q1 Income Neighborhoods

(b) Q2 Income Neighborhoods

(c) Q3 Income Neighborhoods

(d) Q4 Income Neighborhoods

Note: Willingness to pay is measured in 2012 dollars. Household median income quartile cutoffs are $26017, $38177, and $54642 in 2012 dollars, as reported in the 1990 Census block group of the LIHTC site. Reported preferences are for households who choose to live close to LIHTC development.

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Communication from Public
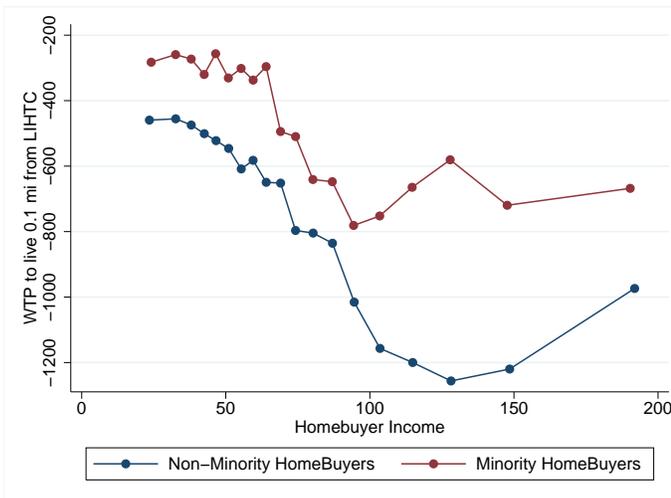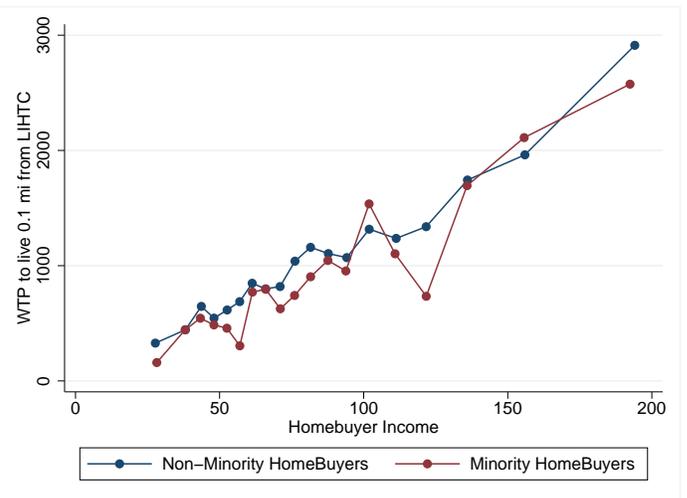
Name:
Date Submitted: 11/02/2021 07:58 AM
Council File No: 21-0829-S1
Comments for Public Posting: Venice Beach is gem to all of Los Angeles and has millions of local and travelers visit daily to keep its economic engine going. This project should be rejected for many reasons. 1. To preserve existing units of affordable housing (destroying 4 existing units of affordable housing) and displacing low income families and restricting beach access to the public. 2. Developers have failed to provide accurate plans for beach parking and are going to charge more money which hurts LA locals to visit the beach. 3. Many ride bikes to get around and visit the area. The developers are seeking waivers to expand streets and sidewalks which will again devastate access and decreasing mobility for the entire community. Completely against the LA Cities Mobility Plan. 4. Venice has done more than its fair share in low income housing: Bridge Home Venice, Thatcher Yard Project, Lincoln Apartments, Rose Avenue Apartments, Ramada Inn Project, Marian Place Project, etc.), 5. Many families of color use and visit this local area for their entertainment as do low income residents of LA. Does LA only care about the few? There are far better ways to make it equal for all. This is reverse discrimination and social justice. A very sad and weak way for our leadership to approve a project so they can point to something for their efforts to resolve housing issues. It should be done through a comprehensive policy, not inadequate "One Off" developments that lack making tough policy decisions by our leaders.

Communication from Public

Name: Devonne Daley

Date Submitted: 11/02/2021 08:58 AM

Council File No: 21-0829-S1

Comments for Public Posting: Dear Members of the City Council, I've been a Venice resident for over twenty years. I am writing because I have serious concerns about the massive 2.6-acre housing development proposed by the Venice and Hollywood Community Housing Corporation (VCHC). It is currently designated the "Reese-Davidson Community" project. However, that name is currently the subject of a cease-and-desist request. It appears that the VCHC mislead the representative of the Arthur L. Reese's estate, Sonya Reese Greenland, about the nature and scope of the project to secure use of his name. After reviewing the details of the project, Ms. Greenland found the project so antithetical to her grandfather's vision for Venice that she no longer wanted the Reese name associated with it. (Sonya Reese Greenland Opposes the Proposed Reese Davidson Project, October 2021 | | westsidecurrent.com) For me, safety issues are my greatest concern about the project and the danger it poses to the community by siting a massive high-density housing development in a "Special Hazard Area." In the two decades I've lived in the area, I've seen firsthand how bad flooding gets on the streets surrounding the proposed project and by all accounts it is going to get worse. The Site is in a High-Risk Flood Zone: In April of this year FEMA designated the area for the proposed project a "Special Flood Hazard Area." I beg each member of the committee to take a moment to look at the new FEMA flood map. (FEMA Flood Map number 06037C1752G, effective on 04/21/2021). This development will be swamped on all sides by flood water if FEMA's projections come to pass. The Area Has Been Identified as One of the First to be Impacted by Rising Sea Levels: According to the Coastal Commission, the Venice Canal District is the proverbial canary in the coal mine for rising sea levels. "A California Coastal Commission study projects that, as the earth gets warmer and sea-levels rise, Venice Canals will experience frequent flooding from winter storms, making it one of the first neighborhoods in Los Angeles to experience the impacts of climate change. 'Flooding in this type of area for properties is not only going to be costly, but also will disrupt the community,' said Aaron Holloway, a Coastal and Water Resources Engineer at Moffatt & Nichol." (Venice Canals Underwater? [yovenice.com]) Mr. Holloway made that statement five years ago in 2018. Since then, climate scientists have determined that previous studies had underestimated rate of sea level rise. The threat is real and more imminent than previously suggested. It is located in a Tsunami Inundation Zone: Tsunami Inundation Maps were also revised in 2021. "The new maps show expanded hazard zones in both Santa Monica and Venice. They show that a tsunami wave has the potential to inundate Santa Monica's beaches, the pier, sections of Ocean Park, and the entire area of Venice south of Abbot Kinney Boulevard."(https://www.smdp.com/new-tsunami-maps-show-expanded-hazard-zones-in-santa-monica-and-venice/203197) It is madness to build an enormous high-density housing development (at taxpayer expense) in the heart of a known "Special Hazard Area" without first conducting a rigorous study to determine if the existing infrastructure is robust enough to serve the community with the added pressure that a development of this magnitude will place on it. While the proponents proclaim that the project strikes a blow for "social justice," the development will actually demolish existing "affordable housing" protected under the Mello-Act. "Four families who have been calling an affordable housing fourplex home, some for more than 30 years, say they are fearful they may soon be evicted. The families will be displaced if the Venice Community Housing (VCHC) and Hollywood Community Housing (HCC) multi-million dollar 2.8 acre Reese Davidson project on the Venice Canals is approved." (https://www.westsidecurrent.com) Indeed, the exact nature of this development is ever-shifting. After five years: …there are still questions about who will live in the new building. VCHC has testified that "artist lofts" are a part of the project. However, current plans only show live/work micro-apartments. Research also points out that VCHC claims the project will alleviate Venice's homeless problem. Still, City records show that 129 of 136 non-manager units are for families who could be making up to $90,000, with no units reserved for the homeless. (See above) Clearly, valid concerns about this project have been swept under the rug by its proponents for too long. This includes Councilmember Mr. Bonin who has repeatedly ignored community input preferring instead to simply vilify his constituents as NIMBY's. That is not a rational basis on which to support or approve a project with such sweeping and dire affects. I therefore request that this committee vote "NO" on the proposed development.

Communication from Public

Name: Debra Blocker

Date Submitted: 11/01/2021 02:19 PM

Council File No: 21-0829-S1

Comments for Public Posting: This is the WRONG project for this space. Way too oversized and out of character for Venice. It's the "gateway" to Venice. If this project goes through it will be considered the downfall of the Venice that we know. There are already many projects that support the homeless in Venice. This huge, out of character, oversized cement edifice will forever change the character of Venice. The project site is in a well know flood zone, as well as a much needed triage area in the event of natural disasters. The water table is so high that guaranteed construction costs might likely double, and possibly triple the timeline for construction. Resulting is a massive waste of time, money, energy and under representing the many homeless that need homes now. This project is not the answer.

Communication from Public

Name: Patrice Dobrowitsky

Date Submitted: 11/01/2021 07:47 PM

Council File No: 21-0829-S1

Comments for Public Posting: As I understand it, the Reese-Davidson land was given to the developers for free. They are building 460 square foot units for a million dollars each. The cost of construction on the West side of Los Angeles and Santa Monica is about $1,200 per square foot for high end construction, that includes the price of the land, yet, you are accepting a price double that, or possibly, when you include the land value, four times the accepted price. What the hell is wrong with all of you? Some employees from PATH were just arrested for theft of funds that should have gone to homeless housing. One can only assume you are all crooks. Mike Bonin keeps pushing projects through that the community does not want, that do not meet the Specific Plans of the Community or the Coastal Commission and rely on false information to get through. One can only assume that he and the city employees involved are all stupid or on the take. Stop ruining or city! We have the lease green areas of any major city. You never consider quality of life and just move to make the city dense and ugly. We are so lucky to live surrounded by mountains and next to the ocean, and yet people in charge of our city just ignore all the beauty and do nothing to preserve the special quality of our city.

Communication from Public

Name: ELIZABETH Z

Date Submitted: 11/02/2021 11:05 AM

Council File No: 21-0829-S1

Comments for Public Posting: As a Venice resident living in the canals, I urge the Los Angeles City Council to review The Reese -Davidson Community Project with more due diligence and put a stop to it. It is evident that this new project will have too many irreversible permanent detrimental impacts to our community and the environment. The risks far outweigh any benefit.

Name: Michele Siravo

Date Submitted: 11/02/2021 10:49 AM

Council File No: 21-0829-S1

Comments for Public Posting: Re: Council File No. 21-0829-S1 Dear Members of the City Council: I am requesting that you vote no on the Reese Davidson project with its current design. I hope you saw the news this week that Sonya Reese Greenland and Evan Hines have come out against the Reese Davidson Community on the Venice Canals, including the Gregory Hines Community Art Center. See: https://www.westsidecurrent.com/news/reese-family-demands-name-be-removed-from-controversial-vchc-project-on-venice-canals/article_248dd98e-36d0-11ec-a05e-6ffa4f17a762.html https://www.westsidecurrent.com/venice/gregory-hines-son-speaks-out-against-fathers-name-associated-with-controversial-vchc-project/article_7b4cb400-3786-11ec-ab71-af6ed9feb5b5.html Ms. Reese Greenland sent a cease and desist letter to the developers stating that her grandfather—Venice legend Arthur L. Reese—would want the project "stopped immediately" and demanding that the Reese name be removed from the project. She also states that the project is "the opposite of social justice" because it reduces beach access for communities of color by replacing existing surface lot parking with expensive, mechanical lift parking 500 feet further from the beach and freezing substandard streets and sidewalks in place forever. A copy of the letter is available here: (https://bit.ly/2ZzRwrG) Mr. Hines, for his part, says it is wrong to put such a massive project so close to the beach and that his father—legendary entertainer Gregory Hines—"would not be for this given what the effect on the community is going to be." "I don't think it's right," he said, "and Greg would not have thought this was right either." I stand with Ms. Reese Greenland and Mr. Hines in opposing this project. Further I understand that the project will needlessly destroy 4 existing units of affordable housing - displacing 4 Venice families - and that the developers are not conducting any environmental review even though the project is in a FEMA flood zone. Affordable housing is important, but so is access to California's most storied and diverse beach. The Reese Davidson Community does not strike the right balance. Please vote no. Thank you.

Communication from Public

Name: Marjorie Weitzman
Date Submitted: 11/02/2021 10:56 AM
Council File No: 21-0829-S1
Comments for Public Posting: I am opposed to the Reese Davidson Project, and now out of respect to Sonya Reese, who's grandfather's name was appropriated without permission for use on this project- I oppose the "Davidson Community". If the developers are so confident this is not endangering the safety of the environment, please have them complete the EIR as promised in outreach. This project is contrary to all common sense in basic city planning. I encourage all PLUM members and City Council members to visit the site to see how daunting a project this is and how inappropriate the location for a project of this magnitude at the entrance to Venice Beach- our only city beach shared by every hardworking demographic across Los Angeles. Walk the substandard streets that won't be improved through entitlements. Look directly across the street towards the ocean on Pacific and observe how no sidewalk exists at all. Note where a 70ft. tower will stand at the corner of Pacific and Ocean, ironically blocking a mural depicting Venice's founder, Abbott Kinney. This is essentially a parking lot replacement with small little units built around it at a cost of 1-million dollars per square ft. Developers have failed too provide accurate plans for this beach parking but public records request show mechanical lift parking further away from the beach with a tiered-pricing system allowing better access for more money. How is this socially just? Please respect the very last open space in Venice. We need smart solutions for housing that don't destroy the affordable homes of four longtime Venice families. It was never necessary to use the entire lot and shameful that developers choose to destroy these homes and displace residents- all to make room for restaurant and retail space. What became of housing first and preserving affordable housing at the beach? It didn't have to be like this and it's not too late to step up and correct this atrocity. Please vote against this project. Official letter of comment is attached. Thank you.

November 2, 2021

Members of the Planning Land Use Management Committee:

As a local resident and active volunteer in the community, I oppose this project and have extreme concerns for the environmental safety of our community. The proposed Reese Davidson project is being forced through City planning without a proper environmental review as was promised during public outreach for the project.

If ever a project is deserving of environmental review, it's a 2.8 acre development, directly on the Historic Venice Canals and just one block from the beach. AB1197, should never apply to a coastal project like this, it's the reason why we have Coastal Commission regulations and environmental review, to protect residents from the inherent hazards of living in a coastal community.

We have been repeatedly warned by Coastal Commission and FEMA that we are in a flood zone and a tsunami zone with sea level rise (SLR) and groundwater rise. In a 10/21 monthly meeting, California Coastal Commission had a special presentation stressing the importance of factoring in Ground Water Rise as it relates to SLR and flooding in particular areas. In our community, we reach water at depths of three feet. Building takes months of dewatering for just the smallest of lot. This project has 40 continuous lots with water to be drained and soil displaced.

The Venice Canals are particularly vulnerable to flooding. A fact pointed out by the one study completed by GeoSoils and posted on the Venice Community Housing Website:

GeoSoils,Inc states in their study of December 28, 2020-
Under the Category of:
Current Flooding Hazard: Page 3

"The CoSMoS output shows the potential for flooding is only in the Canal with no actual flooding of the site where development will occur."

This dismissive admission of potential flooding in the Canals without consideration of the impact on the surrounding area is typical of the attitude developers have taken while forcing a massive project that does not abide by the Venice Land Use Plan or the Coastal Act, into an area that simply cannot absorb such density. And all without environmental review.

The report continues:

Future Flooding Levels Due to Sea Level Rise
SEA LEVEL RISE:
Page 6.

"… It indicates that the majority of the site with the exception of western portion on S. Pacific Avenue is vulnerable to flooding." "**… The source of flooding in this scenario is likely the Venice Grand Canal, which has mitigation measures already in place with the two flood gates".**

The study wrongly assumes the two tidal gates would protect the area from flooding. Canal history shows a long struggle to keep these gates functioning. As per my original comment letter when this project began city hearings, the canal infrastructure is particularly vulnerable.

The tidal gates can not be considered to mitigate flooding damage. Whether by human error or other circumstances that might inundate the canals with water, flooding affects the entire community. The last canal flooding in August, 2017 resulted in flooding on Ocean Blvd. and all the way out to Windward Circle. Both areas are subject to the release of overflow water in the canals with flooding conditions extending to surrounding areas.

There have been numerous presentations by the city and Coastal Commission warning us of Sea Level Rise. One particular presentation by Aaron Holloway, Coastal Water Resource Engineer at Moffat & Nicol was presented for all residents by the city and Coastal Commission and is linked below in YoVenice article. We are being told to prepare for sea level rise, yet will be adding 420 new residents directly into harms way.

Additionally, blocking beach access over the historic Grand Canal Bridge by sandwiching the bridge between two Massive buildings and obstructing pedestrian traffic and eliminating bike passage is a violation of the Coast requirement to maintain public access to the beach. It also removes accessible parking and access for a Coastal mandated public boat launch ramp.

This is a much used surface parking for all Angelenos to access and enjoy Venice Beach. Plans call for automated lift parking system which will only further congest the crowded community and back up traffic leading into the garage for blocks.

Immediate evacuation in the event of a Tsunami, or more commonly, a lighting strike on the beach will be impossible with the parking planned.

Furthermore, we've learned through public records request, that the parking will be "tiered" allowing those with more money to park more conveniently. This does not line up with the "social justice" message representatives are using to push this project through.

The parking is an expensive proposition that denies access to hardworking Angelenos who look forward to parking here and beginning their day at the beach. A visit to the parking lot on any weekend will show a crowded, diverse group of visitors, unloading coolers, bikes, strollers, with young and old family members out to enjoy a day at the beach. A beach parking lot has a "tail gate" feel from the moment you arrive with no rush

to leave the car. Converting this open parking into an automated indoor structure, with lift parking where you must rush to leave your car immediately, changes the entire beach going experience.

The fact that parking for the beach is 500 ft. Further from the beach is significant to anyone with disabilities or health issues. Visitor parking should be closer to the beach destination and easy access provided.

As for design, is it really necessary to have a 68 Ft. Campanile or 'lookout tower"? The tower seems to stand in homage to the architect, not as part of a project said to fit into the character of the community. It's ironic that this tower will completely block a well known mural of the creator of our Venice of America, Abbott Kinney.

Finally, it is deeply regrettable that developers have chosen to destroy the homes of four longtime Venice families. The original RFQ/P never called for the developer to use all 2.84 acres. This building could easily have been spared and lives not disrupted. It is pure greed to destroy four affordable homes, all with two and three bedroom units, to be replaced with units averaging 460 Sq.Ft and costing a million dollars each.

I strongly oppose this project and ask that you do as well.

Thank you-

Exhibit 1-
https://www.vchcorp.org/wp-content/uploads/2021/04/RDC-Sea-Level-Rise-Hazard-Report_Final.pdf

Exhibit 2-
Coastal Commission Powerpoint- 6f and 6g
https://cal-span.org/unipage/?site=cal-span&owner=CCC&date=2021-09-08

Exhibit 3-
Aaron Holloway speaking as a Coastal & Water Resource Engineer at Moffatt & Nicol Sea Level Rise presentation in Venice.

https://yovenice.com/2018/04/16/venice-canals-underwater/

Exhibit 4-
Immediate evacuation of beach required:

{BEACH LIGHTNING} All Los Angeles County Beaches San Pedro - Malibu including Avalon & Catalina Island are CLOSED. Lifeguards will clear the water of all persons and advise patrons on the beach to seek shelter immediately!

4:31 PM · 10/4/21 · Twitter Web App

147 Retweets 26 Quote Tweets 544 Likes

Tweet your reply

Exhibit 5-
Affordable Housing Opportunity Sites RFQP

EXHIBIT C.11

Venice Dell Pacific Site
125 E Venice Boulevard

Property Description
- Located in Council District 11
- Property is zoned OS-1SL-O
- Potential future zoning is R3
- APN: 4238-024-900 to 911
- Parcel size is approximately 122.171 s.f.

Site Condition
The site includes two parking lots that are being operated by the LADOT. There is a high water table at the site that may present challenges for construction.

Project Assumptions
This is a large site that can potentially accommodate more than one project. Proposed Development Strategies do not need to include the entire site. All Development Strategies that do utilize the entire site must assume replacement public parking at least a 1:1 ratio. Innovative solutions for parking management and capacity are encouraged. Developments must comply with the Venice Specific Plan. A Coastal Development Permit from the City of Los Angeles will be required, and approval from the California Coastal Commission will also be required.

