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April 27, 2022

Los Angeles City Council
c/o Office of the City Clerk
City Hall, Room 395
Los Angeles, California 90012

Attention: PLUM Committee

Dear Honorable Members:

REPORT RELATIVE TO A STRATEGIC PLAN TO STREAMLINE 100 PERCENT DEED-RESTRICTED AFFORDABLE HOUSING PROJECTS AND TO IMPROVE PROCESSES AND PROCEDURES FOR THE DEVELOPMENT PROCESS; CF 21-0658

I. SUMMARY

On October 5, 2021, the City Council instructed the Los Angeles Department of City Planning (DCP), with the assistance of the Los Angeles Housing Department (LAHD) and the Los Angeles Department of Building and Safety (LADBS), to report to the Council with a strategic plan to streamline 100 percent deed-restricted affordable housing projects in the City of Los Angeles. The amended motion also requested taking into account the instructions from the motion approved February 19, 2021, on related matters in Council File 21-0054, which requested the development of an expedited permitting process that establishes a maximum review per submittal time of 15 business days for projects that build the most amount of permanent supportive or affordable housing. This report is consistent with the instructions in Council File 21-0054.

The report considers increased departmental resources to facilitate shorter staff review times, shorter appeal times, accelerated prioritization for 100 percent affordable housing projects, modifications to site plan review thresholds, and use of an administrative review process for 100 percent deed-restricted affordable housing projects. In addition, pursuant to the amending motions, the report considers establishing full-time dedicated case managers in each development service-related department to better coordinate on permitting of affordable housing projects. The report includes technological and staffing resource needs, as well as any potential revenue sources needed to implement this system, as well as any ordinance changes needed to implement the changes. Finally, the report includes a summary on the back-log and processing times for each process related to development. These reports are requested to be provided by each department quarterly. The following recommendations are based on findings presented in the report.

II. KEY RECOMMENDATIONS

1. Office of the City Administrative Officer (CAO)
 - a. Authorize and create up to three (3) positions based in the Office of the City Administrative Officer (CAO) to act as a liaison and project manager between all the City Departments that provide development services for affordable housing development projects.
2. Department of City Planning (DCP)
 - a. Add funding and position authorities for staffing resources by twenty-one (21) new positions funded by the General Fund to facilitate shorter staff review time and accelerate 100% affordable project processing:
 - i. Increase staffing to the Housing Services Unit by the addition of twelve (12) positions (one (1) Senior City Planner, two (2) City Planners, eight (8) City Planning Associates) and one (1) Senior Administrative Clerk) to decrease preliminary application processing time by 50%.
 - ii. Support DCP's 2022-23 Budget Program Request for three (3) City Planner positions for Priority Housing Project (PHP) processing and increase PHP staffing to process affordable housing entitlements by an additional six (6) positions in varying geographies which include (one (1) City Planner, four (4) City Planning Associates, and one (1) Senior Administrative Clerk) to allow for immediate processing of entitlement applications.
 - b. Administrative Processing for Affordable Housing Developments
 - i. Create an administrative ministerial planning review process for majority deed-restricted affordable housing projects through an Affordable Housing Overlay (as described in CF 19-0416), which would remove Site Plan Review thresholds for projects which meet objective standards, resulting in significantly reduced processing timelines.
 - c. Pursue potential outside funding sources such as Regional Early Action Program (REAP) 2.0 to fund opportunities across City agencies to accelerate housing production. City Council approval will be necessary for grant acceptance.
 - d. Continue to report back to the City Council on the back-log and processing times for each process related to development, as well as any resource needs or ordinance changes needed to implement the changes.
3. Los Angeles Department of Building and Safety (LADBS)
 - a. Authorize and increase staffing resources by twenty-two (22) positions as part of the effort to streamline permits and approvals for 100% affordable housing:
 - i. Funding and authorization for an additional Structural Plan Check ten (10) staffing positions as identified in the 2022-23 Budget Program Request.
 - ii. Funding and authorization for a new Zoning Review Section of nine (9) staffing positions as identified in the 2022-23 Budget Program Request.
 - iii. Funding and authorization for the addition of three (3) Senior Building Inspectors for Inspection Case Management (ICM) to expand ICM services to 100% affordable housing projects regardless of project valuation.