Name:

Date Submitted: 11/02/2021 10:58 AM

Council File No: 21-0829-S1

Comments for Public Posting: Dear Members of the City Council: I hope you saw the news this week that Sonya Reese Greenland and Evan Hines have come out against the Reese Davidson Community on the Venice Canals, including the Gregory Hines Community Art Center. See: https://www.westsidecurrent.com/news/reese-family-demands-name-be-removed-from-controversial-vchc-project-on-venice-canals/article_248dd98e-36d0-11ec-a05e-6ffa4f17a762.html https://www.westsidecurrent.com/venice/gregory-hines-son-speaks-out-against-fathers-name-associated-with-controversial-vchc-project/article_7b4cb400-3786-11ec-ab71-af6ed9feb5b5.html Ms. Reese Greenland sent a cease and desist letter to the developers stating that her grandfather—Venice legend Arthur L. Reese—would want the project "stopped immediately" and demanding that the Reese name be removed from the project. She also states that the project is "the opposite of social justice" because it reduces beach access for communities of color by replacing existing surface lot parking with expensive, mechanical lift parking 500 feet further from the beach and freezing substandard streets and sidewalks in place forever. A copy of the letter is available here: (https://bit.ly/2ZzRwrG) Mr. Hines, for his part, says it is wrong to put such a massive project so close to the beach and that his father—legendary entertainer Gregory Hines—"would not be for this given what the effect on the community is going to be." "I don't think it's right," he said, "and Greg would not have thought this was right either." I stand with Ms. Reese Greenland and Mr. Hines in opposing this project. Further I understand that the project will needless destroy 4 existing units of affordable housing - displacing 4 Venice families - and that the developers are not conducting any environmental review even though the project is in a FEMA flood zone. Affordable housing is important, but so is access to California's most storied and diverse beach. The Reese Davidson Community does not strike the right balance. Please vote no. Thank you. Patricia Rickles 2510 Grand Canal Venice 90291

Communication from Public

Name: Lucia Mendez

Date Submitted: 11/02/2021 10:15 AM

Council File No: 21-0829-S1

Comments for Public Posting: Venice Community Housing has provided affordable housing for many families I am one of those families I've been house for the last 14 years, Thanks to permanent housing, I have been stable, have a full-time job for more than 10 years, my kids can focus on their future . My son is in college, my daughter will be graduating from High School this year, and my little one loves being in first grade !!! Thanks to Organizations like Venice Community Housing, my children and I can have a better quality of life I strongly support this project !!

Name: Deborah Pitt

Date Submitted: 11/02/2021 10:44 AM

Council File No: 21-0829-S1

Comments for Public Posting: Dear Members of the City Council: I hope you saw the news this week that Sonya Reese Greenland and Evan Hines have come out against the Reese Davidson Community on the Venice Canals, including the Gregory Hines Community Art Center. See: https://www.westsidecurrent.com/news/reese-family-demands-name-be-removed-from-controversial-vchc-project-on-venice-canals/article_248dd98e-36d0-11ec-a05e-6ffa4f17a762.html https://www.westsidecurrent.com/venice/gregory-hines-son-speaks-out-against-fathers-name-associated-with-controversial-vchc-project/article_7b4cb400-3786-11ec-ab71-af6ed9feb5b5.html Ms. Reese Greenland sent a cease and desist letter to the developers stating that her grandfather—Venice legend Arthur L. Reese—would want the project "stopped immediately" and demanding that the Reese name be removed from the project. She also states that the project is "the opposite of social justice" because it reduces beach access for communities of color by replacing existing surface lot parking with expensive, mechanical lift parking 500 feet further from the beach and freezing substandard streets and sidewalks in place forever. A copy of the letter is available here: (https://bit.ly/2ZzRwrG) Mr. Hines, for his part, says it is wrong to put such a massive project so close to the beach and that his father—legendary entertainer Gregory Hines—"would not be for this given what the effect on the community is going to be." "I don't think it's right," he said, "and Greg would not have thought this was right either." I stand with Ms. Reese Greenland and Mr. Hines in opposing this project. Further I understand that the project will needless destroy 4 existing units of affordable housing - displacing 4 Venice families - and that the developers are not conducting any environmental review even though the project is in a FEMA flood zone. Affordable housing is important, but so is access to California's most storied and diverse beach. The Reese Davidson Community does not strike the right balance. Please vote no. Thank you. Deborah Pitt

Name: Dominique Hirschkron

Date Submitted: 11/02/2021 10:11 AM

Council File No: 21-0829-S1

Comments for Public Posting: Re: Council File No. 21-0829-S1 Dear Members of the City Council: This project is not a financially sound affordable housing project and does not allow for real green space. It will also imperil the historic Venice Canals. I hope you saw the news this week that Sonya Reese Greenland and Evan Hines have come out against the Reese Davidson Community on the Venice Canals, including the Gregory Hines Community Art Center. https://www.westsidecurrent.com/news/reese-family-demands-name-be-removed-from-controversial-vchc-project-on-venice-canals/article_248dd98e-36d0-11ec-a05e-6ffa4f17a762.html https://www.westsidecurrent.com/venice/gregory-hines-son-speaks-out-against-fathers-name-associated-with-controversial-vchc-project/article_7b4cb400-3786-11ec-ab71-af6ed9feb5b5.html Ms. Reese Greenland sent a cease and desist letter to the developers stating that her grandfather—Venice legend Arthur L. Reese—would want the project "stopped immediately" and demanding that the Reese name be removed from the project. She also states that the project is "the opposite of social justice" because it reduces beach access for communities of color by replacing existing surface lot parking with expensive, mechanical lift parking 500 feet further from the beach and freezing substandard streets and sidewalks in place forever. A copy of the letter is available here: (https://bit.ly/2ZzRwrG) Mr. Hines, for his part, says it is wrong to put such a massive project so close to the beach and that his father—legendary entertainer Gregory Hines—"would not be for this given what the effect on the community is going to be." "I don't think it's right," he said, "and Greg would not have thought this was right either." I stand with Ms. Reese Greenland and Mr. Hines in opposing this project. Further I understand that the project will needless destroy 4 existing units of affordable housing - displacing 4 Venice families - and that the developers are not conducting any environmental review even though the project is in a FEMA flood zone. Affordable housing is important, but so is access to California's most storied and diverse beach. The Reese Davidson Community does not strike the right balance. Please vote no. Thank you, Dominique Hirschkron

Name:

Date Submitted: 11/02/2021 09:54 AM

Council File No: 21-0829-S1

Comments for Public Posting: Re: Council File No. 21-0829-S1 Dear Members of the City Council: I hope you saw the news this week that Sonya Reese Greenland and Evan Hines have come out against the Reese Davidson Community on the Venice Canals, including the Gregory Hines Community Art Center. See:
https://www.westsidecurrent.com/news/reese-family-demands-name-be-removed-from-controversial-vchc-project-on-venice-canals/article_248dd98e-36d0-11ec-a05e-6ffa4f17a762.html
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Name: Deborah Keaton

Date Submitted: 11/02/2021 09:56 AM

Council File No: 21-0829-S1

Comments for Public Posting: Dear Members of the City Council: I hope you saw the news this week that Sonya Reese Greenland and Evan Hines have come out against the Reese Davidson Community on the Venice Canals, including the Gregory Hines Community Art Center. See: https://www.westsidecurrent.com/news/reese-family-demands-name-be-removed-from-controversial-vchc-project-on-venice-canals/article_248dd98e-36d0-11ec-a05e-6ffa4f17a762.html https://www.westsidecurrent.com/venice/gregory-hines-son-speaks-out-against-fathers-name-associated-with-controversial-vchc-project/article_7b4cb400-3786-11ec-ab71-af6ed9feb5b5.html Ms. Reese Greenland sent a cease and desist letter to the developers stating that her grandfather—Venice legend Arthur L. Reese—would want the project "stopped immediately" and demanding that the Reese name be removed from the project. She also states that the project is "the opposite of social justice" because it reduces beach access for communities of color by replacing existing surface lot parking with expensive, mechanical lift parking 500 feet further from the beach and freezing substandard streets and sidewalks in place forever. A copy of the letter is available here: (https://bit.ly/2ZzRwrG) Mr. Hines, for his part, says it is wrong to put such a massive project so close to the beach and that his father—legendary entertainer Gregory Hines—"would not be for this given what the effect on the community is going to be." "I don't think it's right," he said, "and Greg would not have thought this was right either." I stand with Ms. Reese Greenland and Mr. Hines in opposing this project. Further, I understand that the project will needlessly destroy 4 existing units of affordable housing - displacing 4 Venice families - and that the developers are not conducting any environmental review even though the project is in a FEMA flood zone. Affordable housing is important, but so is access to California's most storied and diverse beach. The Reese Davidson Community does not strike the right balance. Please vote no. Thank you. Deborah Keaton Venice and Electric Group

Communication from Public

Name: Ashley Craig

Date Submitted: 11/02/2021 09:04 AM

Council File No: 21-0829-S1

Comments for Public Posting: I am submitting a comment against the construction of the housing development and parking structure proposed by Mike Bonin, the Venice Community Housing Corporation and Hollywood Community Housing Corporation. This structure has no place in Venice, particularly not in a flood zone, so close to the beach. At a minimum, a development like this one should receive a FULL environmental review and certainly should not have any exemptions. The cost at $1 million a unit is non-sensical for low income housing. This type of project give community development a bad name is provides another example for people to point to when criticizing LA County's challenges with controlling homelessness. We can do better than this! We should be retaining as much open space as possible, renovating new structures and certainly not building in areas that are likely to experience flooding, not to mention, building more along the coast will increase the likelihood of flooding and contributes to environmental degradation. I am urging the Council to reject this project outright or, at the VERY least, ensure it goes through every environmental review. The climate crisis is real and is already devastating lives in our community and beyond - it is imperative to act responsibly with any development, particularly one so close to the coast.

Name: DEBRA RADIN

Date Submitted: 11/02/2021 09:37 AM

Council File No: 21-0829-S1

Comments for Public Posting: Dear Members of the City Council: I hope you saw the news this week that Sonya Reese Greenland and Evan Hines have come out against the Reese Davidson Community on the Venice Canals, including the Gregory Hines Community Art Center. See: https://www.westsidecurrent.com/news/reese-family-demands-name-be-removed-from-controversial-vchc-project-on-venice-canals/article_248dd98e-36d0-11ec-a05e-6ffa4f17a762.html https://www.westsidecurrent.com/venice/gregory-hines-son-speaks-out-against-fathers-name-associated-with-controversial-vchc-project/article_7b4cb400-3786-11ec-ab71-af6ed9feb5b5.html Ms. Reese Greenland sent a cease and desist letter to the developers stating that her grandfather—Venice legend Arthur L. Reese—would want the project "stopped immediately" and demanding that the Reese name be removed from the project. She also states that the project is "the opposite of social justice" because it reduces beach access for communities of color by replacing existing surface lot parking with expensive, mechanical lift parking 500 feet further from the beach and freezing substandard streets and sidewalks in place forever. A copy of the letter is available here: (https://bit.ly/2ZzRwrG) Mr. Hines, for his part, says it is wrong to put such a massive project so close to the beach and that his father—legendary entertainer Gregory Hines—"would not be for this given what the effect on the community is going to be." "I don't think it's right," he said, "and Greg would not have thought this was right either." I stand with Ms. Reese Greenland and Mr. Hines in opposing this project. Further I understand that the project will needless destroy 4 existing units of affordable housing - displacing 4 Venice families - and that the developers are not conducting any environmental review even though the project is in a FEMA flood zone. Affordable housing is important, but so is access to California's most storied and diverse beach. The Reese Davidson Community does not strike the right balance. Please vote no. Thank you.

Communication from Public

Name: CJ Cole

Date Submitted: 11/02/2021 01:48 PM

Council File No: 21-0829-S1

Comments for Public Posting: CJ Cole, Venice long-time resident, property owner and local business owner. This project MUST NOT be found exempt from CEQA and, furthermore MUST NOT be allowed to destroy the currently zoned open space. The project is projected at an exorbitant construction cost to the taxpayers of over $750K per unit without any value attributed to the land which is estimated at almost $100 million dollars based on the current real estate market or another $600K per unit. I urge you to vote against this project. Thank you.

Name: Steve Bradbury

Date Submitted: 11/02/2021 01:56 PM

Council File No: 21-0829-S1

Comments for Public Posting: Dear Members of the City Council: Reese Davidson should NOT be approved. It is a waste of taxpayer money and a boondoggle. Bonin and his cronies are lining their pockets at the expense of solving a real, growing homeless problem that requires real, cost-effective solutions. I hope you salso aw the news this week that Sonya Reese Greenland and Evan Hines have come out against the Reese Davidson Community on the Venice Canals, including the Gregory Hines Community Art Center. See:
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Name: lauren siegel

Date Submitted: 11/02/2021 02:06 PM

Council File No: 21-0829-S1

Comments for Public Posting: Dear Members of the City Council: I hope you saw the news this week that Sonya Reese Greenland and Evan Hines have come out against the Reese Davidson Community on the Venice Canals, including the Gregory Hines Community Art Center. See: https://www.westsidecurrent.com/news/reese-family-demands-name-be-removed-from-controversial-vchc-project-on-venice-canals/article_248dd98e-36d0-11ec-a05e-6ffa4f17a762.html https://www.westsidecurrent.com/venice/gregory-hines-son-speaks-out-against-fathers-name-associated-with-controversial-vchc-project/article_7b4cb400-3786-11ec-ab71-af6ed9feb5b5.html Ms. Reese Greenland sent a cease and desist letter to the developers stating that her grandfather—Venice legend Arthur L. Reese—would want the project "stopped immediately" and demanding that the Reese name be removed from the project. She also states that the project is "the opposite of social justice" because it reduces beach access for communities of color by replacing existing surface lot parking with expensive, mechanical lift parking 500 feet further from the beach and freezing substandard streets and sidewalks in place forever. A copy of the letter is available here: (https://bit.ly/2ZzRwrG) Mr. Hines, for his part, says it is wrong to put such a massive project so close to the beach and that his father—legendary entertainer Gregory Hines—"would not be for this given what the effect on the community is going to be." "I don't think it's right," he said, "and Greg would not have thought this was right either." I stand with Ms. Reese Greenland and Mr. Hines in opposing this project. Further I understand that the project will needless destroy 4 existing units of affordable housing - displacing 4 Venice families - and that the developers are not conducting any environmental review even though the project is in a FEMA flood zone. Affordable housing is important, but so is access to California's most storied and diverse beach. The Reese Davidson Community does not strike the right balance. Please vote no. Thank you.

Communication from Public

Name: Marisol Perez

Date Submitted: 11/02/2021 02:09 PM

Council File No: 21-0829-S1

Comments for Public Posting: Hello! My name is Marisol Perez. I was raised in Venice and lived there for 32 years. I have also worked in Venice for 20 years . I strongly support VCH's proposed housing on the City-owned parking lot at Venice and Pacific. The City and the Venice community continue to see a growing housing and homelessness crisis which won't be solved unless we create new housing options like this in every neighborhood, including Venice. Everyone deserves to be housed.

Communication from Public

Name: Kathy H

Date Submitted: 11/02/2021 01:19 PM

Council File No: 21-0829-S1

Comments for Public Posting: As a very long term (almost 40 years) resident of the Venice area, I am opposed to this project. I have watched this area go so downhill steadiy over the past few years ..due to the allowing of the concentration of the homeless population in the area...crime has risen, there are tent encampments and piles of trash throughout the area...and as a longtime walker and I and my neighbors can no longer feel safe walking in the area and we have had personal property stolen ..have been screamed at ..had things thrown at me by homeless ..watched them using our area as their bathrooms, etc. Building this facility will just bring more people looking to "live free" here ...I see the encampments are back by the site again already ..

Communication from Public

Name:

Date Submitted: 11/02/2021 01:47 PM

Council File No: 21-0829-S1

Comments for Public Posting: I wish to add my voice to the many Venice residents who oppose the so-called Reese-Davidson structure to be built near Venice Beach. For all the reasons - both historical and present day - I fully support the letter written to you by Sonya Reese-Greenland. Venice Beach was one of the biggest tourist attractions in the LA area and by taking away parking , it will make the beach less approachable and therefore less attractive, not only to tourists but to our own population. As for the size, cost, lies and exemptions - I am speechless. I ask you please to reconsider allowing this monstrosity. Thank you …..A 30 year Venice Resident

Communication from Public

Name: sonya reese greenland

Date Submitted: 11/02/2021 12:07 PM

Council File No: 21-0829-S1

Comments for Public Posting: I oppose this project, re-zoning and CEQA exemptions. I ask that LA City Council put an end to it, now. This site should be improved for everyones access to the Beach, forever. It should not be developed or re-zoned. This open space at the entry to Venice Beach, is essential to our quality of life now and to our City's growth, particularly considering population increase and global warming. I, Sonya Reese Greenland, am the granddaughter of Venice's esteemed Black Forefather, Arthur Reese. I have demanded that Venice Community Housing, the Developers, CEASE & DESIST their unauthorized appropriation of my grandfathers name and likeness in association with this project. I further demand a public apology from the Developers and all who have aided in their disrespectful and dangerous project. See attached. The Developers have mislead me, they provided false information to you, LA City Council, and the Venice community regarding the scope and true nature of this project. It is far too large, a tremendous waste of tax payer money, and would obstruct all Angeleno's access to our public beach forever. Economic and humanitarian housing is needed now. This is the opposite. It would be dangerous to proceed with this project without conducting a full CEQA review, as intended at the outset, and without altering the project to meet all safety, health, environmental, historic landmark, traffic, parking, sidewalk, and accessibility standards. This project is the epitome of fiscal irresponsibility, wrongful city planning and cultural appropriation. Please do not pass any aspect of the requests before you today. A thorough CEQA analysis must be conducted.

Arthur L. Reese Family Archives

Sonya Reese Greenland
Trustee and Family Historian
Arthur L. Reese Family Archives
P.O Box 4371
Culver City, CA 90231-4371

October 26, 2021

To: Becky Dennison
        Venice Community Housing Corporation
        bdennison@vchcorp.org

        Sarah Letts
        Hollywood Housing Corporation
        sletts@hollywoodhousing.org

Dear Ms. Denison and Ms. Letts:

I am writing you to demand that my family name and all associations with my grandfather, Arthur Reese, including the use of his name and likeness be removed, immediately from your project with a full public apology to the community of Venice, to the City of Los Angeles and to all who have learned of this ill conceived project for the Venice Median.

As you know, my grandfather, Arthur Reese, was an esteemed Black forefather of Venice. He was a generous man, a Grand Master of the Masons, and took great pride in contributing his creativity, hard work, his land, and in bringing his relatives to the creation and betterment of this forever multi-cultural beachfront community of Venice.

I knew my grandfather well, I spent a great deal of time with him and loved him very much. I am the family historian and the Trustee of the Arthur L. Reese Family Archives. My grandfather would oppose your project for numerous reasons, some of which I will describe below.

It is disrespectful to my grandfather, my family, the Black community and all who have seen your false and misleading project descriptions, that you began using my grandfathers name years before you ever even contacted me. And when you did, in 2020, the description that you gave me was nothing like what your plans describe. I have since familiarized myself with your plans and have visited the site many times.

Your project is far too large to occupy our last large open space by the beach in Venice. No matter what you are building, nor for whom, it is unconscionable that you would combine forty (40) lots to build massive structures that occupy the full site with three stories plus a seven (7) story tower, from North to South Venice Boulevards and from Pacific Avenue to Dell, spanning the Historic Venice Canals and Historic Red Car Bridge.

Nothing on this scale exists in Venice and certainly not by the beach where it would make it more congested and less accessible for all who visit the beach and in emergencies to exit the area. My grandfather would be appalled. This is not suitable now, and is not smart planning for

the future growth of our population, particularly knowing that it is families of Color and with lesser economic means that need access to the beach to escape our ever hotter climate.

Providing 140 apartments for anyone does not justify encumbering access to the beach for hundreds of thousands of people, forever. It is families of Color and lesser economic means who use this surface parking lot.

Not everyone can afford to take their family to Disneyland but they should always be able to easily and safely bring their family to our multi-cultural beach. This is a surface parking lot and is the most accessible of all lots to Los Angeles beaches. It is at the end of Venice Boulevard - a major cross town thoroughfare that we all use to avoid traffic. This location is also preferred by my family and others because it is just before one gets caught in the extremely crowded beachfront lots.

Your representative told me that you would "honor" my grandfather by putting his name on a housing project like the small, well integrated homes you have built in Venice over the years which provide services to help its residents, who are people in need, in the Venice community.

This project is nothing like that. Your plans would tear down 4 existing low income apartments of longtime neighbors. I've met them. One family has a special needs child. You only commit to providing 3 new low income apartments and the balance would be for people earning up to $90,000. Even if that meets some legal definition of "supportive housing," it would not help the thousands of homeless and low income people now on the streets of Venice. This is not what you represented to me, not what you and your publications have lead the community to believe, it is not suited to that site, and not something that my grandfather would support.

The cost of this project alone shows how extraordinarily ill-conceived and wrong it is for Venice. There is no responsible justification for spending nearly $1 Million Dollars per tiny 460 square foot apartment. The cost and effort that are going into this Billion Dollar development make no sense.

Housing and services are needed immediately. Arthur Reese would want this project stopped immediately with effort instead put to house and provide services to those in need now and with sensible plans for the future in an economical and humanitarian way.

Any other site in Los Angeles - and they exist - could have 140 tiny apartments like this at 1/2 this budget or less, (and without creating environmental, historic, and tourist problems). Building on this beach parking lot requires you to build 2 buildings: one for housing and one for beach parking. How could that ever make sense?

Even though you're being given our public land for free by the City, it is unreasonable. That is not "social justice." If you care about people of every socio-economic level, of every race, you should not allow the City to do this to Venice and to all who visit our beach. Grandfather would be totally opposed to the City and you squandering of our tax dollars and our open space.

Your parking design is contrary to "social justice." Placing beach parking inside the eastern building only, using "Robotic Parking Machines," perhaps even charging "elite" rates for online reserved parking, are all unreasonable obstacles that would make access to Venice Beach frightening, dangerous, complicated, outrageously slow, congested, and, in every way, difficult for the tens of thousands of families, that come from throughout Los Angeles for relief and to enjoy of our public beach.

I would avoid bringing my granddaughter to Venice Beach if I'd have to park in this complicated structure, further away from the beach and then have to walk along narrow sidewalks with that

large, still undefined population within that huge building complex. We can park for 1/2 the cost on the beautifully landscaped safe surface parking lots in Ocean Park Santa Monica.

Your plan would further destroy what has been an important source of tourist income for the City and small business owners of Venice.

Ignoring environmental regulations is dangerous. Stand at the site and you know you are below sea level. It's a flood zone. It's a tsunami evacuation zone. And it's part of the Historic Venice Canals. It is unconscionable that you would use an exemption from environmental review, even if offered, to build in this environmentally sensitive location and on such a massive scale. Arthur Reese would insist that this site be made safe, beautiful, that it provide easy access for all people to the beach and that every environmental concern be carefully addressed.

My grandfather arrived in Venice via the the Red Car Trolley traveling over the historic bridge at this site. It is a Nationally Registered Historic Landmark, as are the beautiful Venice Canals that it spans. Your design strips our National Historic Landmark Red Car Bridge of its function - which everyone loves - and sandwiches it within your complex of oversized, over priced, under designed, dangerous and in every way inappropriate buildings. Is that even legal?

It is shameful that the City of Los Angeles has allowed this historic and tourist destination to be in disrepair. It should be a beautiful welcoming entrance to Venice Beach and the Canals. That's what my grandfather and Abbot Kinney built. Your plans would make the site much worse. You do not even bring the canal nor the sidewalks that your massive construction would encompass up to current environmental nor safety standards.

The City has not imposed the same basic requirements on this project that all other projects must meet. When I build, or when my grandfather did, we follow building and safety codes. This project is not to code and the City must even change zoning laws to make it feasible. It is not safe that you would build a new project and not even make the sidewalks wide enough for pedestrians (who are primarily families of Color with boogie boards, strollers, beach umbrella's, coolers and the like) to pass, particularly at this busy tourist location.

Not only is your project bad for Venice, your use of my grandfathers name and reputation - that of perhaps the most prominent Black forefather - is exploitation of Black Lives Matter. It seems that you have tried to create a racial and social divide in Venice, which is otherwise a proudly racially and economically integrated community. It is shameful that you have suggested otherwise.

The City has enabled housing prices to rise. That does not mean that it should now compound the problems by making it so crowded that it destroys everyones access to our wonderful beach.

Venice has more housing of every economic level and is more racially integrated than most any other part of Los Angeles, and surely more than any other beachfront community in California. We pride ourselves on that, and always have.

When I think of what Grandfather would want, I envision a simple, landscaped surface parking lot with the banks of the canal planted, in keeping with the environmental and safety standards of all of the canals. Public restrooms should be built. The boat access ramp needs to be made accessible, as the State requires. Historic plaques telling of our wonderful history should be on the Historic Bridge and Canals. Grandfather would want seating and a kiosk in what is now bare dirt, on the banks of the canal. Grandfather built the first gondola for Venice. Santa Monica's parking lots have these facilities. Los Angeles' only beach should be welcoming, safe and

beautiful for all, for generations to come. That is social justice and that is what Arthur Reese would want.

I am copying this to a few people and organizations who I know have relied on your misinformation. As Trustee of the Arthur L. Reese Family Archives, I demand that you cease and desist in the use of Arthur Reese's name and likeness in any manner in connection with this project. I further demand that you make a public statement explaining that (1) the name, reputation and likeness of Arthur Reese, the prominent forefather of Venice, is removed due to your not having received authorization for this project, (2) that on behalf of Arthur L. Reese, the Arthur L. Reese Family Archive strongly opposes this project, and (3) that you make a public apology for misleading the community and causing any racial or economic divisions as a consequence of your use of the Reese name, reputation and likeness.

I look forward to seeing your corrections and full apology disseminated to your entire audience within the next few days and before November 1, 2021.

Should you wish to reach me, please do via mail or email. This has caused me and my family tremendous grief. We do not want to speak with you nor your associates further.

Sincerely,

Sonya Reese Greenland
Trustee and Family Historian, Arthur L. Reese Family Archives

cc:
     Los Angeles City Council
     California Coastal Commission
     Venice Neighborhood Council

Communication from Public

Name: Robin Murez

Date Submitted: 11/02/2021 12:03 PM

Council File No: 21-0829-S1

Comments for Public Posting: I oppose the re-zoning, the exempting from CEQA AND this proposed development. There are many places to build housing in Venice and CD11. Please do not allow our safety, the environment our cultural history and beach access for all Angelenos, forever, to be dangerously impacted by this fiscally irresponsible ill conceived proposal. Inadequate application of safety protocols just resulted in the tragic death of a movie director. That is precisely what re-zoning or promoting this building project to proceed without analysis of CEQA, would set in motion. It would be reckless and grossly negligent, to proceed on a project of this enormous scale at this known environmentally sensitive, unique tourist and residential site, as described in the City's initial Notice of Preparation, without thorough CEQA analysis. Further, the project was bumped out of Major Projects review by the Planning Department when the CEQA exemption was applied, thus the total lack of compliance with basic Planning requirements for bringing public right of ways up to code. These Developers are already sloppy and disregard basic protocols. They appropriated the names of our esteemed Black forefathers without authorization… and continue to dare to justify that racism. See attached Statement by Sonya Reese Greenland They would destroy our Nationally Registered Cultural Historic landmark Red Car Bridge and Venice Canals, destroying our Mexican, Chinese, Black and all cultural history of Venice and Los Angeles. It is our culture and our nature that make Venice and Los Angeles special. Their design would prevent the 100 year old substandard roadways that are a congested tourist and residential site, from ever having its roads, sidewalks, beach access, or bike lanes brought up to code or perhaps improved for the safety of all. It's YOUR constituents - Angeleno's from throughout Los Angeles, who deserve to come to the beach in ever increasing numbers, particularly as we enter this ever hotter climate crisis. Please oppose the re-zoning, application of CEQA exemption and this ill conceived project.

Arthur L. Reese Family Archives

Sonya Reese Greenland
Trustee and Family Historian
Arthur L. Reese Family Archives
P.O Box 4371
Culver City, CA 90231-4371

October 26, 2021

To: Becky Dennison
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        Sarah Letts
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Sincerely,

Sonya Reese Greenland
Trustee and Family Historian, Arthur L. Reese Family Archives

cc:
      Los Angeles City Council
      California Coastal Commission
      Venice Neighborhood Council

Communication from Public

Name: Jamie T. Hall

Date Submitted: 11/02/2021 11:43 AM

Council File No: 21-0829-S1

Comments for Public Posting: Please see the attached letter (without exhibits) in support of the appeal filed by Venice Vision.

Channel Law Group, LLP

_____

8383 Wilshire Blvd.
Suite 750
Beverly Hills, CA 90211

_____

Phone: (310) 347-0050
Fax: (323) 723-3960
www.channellawgroup.com

JULIAN K. QUATTLEBAUM, III   Writer's Direct Line: (310) 982-1760
JAMIE T. HALL *   jamie.hall@channellawgroup.com
CHARLES J. McLURKIN

_____

*ALSO Admitted in Texas

November 2, 2021

VIA ELECTRONIC MAIL

Members of the Planning Land Use Management (PLUM) Committee
City of Los Angeles
200 North Spring Street
Los Angeles, CA 90012

> **Re: Response to Applicant's Rebuttal (VTT-82288; ENV-2018-6667-SE; CPC-2018-7344-GPAJ-VZCJ-HD-SP-SPP-CDP-MEL-SPR-PHP-1A; Council File Nos. 21-0829 and 21-0829-S1)**

Dear Members of the Planning Land Use Management (PLUM) Committee:

This firm represents Venice Vision ("Appellant") with regard to the proposed development project known as the "Reese Davidson Community Project" ("Project") in the coastal community of Venice. The Project is proposed by Venice Community Corporation and Hollywood Community Housing Corporation ("Applicant") We are in receipt of the 295-page submission by the Applicant's attorneys which was uploaded to the Council File Management System after business hours on October 29, 2021 ("Response Letter"). As explained below, the Response Letter fails to demonstrate that the Project is consistent with the applicable state and local laws and therefore the appeals filed by Venice Vision should be granted.

I.   The City Failed to Provide the Notice Required by Law

The City has failed to provide the notice required by law for the appeal hearing scheduled for November 2, 2021 before the Planning and Land Use Management Committee ("PLUM"). Los Angeles Municipal Code Section 12.24D3 requires a physical notice of the public hearing be posted at the site. This section of the Code states as follows:

> The Department shall give notice in all of the following manners: 3. Site Posting. *By the applicant posting notice of the public hearing in a conspicuous place on the property involved at least ten days prior to the date of the public hearing.* If a hearing examiner is designated to conduct the public hearing, then the applicant, in addition to posting notice of the public hearing, shall also post notice of the initial meeting of the decision-making body on the matter. This notice shall be posted in a conspicuous place on the property involved at least ten days prior to the date of the meeting. The Director of Planning may adopt guidelines consistent with this section for the posting of notices if the Director determines that those guidelines are necessary and appropriate.

Upon appeal, the same notice procedures required for the initial decision maker shall apply. This section of the Code states as follows:

> 3.   Appellate Decision - Public Hearing and Notice. Before acting on any appeal, the appellate body shall set the matter for hearing, *giving the same notice as provided for the original hearing.* When considering an appeal from the decision of an initial decision-maker, the appellate body shall make its decision, based on the record, as to whether the initial decision-maker erred or abused his or her discretion.

The site posting required by Los Angeles Municipal Code Section 12.24D3 has NOT occurred. A picture was sent to the City on or about October 27, 2021 demonstrating this fact. This picture was taken on Sunday, October 25, 2021 in the location where the original notice for the City Planning Commission hearing was posted. My client has additional pictures taken within the 10-day period showing that there has been no posting at any time for the upcoming appeal hearing. The City must provide the legal notice required by law. The hearing cannot move forward with the hearing on November 2, 2021 as a result of this deficiency.

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II.   The City Has Failed to Provide a Fair Hearing

A. Belated Publication of Staff Report Violates CCP Section 1094.5 and Fundamental Constitutional Due Process Principles

The City has also failed to provide Appellant with a meaningful opportunity to review new evidence that was presented by staff the morning of November 1, 2021 at approximately 9:00 am.

The law is clear. Appellants challenging adjudicative land use entitlements are entitled to a "fair hearing."   CCP §1094.5. The procedural due process right to an opportunity to be heard has been interpreted to encompass not only the right to a public hearing, but also the right to a fair hearing. See, e.g., *Nightlife Partners, Ltd. v City of Beverly Hills* (2003) 108 Cal.App.4th 81, 90 ("the broad applicability of administrative hearings to the various rights and responsibilities of citizens and businesses, and the undeniable public interest in fair hearings in the administrative adjudication arena, militate in favor of assuring that such hearings are fair."). Fair hearing requirements include unbiased reviewers and an *opportunity to review the evidence* considered by the agency and to be heard.

Further, due process requires an opportunity to be heard "at a ***meaningful*** time and in a ***meaningful*** manner." *Natural Resources Defense Council v. Fish & Game Com.* (1994) 28 Cal.App.4th 1104, 1126, citing *Mathews v. Eldridge* (1976) 424 U.S. 319, 333. Moreover, as stated in *Natural Resources Defense Council*, **due process "contemplates a meaningful opportunity to present evidence contrary [to an appeal] and a meaningful consideration of that evidence."**

The assigned planner for the Project confirmed to counsel for Appellant that the Appeal Recommendations Report ("Staff Report") would be published last week – either on October 28 or October 29th. On October 27, 2021, Mr. Brown stated the following in an e-mail: "The Appeal Recommendation Report should be uploaded to the Council File today or tomorrow depending on the Office of the City Clerk." Yet, the 310-page Staff Report was not published until approximately 9:00 am on Monday, November 1, 2021 – just 29 hours before the public hearing before PLUM. While the Staff Report is dated October and shows a "document date" of October 28, 2021, the Staff Report was not uploaded until approximately 9 am on Monday November 1, 2021, as confirmed by Deputy City Clerk Armando Bencomo.. The Staff Report contains no less than three new technical reports relied upon by staff to recommend denial for the appeal. The City also uploaded a Justifications for Exemption, which is 30 pages in length on November 1, 2021.

The City will deprive Appellant of a "fair hearing" if the public hearing is allowed to proceed. It is patently unreasonable to expect that a mere 29 hours is adequate time for Appellant to review the new evidence presented by staff.

B. Appellant was Denied a Fair Hearing Before the Advisory Agency and the Planning Commission

The Response Letter ignores the fact that the City failed to timely respond to Appellant's Public Records Act requests - which sought critically important information pertaining to the environmental impacts of the Project. Further, the Response Letter argues that "any preliminary CEQA analysis the City may or may not have conducted is irrelevant to whether the Project complies with AB 1197's requirements." RL at p. 6. However, Appellant was indeed prejudiced and denied a fair hearing before the Advisory Agency and the City Planning Commission because, as explained below, the Subdivision Map Act has an independent environmental review requirement and the preliminary analysis that was conducted by the City provides highly important and relevant information. The applicant has conflated the environmental analysis that may be required under CEQA and the environmental analysis that is required under the Subdivision Map Act. The City deliberately attempted to hide the ball in this case and that prejudiced Appellant and resulted in an unfair hearing. Additionally, the City has continued to refuse to provide clarity about the parking system that will replace the existing surface lot. This greatly prejudices Appellant's ability to evaluate the plan and assess its impacts.

Moreover, the Response Letter's contention that the City complied with the Brown Act is not credible. Appellant has filed an action in Los Angeles County Superior Court challenging the City's actions. A true and correct copy of the Petition for Writ of Mandate filed on August 3, 2021 is attached hereto as Exhibit 38. The case name is *Venice Vision v. City of Los Angeles* (Case No. 21STCP02522).

III.   The City Has Failed to Conduct the Required Environmental Analysis Mandated by the Subdivision Map Act

Venice Community Corporation and Hollywood Community Housing Corporation ("Applicant") continue to conflate the environmental analysis that might be mandated under CEQA with that required under the Subdivision Map Act. They are separate and distinct.

In *Topanga Ass'n for a Scenic Community v. County of Los Angeles* (1989) 214 Cal.App.3d 1348, the court ruled that Government Code Section 66474(e), which requires a governmental agency to deny a map application if the agency finds that subdivision design or improvements are likely to cause substantial environmental damage, provides for an **environmental review *separate from and independent of CEQA***. The court stated as follows:

"Appellants argue that elimination of their CEQA causes of action does not foreclose an environmental challenge to the approval of the project because the Subdivision Map Act, in Government Code section 66474, subdivision (e), provides for environmental impact review separate from and independent of the requirements [of the CEQA. We agree. "[T]he finding required by section 66474, subdivision (e) is in addition to the requirements for the preparation of an environmental impact report" or a negative declaration pursuant to the CEQA. (59 Ops.Cal.Atty.Gen. 129, 130 (1976).) *Topanga Ass'n for a Scenic Cmty. v. County of L.A.* (1989) 214 Cal.App.3d 1348, 1355-1356.

The Response Letter cites *Muzzy Ranch Co. v. Solano County Airport Land Use Com. (2007) 41 Cal.4th 372, 380* for the proposition that environmental review is not required for the Project. However, *Muzzy Ranch* was a CEQA case and did not involve a project subject to the Subdivision Map Act. The case is therefore completely inapplicable.

The Response Letter also conflates the findings that were adopted pursuant to Government Code Section 66474(e) with an environmental review. They are clearly not the same thing. The City cannot possibly make a finding that the Project will not cause substantial environmental damage and/or serious public health problems when it has not conducted a complete environmental review. Findings are "legally relevant subconclusions" that support an agency's ultimate conclusion and are the application of relevant evidence to applicable legal standards. *Topanga*, supra, 11 Cal.3d at p. 516.

It is undisputed that the City did conduct a preliminary environmental review for the Project in the form of an Initial Study.[1] The City concluded that the project would indeed have potentially significant environmental impacts to the the environmental resources categories shown below

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

☒ Aesthetics	☒ Hazards & Hazardous Materials	☒ Recreation
☐ Agriculture and Forestry Resources	☒ Hydrology / Water Quality	☒ Transportation / Traffic
☒ Air Quality	☒ Land Use / Planning	☒ Tribal Cultural Resources
☒ Biological Resources	☐ Mineral Resources	☒ Utilities / Service Systems
☒ Cultural Resources	☒ Noise	☒ Mandatory Findings of Significance
☒ Geology/Soils	☐ Population / Housing	
☒ Greenhouse Gas Emissions	☒ Public Services	

DETERMINATION (to be completed by Lead Agency)

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[1] The Initial Study is available at https://planning.lacity.org/eir/nops/ReeseDavidson/InitialStudy.pdf. The City also submitted a Notice of Completion to the State Clearinghouse (2018121045) and at least three reviewing agencies submitted comment letters regarding the environmental impacts of the Project. See https://ceqanet.opr.ca.gov/2018121045.

Additionally, Appellant commissioned two expert reports detailing the Project's environmental impacts which were submitted to the Advisory Agency and the City Planning Commision. Appellant has also commissioned an expert report that demonstrates that the Project will have noise impacts that will result in substantial environmental damage. See Exhibit 39. Additionally, Appellant has commissioned two transportation reviews that outline various deficiencies with the Project, including environmental impacts. Again, these issues remain relevant because the Subdivision Map Act contains its own independent environmental review component. See Exhibits 40 and 41.

Moreover, according to both the Historical Resource Technical Report (Historical Report)[2] and the Biological Technical Report (Biological Report)[3] for the project, impacts to the historic Grand Canal and Short Line Bridge would be less than significant, because the proposed project does not alter the existing sidewalks along the Canal. As stated on page 34 – 35 of the Historic Report:

> The proposed changes to the segment of the Grand Canal and Short Line Bridge would be in compliance with the Standards, and character-defining features would be retained and preserved. For the segment of the Grand Canal, these character-defining features include the length, depth, and width of the segment as well as its trapezoidal cross section, earthen bottom, concrete banks, and integral sidewalks. For the Short Line Bridge, these include the length and height of the bridge span as well as its reinforced concrete piers, abutments, arches, parapets, and wing walls. . .