- b. Further facilitate the streamlining of 100% affordable housing by reducing assignment time by an additional 35%.
 - c. Prioritize appeals to the Board of Building and Safety Commissioners on 100% affordable housing projects.
- 4. Los Angeles Housing Department (LAHD)
 - a. Authorize and increase staffing resources by a total of ten (10) positions. Eight (8) positions would be funded by Land Use fees and two (2) positions would be funded by the General Fund to reduce determination backlogs and expedite affordable developments:
 - i. The addition of one (1) new Senior Management Analyst position, and five (5) Management Analyst positions, and two (2) new Management Assistant positions for the Land Use Unit, funded by Land Use fees, to reduce processing times for replacement unit determinations and covenant recording.
 - ii. The addition of one (1) new Finance Development Officer and one (1) new Management Analyst (MA) position for the Affordable Housing Managed Pipeline (AHMP), funded by the General Fund, to facilitate an expedited underwriting and pre-development process.
- 5. Los Angeles Fire Department (LAFD)
 - a. Authorize and increase staffing resources by seven (7) positions to increase case management capacity and plan review of affordable housing projects in order to provide dedicated staff to assist developers of affordable housing projects:
 - i. Increase staffing resources by three (3) Inspector II's assigned to Hydrants & Access.
 - ii. Increase staffing resources by one (1) Fire Protection Engineering Associate IV.
 - iii. Increase staffing resources by two (2) Fire Protection Engineering Associate II's.
 - iv. Increase staffing resources by one (1) Management Analyst
 - b. Improve software for project intake, processing, reporting, and tracking.
- 6. Bureau of Engineering (BOE)
 - a. Authorize and increase staffing resources by seven (7) positions as part of the effort to streamline permits and approvals for 100% affordable housing, and the broader effort to improve processes and procedures. The Bureau of Engineering recommends:
 - i. The addition of five (5) staff positions for permit plan checking to facilitate shorter review times as identified in the 2022-23 Budget Program Request.
 - ii. The addition of two (2) positions for case management services to assist in coordinating with developers as identified in the 2022-23 Budget Program Request.

- b. Continue to modify and/or replace existing online permit applications, and enhance reporting capabilities, as a part of the BuildLA project and continue to revise forms and reports to better provide information on BOE requirements earlier in the development process as part of the broader effort to improve processes and procedures.

III. BACKGROUND AND ANALYSIS

The shortage of affordable housing is an ongoing crisis in Los Angeles. While the City has been at the forefront of measures to address the housing crisis, the efforts remain insufficient. Los Angeles remains the most unaffordable major city in the country, and also suffers with the highest rates of overcrowding and unsheltered homelessness. The consequences of this crisis are profound and weigh most heavily on the most vulnerable. Creating more affordable housing - faster and cheaper - is an imperative to address those most in need.

The motion calls for a strategic plan to streamline 100 percent deed-restricted affordable housing projects in the City of Los Angeles, and to improve processes and procedures that are part of the development review process. These enhancements are intended to exceed the goals established and already achieved by Mayor Garcetti's Executive Directives 13 and 30.

Current Development Review Process and Constraints

Affordable Housing development projects can vary in scale and complexity. As such, development applications vary and may require a range of ministerial, administrative, or discretionary approvals depending on the site's location and zoning. While most projects require DCP, LAHD, and LADBS review, different factors relating to the project and existing infrastructure determine the extent of other reviews needed by other agencies. Affordable housing projects are complex in that they have strict deadlines, various funding requirements from different agencies, and are difficult to redesign late in the process. Affordable Housing developments may also rely on different thresholds for affordability (rent schedules) depending on if they are funded by the City, State, or Federal Government.

In October 2015, the Mayor issued Executive Directive No. 13 (ED 13) to support and streamline affordable housing developments. ED 13 aims to reduce initial affordable development processing times and improve data collection while creating a Mayoral oversight housing cabinet for interdepartmental coordination. It relates to rental projects that are at least 20% affordable (lower income) or for-sale projects at least 30% affordable (lower or moderate income).

In April 2021, ED 13 was expanded upon through the issuance of Executive Directive No. 30 (Further Expediting and Expanding Affordable Housing). ED 30 expanded ED 13 to include additional agencies such as BOE, LAFD, and the Department of Water and Power (LADWP) for a total of 11 agencies. The EDs establish expediting timelines by 25 percent for DBS, DCP, BOE, and the Los Angeles Department of Transportation (LADOT) and by 30 percent for LAFD. Other departments that don't have specific timelines are required to "prioritize" qualifying affordable housing projects, by bumping them to the top of the queue as they come in.

The last two years, the City has seen a significant increase in affordable housing production, averaging more than 3,000 units, which is more than double the prior five-year average, and triple the figures seen from 2010-2014. The significant increase in affordable housing production is attributed primarily both to the permitting of Measure HHH projects, as well as a doubling in unsubsidized affordable units in incentivized mixed income projects. Since 2015, the Department of City Planning has processed 355 projects consisting entirely of affordable units. Projects processed in 2021 added 3,447 units of affordable housing to the City's development pipeline. ED 30 qualifying projects are getting building permits an average of 150 days faster compared to similar multifamily housing projects in the city as a whole (an average of a 5-month expediting timeline) over the past 2 years.

While significant timeline improvements have been made, the substantial increase in affordable housing projects over the last two years (affordable) as well as implementation of recent state laws including Senate Bill 330 (SB 330) and SB 8 (SB 8) have required significant procedural changes and increased the number of projects subject to Departmental review. Although City Departments continue to improve processes and prioritize affordable housing, staffing remains the primary constraining factor in the processing of 100 percent deed-restricted affordable housing. In the following section DCP, LADBS, LAHD, LAFD, and BOE outline processing constraints, procedural improvements underway, and review timelines for each department process that pertains to affordable housing development.

Department of City Planning (DCP)

A primary factor in overall project review timelines within DCP is whether a project requires a discretionary review or other planning entitlement. The analysis of housing constraints in the Housing Element 2021-2029 found that these types of review processes can take between five and a half to thirteen months and introduce considerable risk and uncertainty to projects that otherwise comply with all applicable codes due to the possibility of appeal and environmental review. These processes also extend timelines in both the pre-application and post-approval condition clearance process.

Discretionary processes are required when development proposals do not fully comply with all applicable zoning and development regulations, or necessitate compliance with special zoning ordinances like overlays. They generally exist to evaluate and mitigate potential impacts of development projects and typically add a California Environmental Quality Act (CEQA) review process. CEQA is the primary way housing projects are appealed and litigated by project opponents, often instigating lengthy and costly legal cases. Housing developments can usually be appealed on the basis of the entitlement as well as under CEQA. Appeals can add a few months to a year in review time of affordable housing projects, as well as introduce considerable risk. CEQA law allows appeals to the elected decision-making body and are meant to be heard within 75 days of the initial decision. To minimize time, appeals, and project vulnerability, increased ministerial processing of code-compliant affordable housing projects is needed.

Affordable housing development projects requiring discretionary review or other entitlements begin their process by filing a Preliminary Application Review in order to ensure a project meets zoning, community plan regulations, and design requirements. This upfront procedure helps shape the project description (how many affordable units, etc.) and ensures the correct entitlements are being applied, which both lessens the potential for later corrections and saves time later in the process. The Housing Services Unit which processes these pre-applications has insufficient staff for the number of pre-applications requests they receive. Since 2018, there have been 4,078 requests for Preliminary Application Review submitted to DCP. This volume of requests resulted in an average review period of five weeks for affordable housing projects.