> The Grand Canal's overall configuration, its width, length, and depth, would not be altered by the Project. It would retain its earthen bottom, slopped concrete embankments, and integral concrete sidewalks. Only the Grand Canal's non-character-defining features would be replaced or altered, including the metal pipe railing and boat launch. The Short Line Bridge would also be minimally altered by the Project, and only its non-original approach slabs and metal guardrail would be removed, while its existing wing wall would remain. The segment of the Grand Canal and Short Line Bridge would continue to retain their character-defining features as described above. New hardscaping and landscaping would only be added outside the boundary of the Venice Canal Historic District.

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[2] Historic Resource Technical Report Reese Davidson Community Project, GPA Consulting, May 2019. This document was obtained through a public records act request filed by Appellant. This report is attached as Exhibit 42.

[3] Biological Technical Report for the Reese Davidson Community Development Project, Glenn Lukos Associates, Inc., March 2021. This document was attached to the Staff Report that was published on November 1, 2021. Appellant has not had an opportunity to fully review and/or digest this document.

Therefore, the segment of the Grand Canal and the Short Line Bridge would continue to retain integrity and contribute to the significance of the Venice Canal Historic District.

Page 36 of the Biological Report notes:

> The onsite portion of the Grand Canal differs in character from the rest of the canal system, and does not feature a landscape buffer. Rather, the onsite segment consists of concrete embankments directly adjacent to concrete sidewalks that run along either side of the canal. The Venice Canal system is a historic resource listed on the National Register of Historic Places. The current configuration must remain in order to comply with the Secretary of the Interior's Standards, and therefore a new landscaped buffer strip cannot be provided between the canal banks and sidewalk. Beyond the boundary of the historic zone, a combination of landscaping and grade change are used to provide a buffer between the Canal Walk and the Project.

The Biological Resources report then concludes on page 35, that because the proposed Project will not result in impacts to the onsite segment of the Grand Canal is will not impact Jurisdictional Waters:

> **5.7 Impacts to Jurisdictional Waters**
>
> The Project will result not result impacts to the onsite segment of the Grand Canal. Therefore, the Project will not require authorizations from the Corps pursuant to Section 404 of the CWA or pursuant to Section 10 of the 1899 Rivers and Harbors Act, notification and authorization from CDFW pursuant to Section 1602 of the Fish and Game Code, or Certification from the Regional Board pursuant to Section 401 of the CWA.

However, according to project renderings, the proposed Project *will* result in alteration of the existing sidewalks along the Canal on the project site, and thus construction in close proximity to the waterway, as shown in the following graphic from the applicant's website[4]:

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[4] https://www.vchcorp.org/reese-davidson-community/
https://www.vchcorp.org/wp-content/uploads/2018/02/Reese-Davidson-Community-flyer-3.16.pdf

FIGURE 1 – Graphic from https://www.vchcorp.org/reese-davidson-community/
Showing Proposed Sidewalk Modifications

In the absence of more detail on the treatment of the existing sidewalks, and prohibition on their modification, the potential for both Biological Resource and Historical Resource impacts remains.

The City's findings that the project will not result in substantial environmental damage adopted pursuant Government Code Section 66474(e) are supported by substantial evidence. Further, the fact that the City is asserted that the Project is statutorily exempt from AB 1197 is legally **irrelevant** as held in *Topanga Ass'n for a Scenic Cmty. v. County of L.A.* (1989) 214 Cal.App.3d 1348, 1355-1356.

IV.   Approval of the Project Will Result in Impermissible Spot Zoning

The Response Letter appears to admit that the Project amounts to "spot zoning," but contests that the City is engaged in *impermissible* spot zoning. Indeed, there should be no doubt that the City is engaged in spot zoning in this case. It is settled law that an amendment to a zoning ordinance that singles out a small parcel of land for a use different from that of the surrounding properties and for the benefit of the owner of the small parcel and to the detriment of other owners is spot zoning. (See, e.g., *Yellow Lantern Kampground v. Town of Cortlandville* (N.Y.App.Div. 2000) 279 A.D.2d 6, 9 [716 N.Y.S.2d 786, 788-789]; *Schubach v. Zoning Board of Adjustment* (1970) 440 Pa. 249, 253-254 [270 A.2d 397, 399]; *Balough v. Fairbanks North*

Star Borough (Alaska 2000) 995 P.2d 245, 264; *Pharr v. Tippitt* (Tex. 1981) 616 S.W.2d 173, 177 [24 Tex. Sup. Ct. J. 392]; *Palisades Properties, Inc. v. Brunetti* (1965) 44 N.J. 117, 134 [207 A.2d 522, 533-534].) The record clearly demonstrates that the City is poised to give greater rights than the surrounding properties in this instance.

Examples of this preferential treatment include, without limitation:

- The 59-foot "architectural" tower (which extends to 71 feet including railings and roof access structures);
- The failure to observe setback requirements with respect to frontage on Grand Canal;
- The lack of any setbacks above the ground floor;
- The lack of any setbacks surrounding the 59-foot "architectural" tower;
- The protrusion of the 59-foot "architectural" tower over the sidewalks along Pacific Avenue and N. Venice Boulevard;
- The parking tower in the east campus, which will extend to 45 feet in height with double-stacker parking and solar panels on top;
- Oversized rooftop features, including roof access structures, turrets, canopies, decks and railings;
- The permanent elimination of any opportunity to expand sidewalks and create designated bike lanes on Venice Boulevard, as called for under the City General Plan, the City's Mobility Plan 2035 and the Coastal Transportation Corridor Specific Plan;
- The experimental use of robotic or mechanical lift parking and a tiered-pricing scheme for parking; and
- The lack of required mitigation measures in connection with sea-level rise, flooding and elevated groundwater tables.

The City has engaged in impermissible spot zoning as well because rational reason in the public benefit does not exist for such a classification. As explained in the Venice Vision's Justifications for Appeal, the City's creation of the new zoning district and its application to the project site is not in the public interest. Further, the CPC and Advisory Agencies's decisions were arbitrary, capricious and devoid of evidentiary support. As explained below, the City's consistency findings are fundamentally flawed.

V.   The Findings for the Project Are Inadequate

Findings are "legally relevant subconclusions" that support an agency's ultimate conclusion and are the application of relevant evidence to applicable legal standards. *Topanga*, supra, 11 Cal.3d at p. 516. The *Topanga* court explained that the intended effect of findings is "to

facilitate orderly analysis and minimize the likelihood that the agency will randomly leap from evidence to conclusion." 11 Cal.3d at 515.

In *Topanga*, supra, 11 Cal.3d 506, the court articulated the purposes and reasons for findings. Findings:

- "[B]ridge the analytical gap between raw evidence" and an agency's ultimate decision. *Topanga*, supra, 11 Cal.3d at p. 515.
- Enhance the efficiency and effectiveness of judicial review by explaining to the court what a decision means and how it was reached. *Topanga*, supra, 11 Cal.3d at p. 516.
- Allow interested parties to understand the relevant issues and information so that they can decide whether and on what basis to seek judicial review. *Topanga*, supra, 11 Cal.3d at p. 516.
- Diminish the importance of judicial review by enhancing the integrity and rigor of administrative decision making by cities. *Topanga*, supra, 11 Cal.3d at p. 516.
- Serve "a public relations function" by showing the parties and the interested public that the city made its decision in a careful, reasoned, and equitable manner. *Topanga*, supra, 11 Cal.3d at p. 517.

The *Topanga* court explained that a reasonable requirement for findings and a clear standard for judicial review facilitate the proper division of legislative functions from quasi-judicial functions. *Topanga*, supra, 11 Cal.3d at p. 517. In the "absen[ce of] such road signs, a reviewing court would be forced into unguided and resource-consuming explorations" and would have "to grope through the record to determine whether some combination of credible evidentiary items which supported some line of factual and legal conclusions supported the ultimate order or decision of the agency." Id. at p. 516.

Topanga, supra, 11 Cal.3d 506 and the decisions that follow it require findings to be adopted whenever a city acts in a quasi-judicial capacity (also known as an adjudicative or administrative capacity). Adjudicative decisions generally involve the application of established standards to individual parcels. *Arnel Dev. Co. v. City of Costa Mesa* (1980) 28 Cal.3d 511, 519; *20th Century Ins. Co. v. Garamendi* (1994) 8 Cal.4th 216, 275. Such decisions also involve the determination of specific rights under existing law with regard to a specific fact situation. *Mountain Def. League v. Bd. of Supervisors* (1977) 65 Cal.App.3d 723, 729. Findings are required for adjudicative decisions. *Arnel Dev. Co. v. City of Costa Mesa*, supra, at p. 519. There is no question that the City Planning Commission made an adjudicative decision when it acted on Petitioner's VTT appeal. There is also no question that the City Planning Commission was acting in a quasi-judicial capacity when it acted on many of the necessary entitlements for the Project (e.g. Project Permit Compliance Review, Site Plan Review, etc.) The Commission's decision involved the determination of specific rights under existing law as to a specific situation.

Here, the City's environmental findings adopted pursuant to Government Code section 66474(e) were entirely inadequate. The City's finding consists of a single paragraph. The finding states, in part, as follows: "Although located adjacent to the Grand Canal, which is part of the larger, man-made Venice Canal system, the Project Site does not contain any natural open spaces, act as a wildlife corridor, contain riparian habitat, wetland habitat, migratory corridors, conflict with any protected tree ordinance, conflict with a Habitat Conservation Plan, nor possess any areas of significant biological resource value." These findings are contradicted by the Initial Study prepared by the City as well as an expert report prepared by a qualified biologist, Scott Cashen. Additionally, the City ignores other environmental resources - focusing exclusively on the Project's biological resource impacts. The question under Govt. Code section 66474(e) is whether the Project is likely to cause "substantial environmental damage" - nothing in law limits the inquiry to mere biological issues. It is undisputed that the Initial Study concluded that the Project may cause potentially significant impacts on a wide range of environmental resources, including aesthetics, air quality, cultural resources, recreation, public service, etc. Moreover, the remainder of the finding recites the Project's alleged statutory exemption from CEQA - which is irrelevant as explained above. The City's findings are not supported by substantial evidence because the City failed to demonstrate the analytical route between the evidence and the action. *West Chandler Blvd. Neighborhood Ass'n v. City of Los Angeles* (2011) 198 Cal.App.4th 1506.

VI.   The Project Violates the Terms of the Exclusive Negotiating Agreement

The Response Letter argues that the Project complies with the land use consistency requirement in the Exclusive Negotiating Agreement ("ENA") because the requested entitlements amend the General and Specific Plan. Therefore, according to the Applicant, the project will comply with the Specific Plan and Venice Land Use Plan. This is circular logic that defies common sense.

VII.   The Design and IMprovements of the Project are Not Consistent with the Applicable General and Specific Plan and the Coastal Act

Contrary to the Response Letter's conclusions, the proposed Project does not meet design consistency. The project fails to address issues related to public access to the boat launch and protection and safety of an Environmentally Sensitive Area Habitat as required by the Certified Venice Local Coastal Program (LUP Policy III.A.1) and the California Coastal Act.

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The project violates the following provisions of the Coastal Act:

Coastal Act Section 30213:

"Lower cost visitor and recreational facilities shall be protected, encouraged and where feasible, provided. Development providing public recreational opportunities is preferred;"

Coastal Act Section 30220:

Coastal areas suited for water-oriented recreational activities that cannot readily be provided at inland water areas shall be protected for such uses;"

Coastal Act Section 30224:

"increased recreational boating use of coastal waters shall be encouraged, in accordance with this division, by developing dry storage areas, increasing public launching facilities, providing additional berthing space in existing harbors of refuge, and by providing for new boating facilities in natural harbors, new protected water areas, and in areas dredged from dry land;"

The project also violates the Certified Venice Local Coastal Program Land Use Plan ("LUP).

The LUP Recreational Opportunities Policy III.A.1. General states:

"New recreational opportunities should be provided, and existing recreational areas shall be protected, maintained and enhanced for a variety of recreational opportunities for both residents and visitors…"

The LUP Policy Coastal Waterways Policy III.D.2 Boating Use of Canals state:

"…A public boat launch facility was built as part of the Venice Canals Rehabilitation Project at the Grand Canal And North Venice Blvd. The City shall protect the public's ability to access the canals by boat by maintaining public access to the Grand Canal public boat launch. The facility shall provide adequate on-site public parking consistent with the sizes and types of boats to be launched and frequency of launching pursuant to the County Department of Small Craft Harbors standards;"

The project will **decrease** recreational opportunities currently provided by being able to access the Venice Canals by boat.

The project claims to maintain boat launch access to the Venice Canals which is not the case. The Coastal Commission has mandated 7 parking spots be available to the public for access to the public launch. Current developer plans call for only 3 reserved launch spots and all at questionable locations in the interior of a parking structure and further away from the launch. From a practical standpoint, there is no way to back a larger boat down the ramp on a trailer attached to an automobile as for which the boat launch was designed.

Historically, Canal residents were able to build permitted, private docks on a public right of way, with the condition by Coastal Commission that access to launch a boat be given to the public through an accessible boat ramp at Grand Canal and S. Venice Blvd. Private Residents were only permitted to obtain private doc permits once this stipulation of public access had been met.

The public boat launch allows a trailer to bring a boat to the ramp, allowing the boat to be backed into the canal by automobile. The launch also allows for smaller boats to be unloaded at the site and carried down the ramp without harming surrounding Salt Bush planted around the canals for environmental protection.

On October 14,1993 the Coastal Commission, upon allowing up to 175 private docs to be permitted in the Venice Canals, mandated that the general public will have adequate access to a public boat launch with 7 parking spaces reserved for public access.[5] These spots are currently used by the Mariposa Landscape Inc. as negotiated through the City to maintain the healthy environment of the canals. After hours the parking is chained off, as the City did not do it's due diligence in keeping these spots open and available to the public. This is an issue to be corrected by the City, not a situation where developers should reduce access from the required 7 spots to the 3 they are offering within the structure.

The Staff Report from the 1993 Coastal Commission action states as follows:

> *"As conditioned, the dock plan will not restrict the public from using the Venice Canals for recreational boating and public boating access in the Venice Canals will be protected as required by the Coastal Act. The public will continue to be able to access the canals with non-motorized boats at the public boat launching ramp approved under Coastal Development Permit 5-91-584 (City of Los*

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[5] The Staff Report for the 1993 Coastal Commission action can be found at
https://documents.coastal.ca.gov/reports/2001/6/Th20b-6-2001.pdf . The Staff Report is attached as Exhibit 44

Angeles). The public boat launching ramp is located on the northern end of the Grand Canal (Exhibit #1) A seven-space parking area at the public boat ramp provides parking for people using boats while visiting the Venice Canals."

According to the Venice Local Coastal Program IV-7"

> *A public boat launch facility was built as part of the Venice Canals Rehabilitation Project at the Grand Canal and North Venice Boulevard. The City shall protect the public's ability to access the canals by boat by maintaining public access to the Grand Canal public boat launch. The facility shall provide adequate on-site public parking consistent with the sizes and types of boats to be launched and frequency of launching pursuant to the County Department of Small Craft Harbors standards.*

In addition to creating a barrier to public access, the project does not properly allow for the contracted maintenance service to adequately care for the Environmentally Sensitive Habitat Areas of the Canals. The City has contracted the Mariposa Landscape Inc. maintenance crew to care for the environmental well being of the canals.

The STATEMENT OF WORK for the Venice Canals, Grand Canal and Ballona Lagoon Maintenance[6] reads as follows.

> *The purpose of the Venice Canals maintenance work is to keep the rehabilitated canals clean, control algae growth, maintain the landscaping, and operate the tide gates.*

> *…The City is responsible for preserving wetland vegetation in the maintenance area.*

> *The purpose of maintaining the Ballona Lagoon is to keep the rehabilitated lagoon and it's banks free of any trash and loose debris from the banks and within the lagoon waters and to provide a natural environment. Also, to protect marine and coastal resources within the Environmentally Sensitive Habitat Areas (ESHA) in compliance with the California Coastal Act and existing Coastal Development permits (CDP) as listed in Attachment 4. This also applies to the Venice Canals and Grand Canal The CONTRACTOR shall perform the work as detailed under Subsection 2.1.*

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[6] The Statement of Work is attached as Exhibit 43.

The city has designated the parking area by the boat launch for use by the Mariposa Maintenance crew. The site requires a porta potty and space for containers to maintain the cleanliness and health of the canals. The ramp is required to remove algae and debris and abandoned boats and other floating objects from the canals.

As part of maintenance responsibilities 2.1.2 Control of Algae Growth:

> *Algae grow at the bottom of the canals The growth is prevalent and may be problematic in the summer months when the weather is warm. The algae should be removed and disposed of at a suitable disposable site.*

Large containers of algae are pulled from the canals, at a rate of 15-20 loads per year. A sanitation truck is required to bring in the container and remove it once full of algae. On a weekly basis, there is a 3 yard container (seen behind the algae) that is emptied 2-3 times a week and is used for garbage collection throughout the canals. The Mariposa crew also gathers abandoned watercraft at this site which is removed monthly by sanitation.

Pictures of the algae and removal activity are shown below.
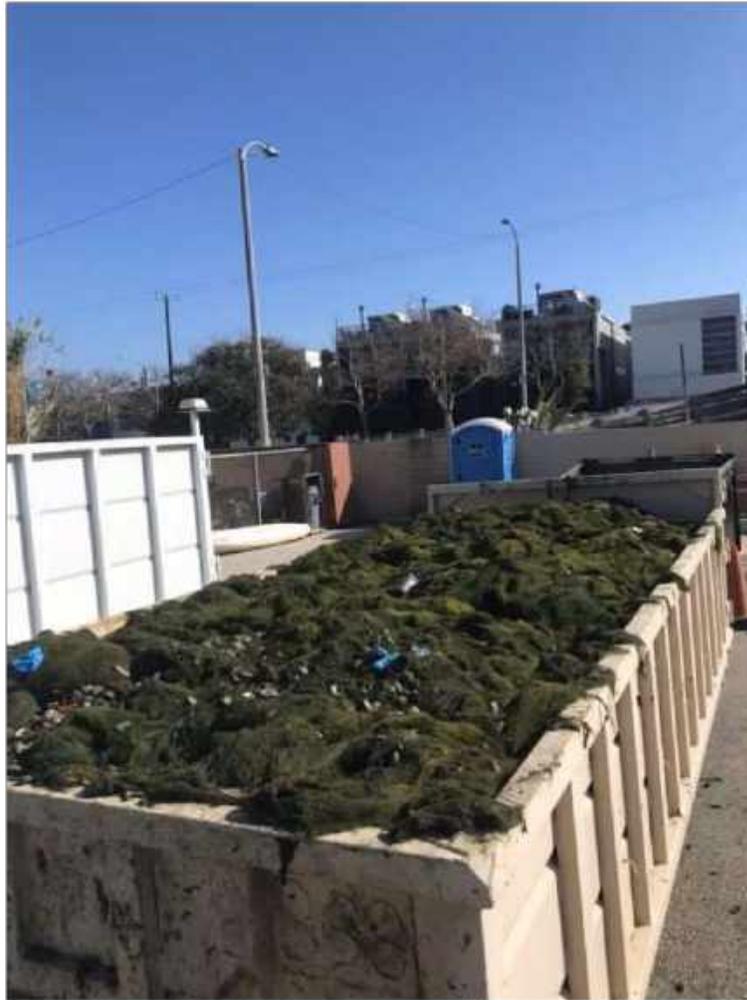
According to the developers' plans, the area for maintenance will not be practical if available at all. Algae can not be moved and temporarily stored inside a parking structure (due to practicality and odor).

The ability for large vehicles to access the containers and the boat ramp will be jeopardized. The project clearly interferes with the ability to haul the Algae in and out. Trucks will be unable to remove garbage from Canals to preserve Environmentally Sensitive Area. Additionally, moving the boat launch parking further away inside the parking structure is discriminatory to those with disabilities, as is moving public parking access further from the beach in the East tower. Additionally, making a parking lot used by minorities, lower income,

and making it more limited in access also discriminates under the environmental justice section of the California Coastal Act.

Also, removing access to the Vehicle Boat Launching ramp by a trailer attached to a vehicle to unload the boat, and placing designated parking in an internal structure, requiring the public to hand carry the boat is a violation of the Coastal Act Section 30013 (Environmental justice).