In addition to processing barriers, many sites have zoning barriers that reduce project feasibility and increase review time. Zoning and neighborhood implementation tools like overlays impose additional layers of development standards and limitations on uses to clearly defined geographic areas, neighborhoods, or sites. Over 61% of the City is covered by site-specific conditions (called Q, T, & D Conditions), and special overlays limiting their development. These additional layers of requirements imposed by these neighborhood-level tools can further limit the height, buildable volume, and number of units that can be built within a housing development. These standards are also often not clearly understandable by the public as they amend the meaning of a typical zoning designation in ways that are not always clear. In some instances, these tools can actually create a need for a project to go through the entitlement process or make a site unbuildable for affordable housing, which leads to constraints on affordable housing development by affecting project feasibility, timelines, and costs.

In response to the Mayor's Directive ED 13, DCP created the Priority Housing Project (PHP) Program which offers projects with at least 20% affordable units prioritized case review and processing through the PHP Program. To qualify, projects must set aside at least 20% of rental units or 30% of for-sale units as restricted affordable units. Residential projects must consist of at least 10 units to qualify for the program. Since the program's inception, there have been 48 projects processed through PHP. These projects generated 4,173 total housing units, including 3,277 units of affordable housing. On average PHP projects are completed within 4 months from filing. Seventy-one percent of all PHP projects were completed in 2021, and generated 2,821 total units, including 2437 affordable units. PHP projects are often assigned to Planning Staff assigned to the varying geographies of the City. The staff assigned to these projects can have a variety of responsibilities that may compete with the review and processing of PHP projects.

After awarding an entitlement, which may take at least six months, the Department of City Planning is involved in the case condition clearance process as part of the LADBS permit issuance. This process is typically the final step for the planners to review a project for substantial conformance. The intent is to ensure jurisdictional and environmental conditions are applied as final building permits are awarded. Planners ensure materials are consistent with evidence of compliance along with a recorded covenant with the County of Los Angeles.

Los Angeles Department of Building and Safety (LADBS)

The Los Angeles Department of Building and Safety performs a Zoning and Building Code plan check review of all affordable housing projects that are submitted under a building permit application. ED 13 affordable housing projects are prioritized and receive at least a 25% reduction on time assigned to a plan check engineer. For these projects, developers generally receive corrections and clearances within 30 business days from plan submission. Qualifying affordable housing projects may also utilize the Housing Streamlined Approval Process to obtain a “zoning only” review prior to other elements of the plans being completed (such as fire life safety, structural, accessible housing standards, green building). After the initial review is complete, the plan check and permitting timeline varies largely for each project and is dependent on a number of factors, such as staffing resources, the code complexity of the project, and the responsiveness of the applicant to address corrections and clearances. The following paragraphs describe two constraints that may pose a challenge for affordable housing projects.

Staffing Resources

Various housing initiatives at both the state and local level have increased construction activity in the City. Although LADBS has taken numerous steps to prioritize affordable housing through the creation of the Affordable Housing Section, implementation of the Housing Streamlined Approval Process, reduction of plan assignment time for ED 13 projects, and expansion of Development Services Case Management and ePlanLA services to affordable housing projects, LADBS has sustained an increased workload and backlog impacting overall plan check services. The ability of LADBS to complete plan check jobs in a timely manner is critical to the construction of these much-needed affordable housing units. Delays in plan check due to a shortage of staffing resources result in delays to permit issuance and the ability for the project to commence construction.

Clearance Approvals

As part of the building permit process, applicants are required to obtain approvals from other departments and agencies depending on the project scope. During plan review, the plan check engineer determines which clearances are needed in accordance with the Building Permit Clearance Handbook. The Building Permit Clearance Handbook was developed by multiple City agencies (LADBS, DCP, LAFD, Public Works, DOT, etc.) to establish clear and consistent criteria to determine what clearances are needed based on the type of project and its location. The Building Permit Clearance Handbook is available on the LADBS website and can be a valuable tool for developers to plan what approvals may be necessary.

Building permits cannot be issued until all clearances have been addressed. LADBS advises applicants to initiate the clearance approval process as soon as possible, in order to allow adequate time to obtain the approvals. Certain departments may require additional review and processing that can take months to complete. Delays due to clearance approvals result in delays to the permit issuance which can potentially cause significant financial losses to affordable housing developers.

Los Angeles Housing Department (LAHD)

Replacement Requirements

The Housing Crisis Act of 2019 (Senate Bill (SB) 330) prohibits the approval of any proposed housing development project on a site that will require the demolition of existing residential dwelling units or occupied or vacant “Protected Units” unless the proposed housing development project replaces those units. These housing replacement requirements apply to all discretionary applications including 100 percent affordable projects. Projects are required to replace at least as many residential dwelling units as the greatest number of residential dwelling units that existed on the project site within the past 5 years and offer these replacement units to displaced tenants. For each of these projects LAHD land use staff must prepare a replacement unit determination with an average 2021 processing time from six to eight weeks. Department resources have become further strained with the implementation of SB 8 this year. SB 8 expands replacement requirements to more types of projects and has resulted in a marked increase in the number of replacement applications received, doubling the processing time to 12 to 16 weeks. In anticipation of this, the unit is revising forms and procedures to streamline the review and replacement determination process. With the expanded replacement requirements recently adopted in the Housing Element 2021-2029, this backlog is expected to continue growing unless additional staff resources are added.

Creation of Affordable Housing Covenants

All affordable housing units required by a City department or agency include the recordation of a covenant to ensure units remain affordable for the regulatory period. Covenants are prepared by LAHD and recorded with Los Angeles County prior to the issuance of any building permit. The covenant process can be found on LAHD’s Land Use Covenants website (<https://housing.lacity.org/partners/land-use-covenants>). Prior to the implementation of SB 8, it took approximately eight to 12 weeks (sometimes longer if the project is complex) to execute a covenant. Since SB 8 has taken effect, due to limited staff, covenant processing time has doubled, taking 16 to 24 weeks. This extended review creates delays in the development of housing, as the covenant is required before a building permit can be issued.

Residential developers who receive a land use concession from the City or are required by City laws or Ordinances to provide affordable housing, must submit a land use application and other required documentation to LAHD. Upon reviewing the documents, LAHD will make a determination, then prepare and issue the covenant. The covenants reflect the conditions of approval regarding affordable housing requirements within the development. LAHD, DCP, and LADBS work together to ensure that the requirements included in the covenants are clear and consistent. This process adds time to the preparation of covenants.

The Los Angeles Housing Department currently prioritizes ED 30 projects and 100 percent Affordable Housing projects for replacement unit determinations and covenants. The land use unit has also streamlined some processes and procedures for a clearer and easier implementation of SB 8 and covenant processing. Even with these measures, it is becoming increasingly difficult for current staff to turn around covenants in a timely manner, even for 100 percent Affordable Housing projects, due to increased workload.

Financing Availability for Acquisition and Predevelopment

Availability and access to capital for acquisition and predevelopment costs for affordable housing projects is limited and expensive. Anecdotally, affordable housing developers identified challenges that include loan terms that required repayment in too quick a turnaround timeframe, as well as an unmitigated risk of borrowing from the predevelopment loan funds with no clear source of “take-out” financing to replace the initial loan.

Public resources for all phases of development are available, but in amounts far below the demand and need. The limited resources available are very competitive, with requests exceeding available funds by as much as three to one for funds administered by LAHD.

In the City of Los Angeles, the New Generation Fund, a \$68.5 million predevelopment acquisition fund was launched in 2008 for affordable housing developers to access with the intent of creating an affordable housing pipeline. The New Generation Fund has had good utilization due to the pipeline built as part of the Affordable Housing Managed Pipeline (AHMP) and the HHH Supportive Housing Loan Program.

On average within the AHMP program, 25-30 applications are received during each call for projects. The review process is approximately 3-4 months and currently requires all available staff (including those in other Development & Finance units) to assist during this critical stage of the process. Once projects are approved, they are assigned to AHMP finance staff to process and coordinate through the development process. This process is constrained by limited staffing. Staff responsibilities range from processing and underwriting new projects and closing their loans to overseeing each project through loan closing to construction completion. Overall, a single project's process from pre-development and application through being placed in service can take approximately 24-36 months.