In addition to the foregoing, the architects in the City's own Professional Volunteer Program have expressly found that the design "rejects" the surrounding community, and, at a minimum, the following project characteristics are inconsistent with the surrounding community and applicable plans:

- The 59-foot "architectural" tower (which extends to 71 feet including railings and roof access structures);
- The failure to observe setback requirements with respect to frontage on Grand Canal;
- The lack of any setbacks above the ground floor;
- The lack of any setbacks surrounding the 59-foot "architectural" tower;
- The protrusion of the 59-foot "architectural" tower over the sidewalks along Pacific Avenue and N. Venice Boulevard;
- The parking tower in the east campus, which will extend to 45 feet in height with double-stacker parking and solar panels on top;
- Oversized rooftop features, including roof access structures, turrets, canopies, decks and railings;
- The permanent elimination of any opportunity to expand sidewalks and create designated bike lanes on Venice Boulevard, as called for under the City General Plan, the City's Mobility Plan 2035 and the Coastal Transportation Corridor Specific Plan;
- The experimental use of robotic or mechanical lift parking and a tiered-pricing scheme for parking; and
- The lack of required mitigation measures in connection with sea-level rise, flooding and elevated groundwater tables.

VIII.   The Project Does Not Qualify for a CEQA Exemption Under AB 1197

The Applicant again fails to show that the Project is exempt under California A.B. 1197, codified at Public Resources Code Section 21080.27. Venice Vision and others have addressed this issue in previous comment letters, all of which are incorporated here by reference.

Certain points raised in the Attachment A-13 of the letter submitted by Applicant's counsel, Latham & Watkins, on October 29, 2021 (the "October 29, 2021 Latham Letter") are addressed here.

A. Applicant Has Failed to Show that 3% of the Nonresidential Space Is Dedicated to Supportive Services Limited to Tenant Use as Required Under Section 65651, Subd. (a)(5)(B)

1. *Applicant's assertion that "exterior walkways ... covered alcoves, and areas under building overhangs" should be categorically excluded from calculations of "nonresidential floor area" is incorrect.*

LADBS Information Bulletin / Public-Building Code on Calculating Floor Area (Doc. No. P/BC 2002-021)[7] states:

> When applying either Sec. 12.03[8] or 12.21.1 A 5, architectural projections not intended for regular use or occupancy shall not be counted as floor area. ***Areas under projections intended for use and occupancy shall be included as floor area in accordance with the guidelines below.*** For all Building Code applications, the area under architectural projections exceeding 5 feet (1524 mm) in width, as defined in Sec. 91.3204.1, shall be included in the floor area calculation.

Further, the California Building Code[9] defines "[f]loor area" as "the area within the inside perimeter of the exterior walls of the building" or, if surrounding exterior walls do not exist, ***"the usable area under the horizontal projection of the roof or floor above."*** California Building Code 2019, Chapter 2, Section 202;[10] see California Oak Found. v. Regents of Univ. of California, 188 Cal. App. 4th 227, 253, 115 Cal. Rptr. 3d 631, 650 (2010), as modified (Oct. 1, 2010) (citing Cal.Code Regs., tit. 24, § 1002.1).

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[7] Ex. 1 (LADBS Information Bulletin / Public – Building Code, Doc. No. P/BC 2002-021).

[8] Ex 2 (Section 12.03 Los Angeles Municipal Code)

[9] In 1978, state legislation (SB 331, Robbins) mandated that building standards be unified in a single code within the California Code of Regulations and designated as Title 24, the California Building Standards Code (Title 24).

[10] Ex. 3 (Section 202, California Building Code (also known as Title 24, part 2 of the California Code of Regulations) / (Tile 24, Section 1002.1 Cal. Code Regs.). The 2019 California Building Code adopted the International Building Code 2018 with amendments.

And the Uniform Building Code—which once provided the basis for the California Building Code, see Coll. Area Renters & Landlord Assn. v. City of San Diego, 43 Cal. App. 4th 677, 684 (1996) (citing the Uniform Building Code), —similarly states that: "the floor area of a building, or portion thereof, not provided with surrounding exterior walls shall be the usable area under the horizontal projection of the roof or floor above." SECTION 202 DEFINITIONS, IBLDG15CD § 202[11].

Similarly, the Applicant provides no support for its naked assertion that "With respect to overhangs and alcoves, Appellant includes all overhang and covered alcove space in its nonresidential floor area calculations, including the "overhang and covered alcove space … located on the upper levels of the Project" should be excluded from nonresidential space because it is "adjacent to residential spaces."

Thus, Applicant cannot justify its proposed exclusions from floor area for ""exterior walkways … covered alcoves, and areas under building overhangs." All argument in that vein must be disregarded.

2. *Applicants' Assertion that "Common Area" Constitutes Residential Space Is Incorrect*

Applicant states (again, without citation to any authority) that "[t]he Project's 'common area' [] refers to areas that are for use by the Project's residential tenants, and are therefore properly categorized as residential space." Oct. 29, 2021 Latham Letter at 18-19.

That assertion, however, is directly and decisively contradicted by the Project Plans dated March 31, 2021 (Revision 5),[12] which state at Sheet No. G0.01(emphasis added): ***"Common area includes lobbies, enclosed bike storage, laundry facilities, and community rooms."***

Moreover, Section 12.03 of the LAMC, however, defines "residential" as the "**portion [of a building] designed or used for human habitation**." LAMC Section 12.03 (Definitions) (Added by Ord. No. 107,884, Eff. 9/23/56).

Mere "use" by residents is not sufficient to make floor area "residential," and thus there is no conceivable justification for categorizing "common area" as "residential space."

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[11] Ex. 4 (2015 International Building Code, Chapter 2, Definitions).

[12] Ex. 5 (March 31, 2021 Project Plans)

3. *Applicant Fails to Account for the Nonresidential Portion of*
Live/Work Quarters

Section 202 of the International Building Code (which was long the model for the California Building Code) defines a "Live/Work Unit" as:

> "A dwelling unit or sleeping unit in which a significant portion of the space includes a ***nonresidential use*** that is operated by the tenant."

SECTION 202 DEFINITIONS, IBLDG15CD § 202 (emphasis added).

Section 12.03 of the Los Angeles Municipal Code, similarly, defines (emphasis added) "Joint Living and Work Quarters" as follows:

> "A residential occupancy of one or more rooms or floors used as a dwelling unit with ***adequate work space*** reserved for, and regularly used by, one or more persons residing there." (Amended by Ord. No. 181,133, Eff. 5/11/10.)

LAMC 12.03.

Further, Los Angeles Ordinance No. 181,133[13] states:

> 9. Work Space for Joint Living and Work Quarters. The total floor area in a joint living and work quarters shall be arranged to comply with one of the following standards:
>
> > (a) Tier 1 Standard - Low Percentage of Work Space. At least ten percent but no more than 25 percent of the total floor area in a joint living and work quarters shall be work space; or
> >
> > (b) Tier 2 Standard - Medium Percentage of Work Space. At least 25 percent but no more than 50 percent of the total floor area in a joint living and work quarters shall be work space.

As set forth in the Project Plans dated March 31, 2021 (Revision 5) at Sheet No. G0.01(emphasis added), the average size of a studio in the project is 301 sq. ft. and the average size of joint living and work quarters in the project is 400 sq. ft.

The difference in size between a strictly residential studio and live/work quarters—99 sq. ft.—is logically the "adequate work space reserved for, and regularly used by, one or more persons residing there" expressly required for "Joint Living and Work Quarters" under Section

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[13] Ex. 6 (Los Angeles Ordinance No. 181,133).

12.03 of the Los Angeles Municipal Code. This calculation is conservative in that: (i) these units are supposedly for "artists," requiring allowances for sculptures, painters and such who need perspective on their work and, in many cases, make us of bulky equipment such as easels and (ii) it places the project in the "Tier 1 Standard – Lower Percentage of Work Space" category.[14]

There are 34 live/work units in the project, so at least 3,366 sq. ft. of the total 13,600 sq. ft. allocated to live/work units is necessarily nonresidential.

4. *Applicant Admits That the Project Has 104,159 Square Feet of Floor Area*

Applicant conducted floor area calculations for the project consistent with the forgoing authority. In their submission, the Applicant states that there is a "Buildable Area" of 90,573 sq. ft. and a floor area ratio of –"[b]ased on Build Area"—1.15. That yields (using the developers own figures) a floor area of 104,159 sq. ft. 104,159 sq. ft. is the floor area that should be used.

5. *Applicant Fails to Show the Amount of Square Footage Dedicated to Supportive Services*

The October 29, 2021 Latham Letter states that "685 square feet[] is dedicated to onsite supportive services."

The Project Plans dated March 31, 2021 (Revision 5), however, state (emphasis added) at Sheet No. G0.01 that this 685 square feet—referred to in the aggregate as "[s]upporting office areas" includes "office space for tenant supportive services ***and on-site storage***." Thus, it is impossible to know from the materials submitted by the Applicant how much square footage is dedicated so supportive services. The Applicant fails, for that reason alone, to show compliance with the requirement that 3% of total nonresidential space be dedicated to supportive services exclusively for tenants. Moreover—and similarly—Applicant fails to show that the services provides through these offices will be reserved exclusively for tenants.

Even assuming there is 685 square feet of space dedicated to supportive services, however, the Project fails to satisfy the 3% threshold. The March 31, 2021 Project Plans, Revision 5, indicates at Sheet No. G0.01 that the Project has 104,149 square feet of floor area. Residential units, in gross, account for 64,280 square feet. 104,149 sq. ft. minus 64,280 sq. ft. is 39,869 sq. ft. of nonresidential floor area, before adjusting for the nonresidential portion of the live/work quarters. Making the adjustment described above for joint live/work quarters adds 3,366 square feet of nonresidential floor area, increasing total nonresidential floor area to 43,235 square feet.

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[14] See also Ordinance No. 186488 (calling for a minimum 150 sq. ft. of dedicated workspace in a live/work unit) (Ex. 7); Ex. 16 (Los Angeles Ordinance No. 184,099).

685 square feet is 1.58% of 43,235 square feet (and 1.7% of 39,869 sq. ft., excluding the adjustment for the nonresidential portion of the live/work quarters).

B. Applicant Has Failed to Show the Project Satisfies AB 1197's Funding Requirement

Applicant argues as follows:

> "These specified funding sources include Measure H funding, and on February 16, 2018, the Project obtained a Measure H funding commitment letter from the Los Angeles County Department of Health Services Housing for Health Division. In general, affordable housing projects are built with a variety of funding sources, and the fact that the Project will be funded by sources in addition to Measure H does not render it ineligible for the AB 1197 Exemption."

This argument overlooks the distinction between "supportive *housing*" and "supportive *services*."

Public Resources Code Section 21080.27(a)(3)[15] states:

> (3) "Supportive housing" means supportive *housing*, as defined in Section 50675.14 of the Health and Safety Code, that meets the eligibility requirements of Article 11 (commencing with Section 65650) of Chapter 3 of Division 1 of Title 7 of the Government Code or the eligibility requirements for qualified supportive *housing* or qualified permanent supportive *housing* set forth in Ordinance No. 185,489 or 185,492, and is funded, in whole or in part, by any of the following:
>
> > (A) The No Place Like Home Program (Part 3.9 (commencing with Section 5849.1) of Division 5 of the Welfare and Institutions Code).
> >
> > (B) The Building Homes and Jobs Trust Fund established pursuant to Section 50470 of the Health and Safety Code.
> >
> > (C) Measure H sales tax proceeds approved by the voters on the March 7, 2017, special election in the County of Los Angeles.

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[15] Ex. 8 (Public Resources Code 21080 et seq.); For context, the legislative history for A.B. 1197 is provided as Ex. 9.

(D) General bond obligations issued pursuant to Proposition HHH, approved by the voters of the City of Los Angeles at the November 8, 2016, statewide general election.

(E) The City of Los Angeles Housing Impact Trust Fund.

Section 65650 of the Government Code[16] states:

For purposes of this article, the following definitions shall apply:

(a) *"Supportive housing"* shall have the same meaning as defined in Section 50675.14 of the Health and Safety Code.

(b) *"Supportive services"* shall have the same meaning as defined in Section 65582.

(c) "Target population" shall have the same meaning as defined in Section 50675.14 of the Health and Safety Code .

(d) "Use by right" shall have the same meaning as defined in subdivision (i) of Section 65583.2 .

Section 50675.14 of the Health and Safety Code[17] states, in pertinent part:

(2) "Supportive housing" means ***housing*** with no limit on length of stay, that is occupied by the target population, and that is ***linked to onsite or offsite services*** that assist the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community.

Thus, on its face, Public Resources Code Section 21080.27(a)(3) distinguishes between housing and services.

The same is true of Measure H.

As set forth, in the County of Los Angeles Measure H Audit for the fiscal year ended June 30, 2020,[18] Measure H has 6 types of expenditures: "Prevent Homelessness," "Subsidize

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[16] Ex. 10 (Section 65650 Cal. Gov. Code)

[17] Ex. 11 (Section 50675.14 Cal. Health & Safety Code)

[18] Ex. 12 (Measure H Audit, Fiscal Year Ended June 30, 2020)

Housing," "Increase Income," "Provide Case Management and Services," "Create a Coordinated System," and "Increase Affordable/Homeless Housing."

These bodies of work are defined as follows:

Strategy A - Preventing Homelessness - Combating homelessness requires reducing the number of families and individuals who have become homeless and helping currently homeless families and individuals move into permanent housing.

Strategy B - Subsidize Housing - Homeless families and individuals lack sufficient income to pay rent on an ongoing basis due to the high cost of housing in Los Angeles County. Subsidizing rent and related housing costs is key to enabling homeless families and individuals to secure and retain permanent housing and to prevent families and individuals from becoming homeless.

Strategy C - Increase Income - A high percentage of homeless adults can increase their income through employment and qualified disabled homeless individuals can increase their income through federal disability benefits. This increase in income can assist homeless families and individuals pay for their own housing in the future

Strategy D - Provide Case Management and Services - The availability of appropriate case management and supportive services is critical to enable homeless families and individuals to take advantage of an available rental subsidy, increase their income, and access/utilize available services and benefits. Since the specific needs of homeless families and individuals vary depending on their circumstances, they need case management and supportive servicesto secure and maintain permanent housing.

Strategy E - Create a Coordinated System - Homeless individuals, families and youth often encounter multiple County departments, city agencies and community-based providers based on their complex individual needs. This fragmentation is often exacerbated by lack of coordination of services, disparate eligibility requirements, funding streams, and bureaucratic processes. A coordinated system brings together homeless and mainstream services to maximize the efficiency of current programs and expenditures.

Strategy F - Increase Affordable Homeless Housing - The lack of affordable housing for the homeless contributes substantially to the current crisis of homelessness. The County and cities throughout the region can increase the

availability of both affordable and homeless housing though a combination of land use policy and *subsidies for housing development*.

Additional detail regarding each of these strategies is set forth on document pages 11-12 (pdf file pages 15-16).

The Audit for the year ended 2019,[19] for example, shows at pdf file pages 12 and 45 that the County of Los Angeles disbursed "$15 million to finance the development and preservation $15 million to finance the development and preservation of homeless housing through [the Community Development Commission ("CDC") and the Los Angeles Community Development Authority ("LACDA") Notice of Funding Availability (NOFA) process." Those funds were "used to support the development and preservation of homeless housing in areas of the County where there is an urgent need for housing under Measure H eligible Homeless Initiative Strategy F7 – Preserve Current Affordable Housing and Promote the Development of Affordable Housing for Homeless Families and Individuals." Id.

A table in the audit shows how "Strategy F7" funds were allocated in that period.[20]

The $11,627,000 amount allocated for strategy B4 was fully spent during fiscal year 2018-19. While the $15,000,000 disbursed to the LACDA in FY 2018-19 for strategy F7, $1,200,000 was allocated for administrative costs and $13,800,000 was allocated for capital funding through the LACDA's NOFA process for Strategy F7.

For the year ended June 30, 2019, LACDA's Measure H Strategy F7 actual expenditures totaled $6,098,250 comprised of $5,656,191 in capital funding and $442,059 in administrative costs. As of June 30, 2019, the capital funding allocated through the NOFA process for Strategy F7, including funds received from prior fiscal year were as follows:

Housing Projects	Measure H Funds Committed	Expected Construction Starts/Completion Date
From FY 2017-18 allocation:		
PATH Villas at South Gate	$ 1,700,000	Construction to start in March 2020
Kensington Campus	2,000,000	Expected completion, December 2019
Florence Apartments	2,000,000	Expected completion, August 2021
The Spark at Midtown	2,000,000	Expected completion, November 2020
Sun Commons	1,500,000	Construction to start in February/March 2020
Sub-total	$ 9,200,000	
From FY 2018-19 allocation:		
Veterans Parks Apartments	$ 2,000,000	Construction not yet started
Fairview Heights	2,800,000	Construction not yet started
Vermont/Manchester	2,000,000	Construction not yet started
PCH and Magnolia	2,000,000	Construction not yet started
The Pointe on La Brea	2,000,000	Construction not yet started
Juniper Grove	3,000,000	Construction not yet started
Sub-total	$ 13,800,000	
Grand total	$ 23,000,000	

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[19] Ex. 13 (Measure H Audit, Fiscal Year Ended June 30, 2019).

[20] See also Measure H Quarterly Report #18, Exhibit I, pdf file page 37 (Ex. 14); Measure H Audit, Fiscal Year Ended June 30, 2018 (Ex. 15).

The February 16, 2018 letter the Applicant uses to show (putatively) Measure H funding states (emphasis added):[21]

> It is DHS' intention to assist VCHC with all 68 PSH units in the Reese-Davidson Community project with ***Intensive Case Management Services (ICMS)*** support," with no reference of any kind for funding for housing.
>
> …
>
> The County intends to provide ***supportive services*** for up to 68 homeless DHS patients at the Reese-Davidson Community project. The County shall enter into contract with an approved Intensive Case Management Services (ICMS) provider at an estimated funding amount of up to $367,200 per year. The County, the ICMS provider, and VCHC will collaborate to ensure tenants receive the support they need to remain housed and stable, including attending and/or convening periodic meetings with partners to problem-solve around tenant, building, and community issues. DHS will also provide ***in-kind clinical services*** on-site and through referral to primary care homes to ensure that each tenant receives high quality medical care.

In addition to being outdated and falling well short of a funding commitment, this letter plainly pertains strictly to services—with no reference to funding for housing—and therefore does not satisfy Public Resources Code Section 21080.27(a)(3). Indeed, Latham & Watkins admits as much in a draft letter, striking language that Measure H would provide "support for 68 formerly homeless households in the Project."[22]

C. The Applicant Fails to Show that the Project Serves the Target Population Required for the A.B. 1197 Exemption

The Applicant claim the Project meets the definition for "supportive housing" under Health and Safety Code Section 50675.14 and Government Code Section 65650 because the Project does not limit the length of stay for its residents, will reserve more than 25 percent of the units for low-income formerly homeless members of the target population, and is linked to onsite supportive services. (Oct. 29, 2021 Latham Letter)

Section 50675.14 of the Health and Safety Code states in pertinent part:

> (2) "Supportive housing" means housing with no limit on length of stay, that is occupied by the target population, and that is linked to onsite or offsite services that assist the supportive housing resident in retaining the housing, improving

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[21] Ex. 17 (Measure H Services Letter).
[22] Ex. 25 (February 2020 Draft Latham & Watkins Letter).

his or her health status, and maximizing his or her ability to live and, when possible, work in the community.

(3)(A) "Target population" means persons, including persons with disabilities, and families who are "homeless," as that term is defined by Section 11302 of Title 42 of the United States Code , or who are "homeless youth," as that term is defined by paragraph (2) of subdivision (e) of Section 11139.3 of the Government Code .

(B) Individuals and families currently residing in supportive housing meet the definition of "target population" if the individual or family was "homeless," as that term is defined by Section 11302 of Title 42 of the United States Code , when approved for tenancy in the supportive housing project in which they currently reside.

Section 65651 of the California Government Code[23] provides, in pertinent part:

(a) Supportive housing shall be a use by right in zones where multifamily and mixed uses are permitted, including nonresidential zones permitting multifamily uses, if the proposed housing development satisfies all of the following requirements:

…

(2) One hundred percent of the units, excluding managers' units, within the development are dedicated to lower income households and are receiving public funding to ensure affordability of the housing to lower income Californians. For purposes of this paragraph, "lower income households" has the same meaning as defined in Section 50079.5 of the Health and Safety Code.

(3) At least 25 percent of the units in the development or 12 units, whichever is greater, are restricted to residents in supportive housing who meet criteria of the target population.   If the development consists of fewer than 12 units, then 100 percent of the units, excluding managers' units, in the development shall be restricted to residents in supportive housing.