A Universal Notice of Funding Availability (UNOFA) Application System was developed that will ultimately allow housing developers to apply for capital and vouchers, through one system. This system will help expedite the funding process for developers, and in turn, housing production.

Bureau of Engineering (BOE)

Process Constraints

The Bureau of Engineering's permit processing times are constrained by available staff for processing. Prioritization of permits and requests for affordable housing projects, and further for 100% affordable housing projects, will necessarily result in longer processing times for non-affordable housing projects, assuming staffing levels remain constant.

As part of the effort to accelerate affordable housing projects it is necessary to modify BOE's online applications in order to differentiate them from non-affordable housing projects to allow for prioritization and for better tracking and reporting for affordable housing projects.

Prioritization of affordable projects by tiered sliding scale is difficult for BOE target review metrics because many BOE metrics are a few weeks or less and thus there would not be much difference between scales. The recommendations for this report assume a simple categorization of housing, affordable housing, and 100% affordable housing. Per the direction of Executive Directive 13, BOE has prioritized permits and requests related to affordable housing projects where possible through Permit Case Management (PCM) services and prioritization from the District Offices. Subsequent direction from Executive Directive 30 further directed additional Case Management Services and prioritization, reduction of BOE processing times for permits by 25%, and expansion of the affordable housing cabinet to include a BOE Affordable Housing Liaison.

BOE has provided case management services including representation at LADBS case management meetings, assistance with BOE permits and services, and providing a point of contact for questions and issues during the BOE and LADBS permitting processes. The Development Services Case Management (DSCM) office provides an Affordable Housing Liaison for the Mayor's Affordable Housing Cabinet meetings to assist with Mayor's Office requests, and to coordinate with developers for Affordable Housing projects.

In conjunction with programming developments taking place as part of BuildLA, BOE is in the process of modifying existing online permit applications to allow identification of affordable housing projects and 100% affordable housing projects and to associate BOE permits with LADBS permit applications. This will allow for more detailed reporting of metrics to include differences in processing times between non-Affordable Housing projects, Affordable Housing projects, and 100% Affordable Housing projects.

Los Angeles Fire Department (LAFD)

Project Review

As part of the development process, the LAFD must review affordable housing projects for compliance of environmental impact, hydrants and access plans, and fire life safety plan check. LAFD currently does not have any dedicated staff specific to performing the above processes for affordable housing projects. Due to a lack of dedicated staff, affordable housing projects oftentimes compete with other prioritized and expedited projects. This creates an inability to efficiently flag and track affordable housing projects. Currently, the LAFD times range from approximately 60 days for Environmental Impact Reviews, 140 days for hydrant and access plan reviews, 46 days for standard fire life safety plan check and 13 days for expedited plan check. By developing dedicated staff positions for this review, LAFD should be able to streamline the review process for affordable housing projects.

Performance Management Software Resources

The Los Angeles Fire Department also recommends investing in software improvements to enhance the processing time and more efficiently track affordable housing projects. By investing in software, the LAFD would be able to create an intake system that prioritizes affordable housing projects, automates email prompts for outstanding corrections on plan submittals, reports and tracks project corrections and re-submittals, and streamlines modification submittals and reviews through Fire Information Management System (FIMS).

IV. POTENTIAL STRATEGIES TO ACCELERATE AND FURTHER STREAMLINE AFFORDABLE HOUSING PRODUCTION

Office of the City Administrative Officer (CAO)

Affordable Housing Liaison

Under the direction of EDs 13 and 30, affordable housing processing has continued to become more efficient. The Mayor's Office has provided leadership to facilitate streamlining through the Mayor's Office of City Homelessness Initiatives (MOCHI). To ensure continuity of this model, the City Council could institutionalize this coordination with the creation of up to three positions in the Office of the City Administrative Officer (CAO). The CAO is not part of the development review process and, therefore, may be in a more appropriate impartial position to coordinate with the affordable housing development community, as well as the many City departments processing projects. In this role, the CAO will act as a liaison and project manager between all the City departments that provide development services for affordable housing and serve as a single point of contact when questions arise about a specific project. The requested positions will provide continued oversight of 100% affordable housing developments to ensure they meet funding deadlines and are processed expeditiously. The City Council may instruct the CAO to extend these coordination and oversight services for affordable housing projects below the 100 percent requirement in the future, in consideration of CF 21-0054, per the amended motion.