….

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[23] Ex. 18 (Section 65651 California Government Code).

Section 50079.5 of the California Health and Safety Code[24] provides:

(a) "Lower income households" means persons and families whose income does not exceed the qualifying limits for lower income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937. The limits shall be published by the department in the California Code of Regulations as soon as possible after adoption by the Secretary of Housing and Urban Development. In the event the federal standards are discontinued, the department shall, by regulation, **establish income limits for lower income households for all geographic areas of the state at 80 percent of area median income**, adjusted for family size and revised annually.

(b) "Lower income households" includes very low income households, as defined in Section 50105, and extremely low income households, as defined in Section 50106. The addition of this subdivision does not constitute a change in, but is declaratory of, existing law.

(c) As used in this section, "area median income" means the median family income of a geographic area of the state.

Section 50105 of the California Health and Safety Code[25] provides:

(a) "Very low income households" means persons and families whose incomes do not exceed the qualifying limits for very low income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937. These qualifying limits shall be published by the department in the California Code of Regulations as soon as possible after adoption by the Secretary of Housing and Urban Development. In the event the federal standards are discontinued, the department shall, by regulation, **establish income limits for very low income households for all geographic areas of the state at 50 percent of area median income, adjusted for family size and revised annually.**

(b) "Very low income households" includes extremely low income households, as defined in Section 50106. The addition of this subdivision does not constitute a change in, but is declaratory of, existing law.

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[24] Ex. 19 (Section 50079.5 of the California Health and Safety Code).

[25] Ex. 20 (California Health and Safety Code Section 50105).

(c) As used in this section, "area median income" means the median family income of a geographic area of the state.

Section 50106 of the California Health and Safety Code[26] provides:

> "Extremely low income households" means persons and families whose incomes do not exceed the qualifying limits for extremely low income families as established and amended from time to time by the Secretary of Housing and Urban Development and defined in Section 5.603(b) of Title 24 of the Code of Federal Regulations. These limits shall be published by the department in the California Code of Regulations as soon as possible after adoption by the Secretary of Housing and Urban Development. In the event the federal standards are discontinued, the department shall, by regulation, establish income limits for extremely low income households for all geographic areas of the state at 30 percent of area median income, adjusted for family size and revised annually. As used in this section, "area median income" means the median family income of a geographic area of the state.

24 C.F.R. § 5.603[27] provides in pertinent part as follows:

Extremely low-income family. A very low-income family whose annual income does not exceed the higher of:

(1) The poverty guidelines established by the Department of Health and Human Services applicable to the family of the size involved (except in the case of families living in Puerto Rico or any other territory or possession of the United States); or

(2) Thirty (30) percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 30 percent of the area median income for the area if HUD finds that such variations are necessary because of unusually high or low family incomes.

Further, 24 C.F.R § 5.603 states:

Low income family. A family whose annual income does not exceed 80 percent of the median income for the area, as determined by HUD with adjustments for smaller and

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[26] Ex. 21 (California Health and Safety Code Section 50106).

[27] Ex. 22 (24 C.F.R. § 5.603)

larger families, except that HUD may establish income ceilings higher or lower than 80 percent of the median income for the area on the basis of HUD's findings that such variations are necessary because of unusually high or low family incomes.

The Affordable Housing Referral Form in the Applicant's application calls for 4 market rate manager units, 7 "extremely low income" units, and 129 "low income" units, with 28 such units under HDC (State) and 101 under HUD (TCAC).[28] In May 2021, the Los Angeles Planning Department published a newsletter stating that the project would have "140 units, including seven for Extremely Low Income households (those earning $33,800 or less, for a family of four), 129 Low Income households (those earning $90,100 or less, for a family of four) and four management units," (pdf file page 12),[29] as well as a tweet stating that the Project would accommodate families making up to $90,100 per year.[30]

Thus, there is no evidence on the record showing compliance with the target population requirement. That alone precludes a finding that the Project qualifies for the AB 1197 CEQA exemption.

D.<u>East Parking Tower Is a Separate Project That Does Not Qualify for a CEQA Exemption Under AB 1197</u>

Over the course of a period of several years, Venice Vision has served several requests for information under the California Public Records Act ("CPRA") for records relating to the replace of surface parking currently available at Los Angeles Department of Transportation (LADOT) No. 731.[31]

These records incontrovertibly show that the plans submitted by the Applicant are not even remotely accurate with respect to replacement parking for LADOT No. 731, and the plans show conventional parking, LADOT No. 731 will, in fact, be replaced by some combination of robotic parking and mechanical lift parking.

Because no coherent plans for the parking have been released to the public—even in draft form—it has been impossible to conduct an accurate assessment of the impacts the elimination of

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[28] Ex. 26 (Affordable Housing Referral Form).

[29] Ex. 23 (May 2021 Newsletter).

[30] Ex. 24 (Project Tweet).

[31] Ex. 27 (August 17, 2020 LADOT Production); Ex. 28 (Dec. 10, 2020 LADOT Production); Ex. 29 (May 14, 2021 LADOT Production); Ex. 30 (June 15, 2021 Planning Department Production); Ex. 31 (August 17, 2021 Coastal Commission Production); Ex. 32 (September 15, 2021 LADOT Production); Ex. 33 (September 22, 2021 LADOT Production).

LADOT No. 731 will have on parking, traffic and beach access at the Venice Boulevard gateway to Venice Beach.

Moreover, there are deeply troubling indications—that we have been unable to fully explore—that the City will apply a tiered pricing scheme—at price points above those charged for beachfront surface lots in Santa Monica—that will favor the wealthy and further impede beach access for communities (including especially, communities of color and lower income communities) east of Venice.

These records also show, in the plainest possible terms, that the replacement of LADOT No. 731 is separate from the so-called "Reese-Davidson Community" in all respects. Specifically, the replacement parking tower is being developed and financed by the City and will be owned and operated by the City going forward. It does not constitute supportive housing, cannot be said to further supportive housing since it contains no residential parking units. In fact, it encroaches on space that would otherwise be available for the development of additional supportive housing and will apparently make use of robotic or automated lift parking directly against the walls of residential units, necessarily diminishing the quality of life for residents of supportive housing. Finally, it does not draw financing from any of five specified sources of funding under AB 1197.

Replacement of the existing beach parking is a condition precedent for the development of the Project, as set forth in the Affordable Housing Opportunity Site ("AHOS") program and in the RFP/Q for the Project. Until the City's plan for replacing existing beach parking at LADOT No. 731 has been fully vetted (including a comprehensive Environmental Impact Report ("EIR")) the Project cannot be permitted to move forward.

For the foregoing reasons, neither the Project nor the replacement for LADOT No. 731 is eligible for a CEQA exemption under A.B. 1197.

IX.   The City's Mello Act Review Was Faulty

It is unfortunate that the CPC has allowed the applicant to violate the Mello Act, the Settlement Agreement, and the IAP. We write to inform the Los Angeles Planning Land Use & Management Committee ("PLUM") that the CPC erred and abused its discretion in approving the Mello Act-related findings for the Project because:

A. it omitted the threshold finding that the Project cannot demolish a residential structure for purposes of a non-residential use.

B. it exceeded its jurisdiction by approving the Project because the Project conflicts with the Mello Act state law.

C. it piecemealed the Project for purposes of the various Mello Act-related findings.

D. the clear language of the Mello Act, the Settlement Agreement and the IAP does not allow for a project with partial non-residential use.

E. the Project's Mello Act violations would cause a significant adverse cumulative effect on Coastal Zone affordable housing, displacement of existing residents, and community character.

F. the Project's Mello Act violations would prejudice the City's ability to approve a Local Coastal Program that conforms with Chapter 3 of the Coastal Act.

G. the Project's violations of the Mello Act would adversely impact the social and economic needs of the residents who would be displaced by the Project as well as all low-income residents and families of color in the Coastal Zone.

H. the existing tenants and prospective future tenants of the Project could be harmed with respect to right to return, level of affordability, and equivalency of size related to the replacement affordable units because HCID erred in following the IAP Section 4.4 procedures in its Mello Act determination of affordable units.

I. it determined in error that the Project should replace only three affordable units to comply with LAMC 11.5.11(a) and the Mello Act regulations.

J. the Project does not comply with the affordability level for the restricted affordable units that is required by LAMC 11.5.11(a).

K. a zone change for the Project must be to residential and not commercial.

The Project must be approved within the confines of the law and not by allowing a demolition of the multi-family residential apartment building at 204-208 N. Venice Blvd. for purposes of the proposed 40-lot mixed-use residential-commercial development, in violation of the Mello Act.

The City must not exceed its jurisdiction by violating the state Mello Act, and it must not violate the Settlement Agreement and the IAP.

A. **The City erred and abused its discretion in approving the Project as it omitted the threshold finding that the Project cannot demolish a residential structure for purposes of a non-residential use.**

The purpose of the Mello Act is to preserve residential structures in the Coastal Zone, as well as to protect existing affordable housing and new affordable housing.

The Mello Act specifically references the housing elements state law, making it clear that the Mello Act is a law that protects housing for all income levels and certainly not one that would allow non-residential uses to replace residential structures. California courts also have made clear that the Mello Act's purpose is to preserve housing in the Coastal Zone. One of the main avenues the Mello Act prescribes for protecting residential housing is to limit the ability to demolish or convert existing residential structures for purposes of non-residential uses. To allow this would not only violate both the letter and the spirit of the Mello Act, but it would plainly threaten housing by allowing its destruction for purposes of more lucrative office, retail, or restaurant commercial mixed-use projects.

IAP Section 1.3 Overview of the Mello Act states:

> "The Mello Act was adopted by the State Legislature in 1982. The Act sets forth requirements concerning the demolition, conversion and construction of housing within California's Coastal Zone. Each local jurisdiction shall enforce three basic rules:

> Rule 1.   Existing residential structures shall be maintained, unless the local jurisdiction finds that residential uses are no longer feasible. A local jurisdiction may not approve the Demolition or Conversion of residential structures for purposes of a non-Coastal-Dependent, non-residential use unless it first finds that a residential use is no longer feasible at that location. (Emphasis added.)

> Rule 2.   Converted or demolished Residential Units occupied by Very Low, Low or Moderate Income persons or families shall be replaced. Converted or demolished Residential Units occupied by Very Low, Low or Moderate Income persons or families shall be replaced on a one-for-one basis.

> Rule 3.   New Housing Developments shall provide Inclusionary Residential Units. If feasible, New Housing Developments shall provide inclusionary Residential Units affordable to Very Low, Low or Moderate Income persons or families."

Rule 1. makes it clear that a residential structure can only be replaced by a residential use and not by a non-residential, non-coastal-dependent, mixed-use residential-commercial project.

However, the City ignores this requirement and incorrectly treats the Mello Act as only an affordable housing law. The City's Mello Act Compliance Review determination findings only address Rules 2 and 3 and not Rule 1. By allowing demolition of the 4-unit multi-family housing structure at 204-208 N. Venice Blvd., the City is not in compliance with the first

rule, to maintain the existing residential structure unless the project is for a coastal-dependent use or the local jurisdiction finds that residential use is no longer feasible.

Before determining compliance with the Mello requirements for replacement affordable units and inclusionary units, the Project must first meet the threshold requirement in Government Code Section 65590(c), which states:

> "The conversion or demolition of any residential structure for purposes of a nonresidential use which is not "coastal dependent," as defined in Section 30101 of the Public Resources Code, shall not be authorized unless the local government has first determined that a residential use is no longer feasible in that location. IF a local government makes this determination and authorizes the conversion or demolition of the residential structure, it shall require replacement of any dwelling units occupied by persons and families of low or moderate income pursuant to the applicable provisions of subdivision (b)." (Emphasis added.)

This provision is repeated in IAP Section 4.1 and in Settlement Agreement Section VI.C.1. and is a condition precedent in order for HCID to conduct its determination of whether there are any existing affordable units:

> "The Mello Act states that the Demolition or Conversion of residential structures for the purposes of a non-Coastal-Dependent, non-residential use is prohibited, unless the local jurisdiction first finds that a residential use is no longer feasible at that location."

This required finding has not been made for the Project.

Also, IAP Section 4.0 specifically states that one of the purposes of completing a Mello Act Compliance Review is to identify applications to demolish or convert residential structures for purposes of a non-Coastal-Dependent, non-residential use and that these applications shall be denied unless the applicant proves with substantial evidence that a residential use is not feasible at that location.

Given that the proposed use is non-residential and not coastal dependent, the question at IAP Section 4.3, which requires feasibility to be assumed, must be answered. If the applicant has not proven with substantial evidence that a residential use is infeasible, the Mello Act Compliance Review stops, and the application shall be denied. The Project is clearly not coastal dependent and, as per the requirements of IAP Section 4.3, continuation of the residential use is feasible because it is adjacent to other existing, viable residential uses and the use has non-conforming rights that permit a continued residential use.

It is an <u>act of deception</u> to not include this finding in the Mello Act Compliance Review determination. Only if a local government makes this threshold finding may it proceed to compliance with the replacement and inclusionary requirements for low- and moderate-income dwelling units.

Omitting any mention of Government Code Section 65590(c) regarding maintaining residential structures is to omit a significant part of the Mello Act law, one of its three main "rules," and thus is a significant error and abuse of discretion.

In addition to being a finding required for compliance with the Mello Act, the Settlement Agreement and the IAP, the City is also required to make this finding for purposes of the CDP. The certified Venice Land Use Plan ("LUP") is the state policy guidance document that is used to determine conformance of a project with the standard of review for a City CDP, Chapter 3 of the Coastal Act. LUP Policy I. A. 9. requires compliance with the Mello Act's affordable housing provisions. Although the policy specifically addresses compliance with the requirements for the replacement of units occupied by persons and families of low and moderate income, by implication, that compliance must extend to the threshold requirement that a demolition or conversion of residential structures for the purposes of a non-coastal-dependent, non-residential use is prohibited, unless the local jurisdiction first finds that a residential use is no longer feasible at that location. This finding was also omitted in LOD Finding 9. for the CDP.

The City is also required to make this finding with respect to the Specific Plan Project Compliance permit ("SPP") and it did not. In addition, LOD Finding 8. iii. For the SPP states that only three affordable units must be replaced as no tenant income documents were provided for the four dwelling units. However, this conclusion is in error as the HCID letter dated May 4, 2021 (see EXHIBIT 35) requesting income information from the tenants was not received by them. Even if it had been received, the deadline for their response was two weeks from the date of the letter. The letter is dated May 4, 2021, which means the response was due on May 18, 2021. However, HCID issued a letter on May 17, 2021 (see EXHIBIT 34), stating that no tenant income documents had been received. The tenants were not even given the opportunity to respond by the deadline. In addition, even if the letter had been received, the letter was so confusing that the tenants could not have understood the importance of the letter with respect to either the protection of affordable housing in Venice or with respect to their own rights. See also Section H. below. If the tenant income information had been provided, all four existing units, not three units, would have been determined to be affordable.

The City failed to make the required findings as it failed to consider the Mello Act's threshold requirement contained in Government Code Section 65590(c), the Settlement Agreement and the IAP. PLUM must deny the Mello Act Compliance Review, CDP, and SPP determinations for the demolition of the 4-unit apartment building.

B. **The City erred and abused its discretion in approving the Project as it exceeded its jurisdiction because the Project conflicts with the Mello Act state law.**

Under article XI, section 7 of the California Constitution:

> "[a] county or city may make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws."[32]

The Mello Act is a state statute; therefore, any attempt to violate it or change its meaning is in excess of the City's authority and exceeds its jurisdiction.

C. **The City erred and abused its discretion in approving the Project as it piecemealed the Project for purposes of the various Mello Act-related findings.**

On page 1 of the LOD, the City describes the Project as demolition of an existing surface parking lot and a four-unit residential structure and the merger and re-subdivision of a 115,674 square foot site, for purposes of the construction, use and maintenance of a <u>mixed-use project</u> consisting of 136 dwelling units and four unrestricted manager units, <u>supportive services, retail uses, a restaurant use and art studios</u>.

However, for purposes of the Mello Act Compliance Review determination, on page 2 of the LOD the City specifically removes the four commercial uses from the project description and erroneously describes the Project as "…a Mello Act Compliance Review for the demolition of four Residential Units and the construction of 140 new Residential Units within the Coastal Zone."

Also, in the Mello Act Compliance Review determination, Finding 10 of the LOD, paragraphs c. and d., the project is erroneously described as 1) a demolition of a multi-family structure for purposes of "the development of 10 or more residential dwelling units," 2) "the development of 140 Residential Units," and 3) "a 100% affordable housing project," all omitting the commercial uses included in the Project description.

In the SPP, Finding 8., the City again purposely misleads with respect to the Project's description by saying "the project *includes* the construction of a 100% affordable housing development…." when the fact is that the project includes the construction of a mixed-use residential-commercial development with four separate commercial uses.

In the May 17, 2021 Mello Act determination of affordable units letter from the Los Angeles Housing Department ("HCID") to DCP (see EXHIBIT 34), the Project was erroneously

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[32] *Sherwin-Williams Co. v. City of L.A.*, 4 Cal. 4th 893, 897 (1993).

described as the demolition of four existing residential units and construction of a new 140-unit apartment building. If HCID had considered the Project correctly, as a mixed-use residential-commercial development, it would not have been able to move to the next step of determining affordable units because the threshold requirement of Government Code Section 65590(c) would not have been met. In the past, when a project has entailed a demolition of a residential structure for purposes of a mixed-use residential-commercial project, HCID has indicated that they are unable to issue a Mello Act determination of affordable units because the project is non-residential, referencing IAP Sections 4.0 and 4.3, which require that applications where demolition or conversion of residential structures occur for purposes of non-residential use are denied unless the applicant proves with substantial evidence that a residential use is not feasible at that location. It appears that the applicant misinformed HCID about the project description by leaving out the commercial portions of the Project. HCID should not have issued their Mello Act affordable unit determination because the demolition of the existing apartment building is for purposes of a mixed-use residential-commercial development, which is not allowed by the Mello Act, Settlement Agreement and the IAP.

As described above, for the Mello Act Compliance Review, the CDP, the SPP, and HCID's letter to the City for determination of affordable units, the City has evaded the Mello Act requirements by piecemealing the project description and preparing the findings based on a project description that only reflects a portion of the Project, the residential portion. Using a piecemealed, partial project description the City claims that the Project meets the Mello threshold requirement because a residential-only use is being replaced with a residential-only use. This piecemealing of the Project is clearly a act of subterfuge and is an error and abuse of discretion.

IAP Section 1.2.3 states:

> "Every Discretionary and Non-Discretionary Application for a Demolition, Conversion or a New Housing Development in the Coastal Zone shall be reviewed pursuant to these Interim Administrative Procedures…" (Emphasis added.)

This means the entire application must be reviewed and not just a part of the application.

IAP Section 6.0 states:

> "For Discretionary applications, the decision-maker shall issue the determination as written conditions attached to the determination made with respect to the underlying case…" (Emphasis added.)

This means the entire case is covered by the determination and not just a part of the case.

A Mello Act Compliance Review determination must be based on the same project application that is covered by the related discretionary permits and cannot be based only on the residential portion of the project.

LOD Findings 8. a. (iii) and (iv) for the SPP, Finding 9. For the CDP, and Findings 10 c. and d. for the Mello Act Compliance Review determination, as well as the HCID determination of affordable units, are all in error because they fail to evaluate the Mello Act-related findings with respect to the entire project. It is curious why for Finding 10 paragraphs a. and b. have been omitted. Perhaps the City omitted them as they were the required findings for the prohibition of the demolition of residential structures for purposes of non-residential uses and for feasibility of the residential use.

D. <u>The City erred and abused its discretion in approving the Project as the clear language of the Mello Act, the Settlement Agreement and the IAP does not allow for a project with a partial non-residential use.</u>

Words have meaning and terminology in land use law is specific. The Project is in direct violation of the Mello Act, the Settlement Agreement, and the IAP, all of which explicitly prohibit, in clear language, the conversion of a residential structure to a non-residential use. Allowing the demolition of the multi-family residential structure at 204-208 N. Venice Blvd. violates the clear meaning, spirit, and purpose of the Mello Act.

Besides violating the Mello Act, the City's approval of this demolition of a housing structure for purposes of a project that has non-residential uses is nonsensical because this would allow a 100% residential structure to be replaced with the smallest possible residential use allowed in the zoning code, with the remainder and much greater portion of the development being non-residential use. This is clearly not the intent of the Mello Act, and the language of the Mello Act, Settlement Agreement, and IAP does not allow for a partial non-residential use, such as the Project. Government Code Section 65590(c) is a very clear provision of the Mello Act that does not allow demolition or conversion of residential structures for purposes of nonresidential uses unless the use is coastal dependent, <u>a very specific and narrow exception</u>.

Furthermore, a mixed-use residential-commercial project is considered a commercial use and is restricted to commercial zones. A "residential use," on the other hand, is permitted in both residential and commercial zones.

In addition, municipalities are permitted to take actions that strengthen the local implementation of the Mello Act statute, but not to weaken it. As per Government Code Section 65590(k):

"…This section establishes minimum requirements for housing within the coastal zone for persons and families of low or moderate income. It is not intended and shall not be

construed as a limitation or constraint on the authority or ability of a local government, as may otherwise be provided by law, to require or provide low- or moderate-income housing within the coastal zone which is in addition to the requirements of this section."

Allowing the demolition of a residential structure for purposes of a mixed-use residential-commercial project does not strengthen the Mello Act's requirements, but rather it weakens the effects of the Mello Act.

It is not the intent of the clear and carefully chosen language of the Mello Act, the Settlement Agreement and the IAP to allow residential structures to be commercialized and replaced by mixed-use residential-commercial developments.

> E. **The City erred and abused its discretion in approving the Project as the Project's Mello Act violations would cause a significant adverse cumulative effect on Coastal Zone affordable housing, displacement of existing residents, access for lower-income families, and community character.**

Coastal Act Section 30105.5 defines cumulative effect as:

> "… the incremental effects of an individual project shall be reviewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects."

The Project would not only eliminate Coastal Zone affordable housing for the existing residents of 204-208 N. Venice Blvd., who are low-income and include people of color, causing them to be displaced from the Coastal Zone, but together with similar past, current and probable future projects, the Project would cause a severe and significant adverse cumulative effect on affordable housing and on tenant displacement in the Los Angeles Coastal Zones.

With respect to probable similar future projects, the Project is just one of many illegal demolitions or conversions of residential structures for purposes of mixed-use projects being proposed in Venice. There is a fast-growing movement to commercialize housing in Venice, which continues to cause displacement of existing residents and a change in the residential character and social diversity of Venice. The Project's demolition of a residential structure for purposes of a mixed-use residential-commercial project is part of a larger phenomenon that will degrade and cumulatively change Venice's unique character-defining residential neighborhoods and social diversity by displacing existing low income and racially diverse residents.

This effort to commercialize housing is being pursued via several avenues: 1) a rash of applications for demolition or conversion of legal non-conforming 100% residential structures in commercial zones, for purposes of mixed use projects, 2) an effort by DCP in its draft Mello Act

Ordinance to allow demolitions and conversions of 100% residential structures for purposes of non-residential mixed-use projects, and 3) an aggressive effort to change several residential zones in Venice to commercial zones so that the 100% residential structures in the previously residential zones can be replaced by more lucrative mixed-use projects in the new commercial zone. Not only do these property owners want to commercialize existing residential structures in existing coastal commercial zones, but they want to change several existing residential zones into commercial zones so that they can commercialize those residential structures as well.

Developers and speculators intend to commercialize and commodify Venice Coastal Zone housing, and the City appears to be an ally in this effort. For the City to allow demolition or conversion of residential structures for purposes of mixed-use projects would provide an incentive for owners to demolish or convert existing residential structures, which typically contain lower cost affordable units, for mixed-used projects. That is because the ability to commercialize these residential structures would significantly increase the value of the properties. The ongoing and cumulative effect of this will only serve to cause significant displacement of our lower income and most diverse and vulnerable residents, such as the residents of 204-208 N. Venice Blvd. who would be displaced by the Project, thus harming Venice's social diversity that is a key part of its Special Coastal Community character.

Coastal Act Section 30253(e) states:

"New development shall…where appropriate, protect special communities and neighborhoods that, because of their unique characteristics, are popular visitor destination points for recreational uses."

LUP Policy I. E. 1. Preservation of Venice as a Special Coastal Community states:

"Venice's unique social and architectural diversity should be protected as a Special Coastal Community pursuant to Chapter 3 of the California Coastal Act of 1976."

Moreover, the first three bullets in the LUP's Summary of Venice Coastal Issues related to "Residential Land Use and Development," page I-3, make clear that preservation of the diversity of Venice's residential community is essential in protecting it as a Special Coastal Community pursuant to the Chapter 3 Policies of the Coastal Act. These issues include preservation of existing housing stock and discouragement of conversion of residential uses to commercial use, provision of low-income housing, and illegal conversion of residential uses to commercial uses.

Not only will the residents at 204-208 N. Venice Blvd. be displaced from their current homes, but they will also be displaced from the Venice Coastal Zone because there is no opportunity for lateral movement to similar low-cost housing available in the Venice Coastal

Zone. Allowing the demolition or conversion of the residential structure at 204-208 N. Venice Blvd. for purposes of this mixed-use residential-commercial development would cause a significant adverse cumulative effect on affordable housing and on <u>lower-income residents</u> in commercial zones in the Los Angeles coastal zones by causing <u>displacement</u> of existing tenants. The California Women's Law Center collected and summarized data on 100% residential structures in Los Angeles coastal commercial zones, and there are over 200 properties in Venice alone, with well over 1,800 units that would be put at risk by a precedent such as the Project, approximately 700 of which are units subject to the Rent Stabilization Ordinance ("RSO"). For the Venice, San Pedro and Playa del Rey Coastal Zones combined, there are almost 300 properties with 100% residential structures in commercial zones, with over 2,200 units that would be subject to displacement, almost 1,000 of which are RSO units.

Displacement of <u>lower income</u> and <u>the most economically and racially diverse residents</u> from the Coastal Zone, such as the tenants at 204-208 N. Venice Blvd. who would be displaced by the Project, harms the <u>social diversity</u> and community character of Venice, which are required to be protected by Coastal Act Section 30253(e) and LUP Policy I. E. 1., and would cause a significant adverse effect on access to the Coastal Zone due to the cumulative effect of displacement from the Coastal Zone.

      F. **<u>The City erred and abused its discretion in approving the Project as the Project's Mello Act violations would prejudice the City's ability to approve a Local Coastal Program that conforms with Chapter 3 of the Coastal Act.</u>**

As the facts demonstrated herein make clear, the rampant illegal conversion of residential dwelling units for purposes of mixed-use residential-commercial developments is changing the fabric of Venice's unique coastal community and is doing so at a scale and rate that requires the attention of PLUM in order to prevent prejudice of the City's ability to prepare a Local Coastal Program ("LCP") that implements the LUP's policies and that reflects the City's commitment to preserve and protect Venice's unique, mainly residential, community character, in conformance with Chapter 3 of the Coastal Act.

The "no prejudice to the LCP" CDP Finding 9. b. cannot be made here once the Project is placed in context. **To mechanically approve the conversion of yet another neighborhood multi-family residential building for purposes of a mixed-use residential-commercial project goes way too far down the proverbial slippery slope.** If our <u>lower-income and racially diverse</u> residents continue to be driven towards extinction due to replacement of housing with non-residential projects, whether 100% commercial or mixed use and partial commercial, the goal of Coastal Act Section 30253(e) and its LUP Policy I. E. 1. counterpart will be forever undermined – the very prejudice to the LCP planning process that the Coastal Act mandates be avoided.

G. **The City erred and abused its discretion in approving the Project as the Project's violations of the Mello Act would adversely impact the social and economic needs of the residents who would be displaced by the Project as well as all low-income residents and families of color in the Coastal Zone.**

Coastal Act Section 30001 Legislative findings and declarations; ecological balance intends that the balance of existing uses with respect to the economic and social well-being of working-class persons is essential:

"The Legislature hereby finds and declares…That <u>existing developed uses</u>, and future developments that are carefully planned and developed consistent with the policies of this division, <u>are essential to the economic and social well-being of the people of this state and especially to working persons employed within the coastal zone</u>." (Emphasis added.)

Coastal Act Section 30001.5 states:

"The Legislature further finds and declares that the basic goals of the state for the coastal zone are to assure orderly, balanced utilization and conservation of coastal zone resources <u>taking into account the social and economic needs of the people of the state</u>." (Emphasis added.)

The Project is part of a larger onslaught causing displacement of community residents due to illegal replacement of residential structures with commercial mixed uses. The impact of the destruction of housing for purposes of mixed-use projects disproportionately harms <u>communities of color</u>. In 2017, California had nearly two million <u>rent burdened households of color</u> that spent more than thirty percent of household income on rent and utilities.[33] There were also 1.6 million <u>extremely low-income renter households, two-thirds of which were households of color</u>.[34] During the COVID-19 pandemic, there has been a disproportionate financial impact on <u>populations of color</u>, which has created even greater disparities.[35] All housing will be put in jeopardy in the Coastal Zone if projects such as this violate the Mello Act's clear language that prohibits demolition or conversion of residential structures for purposes of non-residential developments; and those who will be impacted most are <u>low-income people and communities of</u>

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[33] Amee Chew & Chione Lucina Muñoz Flegal, Policy Link, Facing History, Uprooting Inequality: A Path to Housing Justice in California 14 (2020), https://www.policylink.org/sites/default/files/pl_report_calif-housing_101420a.pdf.

[34] *Id.*

[35] *See* Kelly Anne Smith, *Covid and Race: Households of Color Suffer Most From Pandemic's Financial Consequences Despite Trillions in Aid*, Forbes (Sept. 17, 2020), https://www.forbes.com/advisor/personal-finance/covid-and-race-households-of-color-suffer-biggest-pandemic-consequences/.

color, such as the tenants at 204-208 N. Venice Blvd, who will be displaced from the Coastal Zone.

Damage to coastal communities by displacement of lower income and working-class families, such as the four families that would be displaced because of the Project, who are already holding on by a thread, is exactly what the Mello Act as well as Coastal Act Sections 30001 and 30001.5 are intended to prevent.

The City's approval of this demolition of a residential structure at 204-208 N. Venice Blvd. and displacement of lower-income tenants and families of color for purposes of building this 40-lot mixed-use residential-commercial project seems to be an **unfortunate continuance of the City's practices of institutional racism**.

H. The City erred and abused its discretion in approving the Project as the existing tenants and prospective future tenants of the Project could be harmed with respect to right to return, level of affordability, and equivalency of size related to the replacement affordable units because HCID erred in following the IAP Section 4.4 procedures in its Mello Act determination of affordable units.

IAP Section 4.4.3 requires that occupant income data be obtained to determine whether and at what affordability level tenants qualify their units as "replacement affordable." The tenants continue to reside on the property, yet HCID and the applicant did not make a reasonable effort to obtain the income information from those tenants. HCID states in its May 17, 2021 letter (see EXHIBIT 34) that on May 4, 2021 it mailed a certified letter to the property and as of May 13, 2021 they had not received a response. As stated in our August 2, 2021 letter, merely giving a resident less than two weeks to respond to a certified letter is entirely inadequate – especially under the present circumstances.

The May 4, 2021 letters from HCID were allegedly mailed to the four families residing at 204-208 N. Venice Blvd., but there is no proof that the letters were received or even that they were sent. See one example of the May 4, 2021 letters at EXHIBIT 35. In addition, they were sent to the wrong address, 204 E. North Venice Blvd, whereas the mailing address for the four families is 206 N. Venice Blvd. The tenants told the Appellant that they did not receive the letters. This is likely because the letters were sent to the wrong address.

Neither was the current monthly housing cost obtained by HCID, even though the City itself is the landlord for this multi-family apartment building and has that information. All four of the tenants continue to live in the units, and because the City is their landlord, both the rent amounts and the income amounts should have been easily verified by HCID. Especially given the fact that the units are protected under the RSO, more care should have been taken in determining the affordability levels of the units.

This is a violation of IAP Section 4.4.3, which requires determination of Occupant Income. The IAP states that actual income may be obtained by a review of monthly housing cost as a substitute for actual income or by verifying actual income. In addition, IAP Section 4.4.4 states that HCID <u>shall</u> provide occupants with the opportunity to verify the accuracy of occupant income determinations. **HCID was required to do so and yet it does not appear that the tenants were provided this opportunity.**

IAP Section 4.0 states that the applicant is liable and responsible for all postage and other costs necessary to complete the occupant income determination process. This section is also violated because the instructions given to the tenant assume that the tenants are responsible for paying the postage for the various mailings required.

As noted above, it appears that the tenants did not receive the May 4, 2021 HCID letters, but even if the letters were received it would be extremely difficult for the tenants to understand the letters because the purpose, importance and confidentiality of the information requested are not clear. The following is a list of why the May 4, 2021 HCID letters are erroneous, confusing and misleading:

1. A response is voluntary, but it is not explained why it is voluntary or the consequences of not responding. The letter appears to say that it is fine if the tenant does not want to submit the information, but it is not clear what it means to the tenant or to the applicant or to future tenants of the Project if the tenant does not provide the information. The letter is not clear with respect to why the tenant would not want to submit the information, although it is implied that the tenant probably would not want to do so.

2. It is a great deal of work for each tenant to fill out all the forms and coordinate the income verification by mailing forms to the IRS, requesting that the IRS send them tax transcripts, and then once the transcripts are received to mail them to HCID without opening them, at their own expense. This is confusing and seems too burdensome to expect, especially when it's not clear why a tenant would want to do so and why it is voluntary.

3. The Tenant's Statement (see EXHIBIT 35) is not required and yet it uses the word "required" on the statement. In addition, the tenant should not be asked to confirm or declare that "under the penalty of perjury under the State of California" that he/she has provided "the full and complete information required to establish if there are any existing residential units at the property affordable to low and moderate income tenants for the Mello Act determination," as they do not know the law and cannot confirm if they are providing what is required.

4. It is not clear why a witness needs to sign the Tenant's Statement and why a notary is required, as the income will be verified by the IRS. Again, this is too exacting on the tenants,

and combined with the lack of clarity of the letter would serve to reduce the likelihood of a response.

5.   Number in household and projected income for the current year are not needed by HCID to determine the affordability of units. This is an invasion of privacy, and should not be requested.

6.   It is not clear why the City did not send the letter to the tenants by name but rather sent them to "occupant." The City's procedure says to send the letter to any existing tenants residing at the project location. The City is the landlord and has the residents' names. If a letter is addressed to a tenant by name, they would be much more likely to read it and be aware that it is important for them to respond. Some people do not read mail addressed to "occupant." Also, if the actual tenant's name is used, the letter will likely be forwarded to the tenant at their correct or new address if they have moved. Only indicating "occupant" reduces the opportunity for the letter to be delivered to the tenant.

7.   It is confusing that the letters state that the owner "has or will file for an application…" The application was filed years ago, and this letter should reflect that fact accurately so as not to confuse the tenants. Also, the special note at the end of the first paragraph to the owner, which is the City itself, adds even more confusion for the tenants.

8.   It is not clear what "the unit will be designated" means and whether or why this is important to the tenant.

9.   It is not clear where the tenant mailings should go. Each form says something different: "Planning and Land Use Unit, Attn: Land Use/Mello" or "Attn: Land Use/Mello" or "Planning and Land Use Services Section, Attn: Mello Act."

10. The confidentiality of each tenant's personal and financial information is not addressed.

11. The letter states that the purpose of the exercise is to establish whether there are any units at the property that are affordable to low- and moderate-income tenants, but it does not make it clear how the affordability of the unit relates to the tenant's income or whether it benefits them to provide the information.

12. The letter says in bold caps that it is not an eviction notice but it does not say clearly what the letter is or give any information on termination of the tenancy but rather leaves the tenants to wonder and worry.

13. The letter states that this is the tenant's opportunity to demonstrate that his household qualifies as "low or moderate income," but it's not clear what that means, or why this is an opportunity for the tenant. It is implied that this is something that the tenant has been waiting for or that the tenant is lucky to have this opportunity.

14. One of the forms provided to the tenant is called "Request for Determination as Eligible Household Under Mello Act Regulations" (see EXHIBIT 35), but it is not clear if this is a required or a mandatory request or why this would even be a request coming from the tenant. In addition, there is an Option II on the form for the tenant to sign indicating that they do not want to provide their financial information. But it is not clear why this would need to be signed vs. the tenant not responding at all, the consequences of not signing, or why they would choose this option.

15. The letter appears to say that the applicant already provided the tenant's income information as HCID states they are "verifying" it. The term "verifiable income" is not clear or defined, which is confusing.

16. It is not clear whether HCID's consideration of only the rental information and not the income information is a good thing or a bad thing for the tenant or for the applicant--whether it would be good for both or bad for both, or if it would be good for one and bad for the other.

17. The last paragraph regarding what happens at the time of construction, how a settlement agreement is involved or why an organization centering on law and poverty (Western Center on Law and Poverty, Inc.) needs to be called if there are any questions about the Mello Act, is confusing and not adequately explained.

Also, the deadline is buried in the middle of the letter, and there apparently is no reminder or second request provided by the City. It almost seems as if the City doesn't want the tenants to reply. The deadline for responses was two weeks from the date of the letter. The letter is dated May 4, 2021, which means the response was due on May 18, 2021. However, HCID issued a letter on May 17, 2021 (see EXHIBIT 34), stating that HCID had been unable to verify the affordability and that they determined the four units to be affordable only because the applicant agreed to an affordable determination. The tenants were not even given the opportunity to respond.

The City's violation of the IAP procedure for collecting income information from the tenants could have an impact on the tenants' rights of first refusal for a new replacement unit. Per LUP Policy I. A. 12., the current tenants shall be given right of first refusal on the new replacement units. This is mentioned in the May 4, 2021 letter from HCID, but it is not clear what that means in terms of each tenant's displacement from their existing unit and their return to a new unit, nor is it clear whether any of the new units will be equivalent in size to the existing units, in order to accommodate the household sizes of the existing tenants.

It is not clear that the May 4, 2021 letter is valid as it is erroneous, confusing and misleading. It is unacceptable for the critical purpose of identifying and preserving replacement affordable units in the Coastal Zone to use such a cryptic and wholly ineffective letter, where the

City's own tenants' names are not even used, where a response is not required but only requested, where the tenants' rights are not specified and where none of the reasons for asking for the tenants' confidential personal and financial information is clearly explained.

Although the applicant agreed to an affordable Mello determination for all 4 units, the level of affordability, size of units and tenants' right to return are not confirmed. The actual level of affordability of the tenants' units would impact the level of affordability of the replacement units required and the City did not make a reasonable effort to obtain that information even though it was readily available as the City is the landlord. To further confuse the issue, the Mello Act Compliance Review is erroneous as it states that HCID reviewed data from December 2015 to December 2018, whereas HCID said in its May 17, 2021 letter that there was insufficient verifiable documentation.

The potential impact of the mismanagement of the determination of affordable units process on the existing tenants as well as on prospective future tenants is considerable and the process must be redone.

To make matters worse, the City, who is the landlord, has not been adequately maintaining the apartment building on the site for the last several years. The tenants have expressed concerns to the City landlord over the past several years regarding many maintenance problems at the premises, including but not limited to termites in the building eating the doorframe and other areas, problems with the heaters, bars on the windows that do not open for purposes of fire exit, and leaks in several places causing mold and issues with roaches. To this date, the City has not corrected these habitability issues.

IAP Section 4.3 states:

> "An applicant may not claim infeasibility because the current premises are dilapidated or are in a state of disrepair due to the Applicant's failure to make reasonable repairs or to adequately maintain the site. The City may require the Applicant to correct substandard conditions before it will further consider an Applicant's challenge of the City's presumption."

The City may not use the existing substandard conditions to claim infeasibility of the continued residential use.

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I. The City erred and abused its discretion in approving the Project as it determined in error that the Project should replace only three affordable units to comply with LAMC 11.5.11(a) and the Mello Act regulations.

In Finding 10. c. the City erroneously concluded that the so-called AB 2556 (TOC/JJJ) Determination of affordable units, which is for purposes of compliance with LAMC 11.5.11(a), results in more affordable units than the Mello Act determination of affordable units. (Regulations discussed herein are attached as EXHIBIT 37).

The May 17, 2021 HCID Mello Act affordable units determination (see EXHIBIT 34) states that four replacement affordable units are required. The August 13, 2019 HCID AB 2556 (TOC/JJJ) affordable units determination (see EXHIBIT 36) states that four units are subject to replacement but only three affordable units are required.

As per IAP Section 1.2.3, in the case of a conflict between the IAP and any other regulation, the requirement which results in the provision of the largest number of Affordable Replacement Units shall apply. **The City erred because it should have determined that four affordable units are required to be provided** as per the Mello determination of affordable units and not three affordable units as per the AB 2556 (TOC/JJJ) determination of affordable units.

In addition, the August 13, 2019 HCID AB 2556 (TOC/JJJ) affordable units determination is confusing. In the second paragraph it states that "HCIDLA received the Affordable Unit Determination on August 13, 2018." It is unclear what that means and what Affordable Unit Determination that HCID received or from whom. This appears to be an error. Another error is that the Project is described in HCID's letter as construction of a new apartment building containing 140 units, which is incorrect because the Project is for construction of a mixed-use residential-commercial development. The subject of the letter states "AB 2556 (TOC/JJJ) determination." However, the requirement appears to come from LAMC 11.5.11., which indicates that discretionary General Plan amendments, zone changes, and height district changes shall be required to meet applicable replacement requirements of Government Code Section 65915(c)(3). The letter also states that the units are being constructed pursuant to Transit Oriented Communities (TOC) guidelines, yet this is not a TOC project. The letter indicates that if the project is changed from TOC to Density Bonus, an AB 2556 amendment will be required. It is not clear whether an amendment is required, as the project is neither a TOC nor a Density Bonus project. **The language does not appear to apply but rather serves only to confuse**.

The August 13, 2019 HCID letter also states that data from August 2013 to August 2018 was needed but later in the letter stated that no data was provided for the units. This conflicts with LOD Finding 10. c., which states that HCID reviewed data from August 2013 to August 2018. It is not clear whether HCID obtained income or rental documents for the units or not. However, HCID's letter states that because no income documents were provided, they were

unable to verify the affordability of the four residential units on the property and so they used the HUD Comprehensive Housing Affordability Strategy database to determine the number and affordability level of the units, which resulted in only 3 affordable units and 1 market rate unit. Thus, HCID's conclusion resulting in only three affordable units is based on erroneous or at least conflicting information. Also, especially considering that the City is the landlord for the four existing rental units, the rental information should have been easily obtained and evaluated for affordability levels. The HUD Comprehensive Housing Affordability Strategy database, which resulted in one market rate unit and three affordable units, should not have been used if five years of rental data was in fact reviewed, as the actual affordability levels would have been known. Lastly, if the applicant agreed to an affordable determination for all four units in the Mello determination of affordable units, they should have also agreed to that for purposes of the AB 2556 (TOC/JJJ) determination of affordable units. This inconsistency is not acceptable.

The AB 2556 regulation, Government Code Section 65915(c)(3), referred to in LAMC 11.5.11(a) requires that replacement unis are of equivalent size. That requirement is not reflected in the determination. As mentioned in our August 2, 2021 letter, if the proposed "replacement" units are inferior to the existing units on objective dimensions such as size, accessibility, noise levels, safety and livability, this will constitute a violation.

The City must make a reasonable effort to obtain actual rent or income information from the existing tenants so that the tenants' right to return to a comparable unit is assured and so that the correct levels of affordability are required. As mentioned in our August 2, 2021 letter, the City has a duty to verify this information. The errors and conflicts with respect to the Mello Act Compliance Determination, Finding 10. c., must be corrected. The two HCID determinations must be redone.

J. **The City erred and abused its discretion in approving the Project because the Project does not comply with the affordability level for the restricted affordable units that is required by LAMC 11.5.11(a).**

IAP Section 5.0 requires that for projects with ten or more units applicants shall implement one of the following two required inclusionary options: 1) Reserve at least twenty percent of all Residential Units for Inclusionary Residential Units for Very Low or Low Income Households, or 2) Reserve at least ten percent of all Residential Units for Inclusionary Residential Units for Very Low Income Households. This results in a requirement of 1) 28 Residential Units for Very Low or Low Income Households, or 2) 14 Residential Units for Very Low Income Households.

LAMC 11.5.11(a)3. requires that for 100% affordable projects each residential unit, exclusive of a manager's unit or units, is affordable to, and occupied by, either a Lower or Very Low Income household. LAMC 11.5.11(j) refers to Section 50079.5 of the Health and Safety Code for the definition of "Lower Income Households," which is:

"includes very low income households, as defined in Section 50105, and extremely low income households, as defined in Section 50106."

As per IAP Section 1.2.3, in the case of a conflict between the IAP and any other regulation, the requirement which results in the provision of the largest number of Inclusionary Residential Units shall apply. The LAMC 11.5.11(a) requirement results in the largest number of Inclusionary Residential Units.

The LAMC 11.5.11(a) requirement is for all units, exclusive of the managers' units, to be Very Low Income Households and Extremely Low Income Households. However, the project consists of 129 units of Low-Income households and 7 Extremely Low Income Households. Thus, the project does not comply with LAMC 11.5.11(a) and Finding 10. d. of the Mello Act Compliance Review is in error.

K. The City erred and abused its discretion in approving the Project because a zone change for the Project must be to residential and not commercial.

Even though, as the Appellants contend, eliminating Open Space for purposes of the Project violates the L.A. General Plan, Venice Community Plan and LUP and should not be approved, if there is a zone change, in order to comply with the Mello Act it must be a change to a residential zone and not a commercial zone. As per the Mello Act, because a coastal-dependent use is the only allowable non-residential use for a project that demolishes a residential structure, the zone may be changed to commercial only for purposes of a coastal-dependent use and not for any other non-residential use.

The Mello Act specifically protects housing regardless of zoning. Thus, even though changing the zone to commercial for purposes of the Project violates the Mello Act, Settlement Agreement and IAP and should not be approved, if the zone is changed to commercial, a demolition of a residential structure for purposes of a mixed-use residential-commercial development is still not allowed.

The original approval of the Project site was based on designation of the site for a 100% residential use. Thus, the zone should be residential. After approval of the site for a 100% housing project, the applicant later decided that adding commercial uses could result in a more profitable project and requested a zone change to commercial. Even though a zone change to commercial should not be allowed, if the zone is changed to commercial the applicant cannot claim that a mixed-use project must be required.

Mixed-use residential-commercial development is not required in Venice's commercial land use areas.

LUP Policy Mixed-Use Development I. B. 2. States:

> "Mixed-use residential-commercial development <u>shall be encouraged</u> in all areas designated on the Land Use Policy Map for commercial use." (Emphasis added.)

LUP Policy I. B. 6. Community Commercial Land Use states:

> "The existing community centers in Venice are most consistent with, and should be developed as, mixed-use centers that <u>encourage</u> the development of housing in concert with multi-use commercial uses." (Emphasis added.)

Mixed-use residential-commercial developments shall be <u>encouraged</u> in the areas designated for commercial use, but they are not required. Again, terminology in land use law is specific, and use of the word "encourage" makes it clear that there will be situations where it is not required. In fact, LUP Policy III. A. 1. a. states:

> "Recreation and visitor-serving facilities shall be <u>encouraged,</u> provided they retain the existing character and housing opportunities of the area..." (Emphasis added.)

Although it would be preferable for a project in a commercial zone to be a commercial project and conform with the zone, it is not required. In addition, there is a housing crisis and a crisis of displacement of existing residents, as recognized in the City's pending Housing Element's top priorities.

The Project is required to conform with both the Mello Act and the Coastal Act. Thus, maintaining the residential use with a 100% residential project is the only option available to the applicant.

Lastly, there is a potential conflict of interest regarding enforcement of the Settlement Agreement for the Project's Mello violations. The Venice Community Housing Corporation (VCHC) is an entity designated to enforce the Settlement Agreement. Linda Lucks, a long-time employee of VCHC, is also designated to enforce the Settlement Agreement. A second individual authorized to enforce the Settlement Agreement, Dan Tokaji is believed to be deceased. The Settlement Agreement Section V.O. states:

> "Enforcement of Agreement
>
> If any party allegedly breaches this Agreement, then the party alleging the breach shall notify the breaching party in writing. The notice shall set forth, with reasonable particularity, the alleged breach. The party alleged to have breached this Agreement shall meet with the party giving notice and attempt to resolve the alleged breach within 30 days of the mailing of the notice of alleged breach. If the parties cannot resolve the alleged breach, either party may seek judicial relief by filing a new action in Los Angeles

Superior Court to enforce the terms of this Agreement. The aggrieved party may seek judicial relief prior to the expiration of 30 days if necessary to prevent the expiration of any rights, claims, or causes of action or to prevent irreparable harm. The following individuals or entities shall be entitled to enforce this Agreement as assignees of the Plaintiffs specified in Section VIII P: Venice Community Housing Corporation; Dan Tokaji; and Linda Lucks."

If it is required to litigate the project with respect to the City's violations of the Mello Act, this would present a conflict of interest because the designated entity and the person who would enforce the Settlement Agreement are the applicant and one of the applicant's senior employees.

X.   Conclusion

For the foregoing reasons, the public hearing should not move forward. To do so would deprive Appellant of a fair hearing and violate the City's own public noticing procedures. Further, on the merits, the Appeals should be granted. I may be contacted at 310-982-1760 or at jamie.hall@channellawgroup.com if you have any questions, comments or concerns.

Sincerely,

Jamie T. Hall

Communication from Public

Name: Nancy Wilding

Date Submitted: 11/02/2021 11:51 AM

Council File No: 21-0829-S1

Comments for Public Posting: I am a 26 year resident of Venice. I have supported VCHC for years when they built projects that fit with Venice and surrounding communities but this just doesn't make sense. They seem to want to benefit developers more than the population they claim they want to help. In addition to the size of the Project, the cost of the Project and the fact that Venice is already doing far more than its fair share for affordable / homeless housing (Bridge Home Venice, Thatcher Yard Project, Lincoln Apartments, Rose Avenue Apartments, Ramada Inn Project, Marian Place Project, etc.), please stress that Venice Boulevard is the primary Venice Beach artery for the majority of the City and the Project is reducing beach access crowding out parking and improvements to streets and sidewalks called for the LA's Mobility Plan: • Parking: The developers have failed to provide accurate plans for beach parking. Documents secured through public records requests show they plan to use mechanical lift parking in a parking tower east of Grand Canal with a tiered-pricing scheme with prices higher than beachfront surface lot parking in Santa Monica. • Bike Lanes & Sidewalks: The developers are seeking waiver of their legal obligation to expand the streets and sidewalks surrounding the Project. That means we will be stuck with substandard sidewalks and that there will never be dedicated bike lanes at the Venice Boulevard gate way to Venice Beach. Also please note that the Project is unnecessarily destroying four existing units of affordable housing – and unnecessarily displacing four longtime Venice low income families – to make room for a restaurant and retail space. This project is too big for Venice. The cost to benefit ratio simply doesn't pencil out and will cause environmental and cultural damage to Venice forever, and restrict beach access to lower income people who need our beach.

Name: Margaret Bright

Date Submitted: 11/02/2021 06:23 PM

Council File No: 21-0829-S1

Comments for Public Posting: Re: Council File No. 21-0829-S1 Dear Members of the City Council: I hope you saw the news this week that Sonya Reese Greenland and Evan Hines have come out against the Reese Davidson Community on the Venice Canals, including the Gregory Hines Community Art Center. See: https://www.westsidecurrent.com/news/reese-family-demands-name-be-removed-from-controversial-vchc-project-on-venice-canals/article_248dd98e-36d0-11ec-a05e-6ffa4f17a762.html https://www.westsidecurrent.com/venice/gregory-hines-son-speaks-out-against-fathers-name-associated-with-controversial-vchc-project/article_7b4cb400-3786-11ec-ab71-af6ed9feb5b5.html Ms. Reese Greenland sent a cease and desist letter to the developers stating that her grandfather—Venice legend Arthur L. Reese—would want the project "stopped immediately" and demanding that the Reese name be removed from the project. She also states that the project is "the opposite of social justice" because it reduces beach access for communities of color by replacing existing surface lot parking with expensive, mechanical lift parking 500 feet further from the beach and freezing substandard streets and sidewalks in place forever. A copy of the letter is available here: (https://bit.ly/2ZzRwrG) Mr. Hines, for his part, says it is wrong to put such a massive project so close to the beach and that his father—legendary entertainer Gregory Hines—"would not be for this given what the effect on the community is going to be." "I don't think it's right," he said, "and Greg would not have thought this was right either." I stand with Ms. Reese Greenland and Mr. Hines in opposing this project. Further I understand that the project will needless destroy 4 existing units of affordable housing - displacing 4 Venice families - and that the developers are not conducting any environmental review even though the project is in a FEMA flood zone. Affordable housing is important, but so is access to California's most storied and diverse beach. The Reese Davidson Community does not strike the right balance. Please vote no. Thank you. Margaret Bright

Communication from Public

Name: Yen King

Date Submitted: 11/02/2021 02:40 PM

Council File No: 21-0829-S1

Comments for Public Posting: I have been a resident of the immediate area which would be affected by the proposed development. My vote is NO on this gargantuan, unnecessary project. The area is very dense already, and during the summer Venice Blvd North (which will be the main entrance and egress) is bumper-to bumper traffic for one mile from the beach. For residents it is a major problem already, without exacerbating it with an additional 400 units. Pacific Avenue, the closest major cross street, is similarly congested everyday during morning and evening rush hours, as well as during the summer with additional visitor traffic. The impact on an already-aging and insufficient infra structure will be significant. In addition to providing low-cost housing, what are plans for improving the parking situation, as well as visual aesthetics of the area. Again: my vote is NO on this unaffordable, expensive, thoughtless and unnecessary development.

Communication from Public

Name:	Genesis Batalla
Date Submitted:	11/02/2021 03:10 PM
Council File No:	21-0829-S1
Comments for Public Posting:	To Whom this may concern, I am here before you today to express my support in the new unit building for homeless families in the Venice Community Housing area. I am one of the many homeless families that have been affected during this pandemic of covid-19. I once held shelter with my family before the pandemic started and had a stable way of living until whom I was living with started to harass me and abuse the dynamic of the fact that I have no family, financial, and or emotional support. My mother passed away when I was 17 due to cancer, and a month before I gave birth to my son. My father abandoned my mother and me at the mere age of 8 and gave us no support and added to the negative environment I was raised in. I was raised in extreme poverty to the point where my mother had to sell personal jewelry at one point to make rent complete. Due to the lack of support, after my mother passed and the emotional and mental abuse I was receiving from my maternal aunt, I was forced to move in with my baby's father. At the time I was ecstatic due to being able to raise my child in a home where he managed to have both parents. However, I was unaware that I was going to be moving into a home where I was surrounded by 2 abusers (my baby's father and his mother). During the years that I lived with them, I was forced to work (at the age of 18 and he wasn't) because my baby's father's mother's fear mongered us into believing that our child would surely get hurt or killed if we were to enter him into daycare. It was my request that our son enters daycare so that I may continue my studies and also work. I had to continue working because my baby's father's mothers would constantly threaten us with evicting us with our newborn if we did not contribute to the rent they paid. Her abuse and his worsened throughout the years; he would us my mother guilt to emotionally and mentally abuse me, his mother would hide food from me, he would call me a whore and a slut every time that I found a new job because he would make me quit the previous ones due to his paranoia of cheating. After I left my baby's father's home I went to seek shelter with my maternal aunt once more because I had no one else to rely on and because I was fleeing domestic violence and my baby's father had sexually assaulted me. I had never had a good relationship with my maternal aunt that raised me with my mother because she'd often ridicule me, beat me, and emotionally down me. So she kicked me

out and gave me only 3 days before having me leave the residence with all of my items and child. So that left me no other choice than to contact all other distant families I had and see if they'd be willing to give me shelter until I got back on my feet. I was met with my aunt via marriage and my cousins accepted me into their home and were kind until they were approved for a loan so they could purchase a home in Bakersfield. When that loan was made available to them I was made to leave that residence because they had already subleased the apartment to another family. I was left homeless while attending college (with a 4.0 GPA) and the motivation needed to find shelter. I used homeless vouchers offered from the department of public social services for 4 weeks and then came upon the shelter I'm currently residing at now by some miracle. I am now employed and working towards my goals of becoming stable once more and independent. I know many families that have similar stories, so I beg that you don't project stereotypes of what homeless people "are" and extend them the opportunity to show you that your community would only be improved with the arts and life stories they have to offer. Most of these families, like myself have never been in a situation of homelessness before and would like to eagerly prevent it from happening again. This is why I beg that you take into serious consideration the decisions that are made in the next upcoming months. Are they made in good faith or are they made with misinformation that only hurts a minority that needs the help and proper resources to do so? Let Venice be the leader in housing the homeless population

Communication from Public

Name: Andrew W Walter

Date Submitted: 11/02/2021 04:14 PM

Council File No: 21-0829-S1

Comments for Public Posting: Re: Council File No. 21-0829-S1 Dear Members of the City Council: I hope you saw the news this week that Sonya Reese Greenland and Evan Hines have come out against the Reese Davidson Community on the Venice Canals, including the Gregory Hines Community Art Center. See:
https://www.westsidecurrent.com/news/reese-family-demands-name-be-removed-from-controversial-vchc-project-on-venice-canals/article_248dd98e-36d0-11ec-a05e-6ffa4f17a762.html
https://www.westsidecurrent.com/venice/gregory-hines-son-speaks-out-against-fathers-name-associated-with-controversial-vchc-project/article_7b4cb400-3786-11ec-ab71-af6ed9feb5b5.html Ms. Reese Greenland sent a cease and desist letter to the developers stating that her grandfather—Venice legend Arthur L. Reese—would want the project "stopped immediately" and demanding that the Reese name be removed from the project. She also states that the project is "the opposite of social justice" because it reduces beach access for communities of color by replacing existing surface lot parking with expensive, mechanical lift parking 500 feet further from the beach and freezing substandard streets and sidewalks in place forever. A copy of the letter is available here: (https://bit.ly/2ZzRwrG) Mr. Hines, for his part, says it is wrong to put such a massive project so close to the beach and that his father—legendary entertainer Gregory Hines—"would not be for this given what the effect on the community is going to be." "I don't think it's right," he said, "and Greg would not have thought this was right either." I stand with Ms. Reese Greenland and Mr. Hines in opposing this project. Further I understand that the project will needless destroy 4 existing units of affordable housing - displacing 4 Venice families - and that the developers are not conducting any environmental review even though the project is in a FEMA flood zone. Affordable housing is important, but so is access to California's most storied and diverse beach. The Reese Davidson Community does not strike the right balance. Please vote no. Thank you.

Communication from Public

Name: Mike Suhd

Date Submitted: 11/02/2021 01:35 PM

Council File No: 21-0829-S1

Comments for Public Posting: My name is Mike Suhd. I have lived and worked in Venice since 1976. I have also volunteered with VCH since it's founding in 1988. I strongly support the housing plan for Venice and Pacific. I can assure you that the property will be well managed and maintained by a staff of incredibly committed people. The diversity in terms of income, race and the arts is what has made Venice so unique. I am convinced that building 140 units of new supportive and affordable housing at Venice and Pacific will help with the crisis we have been experiencing of unhoused folks dying on the streets. Please support this very important project for our community. Thank you for your time.

Communication from Public

Name: Rula Lenska

Date Submitted: 11/02/2021 04:29 PM

Council File No: 21-0829-S1

Comments for Public Posting: The proposed Monster Development in Venice is an ill-conceived travesty! No beach community in California has been similarly ignored regarding the needs of the neighborhood and -- and worse -- insulted by City management with this absurd concept designed to doom Venice and everything our unique area stands for. I VEHEMENTLY OBJECT TO THIS DESPICABLE PROPOSAL!

Communication from Public

Name: Carmen Carpenter
Date Submitted: 11/02/2021 04:31 PM
Council File No: 21-0829-S1
Comments for Public Posting: As a 10+ year resident of the neighborhood where the proposed site is located, I would like to express my grave concern about the impact this project will have to the area. The scope of the project is not appropriate for the location given limitations (welcome limitations) on the size of similar projects. This location also currently provides much needed parking for tourists and other residents of surrounding areas to gain access to our public beaches. Not only will we lose significant parking, and therefore access to the beach, for many people but the current project does not supply ample parking for the number of residents and commercial space intended. This will cause further parking issues in the nearby neighborhoods where we already share public street parking with those looking to visit the beach.