Department of City Planning (DCP)

Increase Staffing Resources

The Department of City Planning recommends a total of twenty-one (21) additional positions to help facilitate shorter staff review time and accelerate 100% affordable housing project processing prioritization. The positions will focus on a variety of efforts ranging from the reduction of the initial review period of an application, processing affordable housing entitlement applications, focusing on zoning code changes to support the development of affordable housing projects, implementing streamlining measures, building upon case management services, providing a liaison with the Affordable Housing Cabinet, and tracking affordable housing development program efficacy. A comprehensive staffing approach, as proposed, will ensure all phases of the entitlement process show beneficial improvements.

Housing Services Unit Staffing

The Department of City Planning recommends the addition of 12 positions (one Senior City Planner, two City Planners, eight City Planning Associates and one Senior Administrative Clerk) to the Housing Services Unit to provide much needed resources to the current work program. The additional staff would allow for up to a 50% increase in the number of referral forms, Transit Oriented Communities (TOC) Incentive Program Tier verifications and transit verifications issued weekly. Initial review of referral forms by the Housing Services Unit currently takes five to six weeks; the addition of staff could reduce initial review to two weeks.

Priority Housing Project Processing Staffing

The Department of City Planning recommends increasing dedicated staff to process affordable housing entitlement requests that are focused on varying geographies throughout the City. This request supports the DCP's 2022-23 Budget Program Request for three (3) City Planner positions for Priority Housing Project (PHP) processing and increases PHP staffing to process affordable housing entitlements by an additional six (6) positions in varying geographies. These six additional positions (one City Planner, four City Planning Associates, and one Senior Administrative Clerk) would guarantee staff will be available immediately upon submission of an affordable housing application, reduce the competition with other cases in process, and support existing Priority Housing Projects (PHP).

Develop Administrative Processing for Affordable Housing Developments

The Department of City Planning recommends creating an administrative ministerial planning review process for affordable housing projects that meet objective zoning standards, as outlined in more detail in the Affordable Housing Overlay Zone report (see CF 19-0416). In addition to removing process barriers and offering significant streamlining, DCP is also proposing to modify site specific zoning barriers such as density limitations, parking, and other restrictive standards that prevent affordable housing, as well as expand areas where affordable housing can be built. This approach will facilitate the ministerial processing of many more 100% affordable projects compared to today, which will greatly reduce project timelines and legal vulnerability for qualifying projects. In line with consideration of the CF 21-0054, per the amended motion, the

recommendation in the overlay zone report also recommends analyzing projects with a variety of tiered affordability levels when developing an ordinance. This work program is envisioned as part of the Housing Element's Rezoning Program through a larger comprehensive update to the City's affordable housing incentive programs (Density Bonus, TOC, etc.).

Additional Strategies to Support Streamlining Initiatives

1. Expand Performance Management Reporting, Capacity, and Resources

The Department of City Planning will continue to report back to the City Council on the back-log and processing times for each process related to development, as well as any resource needs or ordinances needed to implement the changes. DCP's Performance Management Unit can generate high-level trends in the processing time for 100% affordable housing projects that request ministerial or discretionary approval. These trends can also be filtered by Community Plan Area, number of units proposed, and/or filing date. Housing data is generally reported quarterly, and this reporting could be appended to existing housing dashboards.

The Department of City Planning currently has the capability to assess shortfalls in case processing resources by examining existing metrics, including number of cases filed, types of projects proposed, and the location and age of existing 100% affordable projects. DCP can consolidate these metrics into a regular report which could indicate the units within the Department that are likely to require additional resources to handle intake and case processing efficiently.

Based on identified resource needs, along with an examination of trends in processing time for 100% affordable housing developments, the Performance Management Unit may work in collaboration with other units in DCP to generate amendments to existing ordinances.

2. Pursue external funding sources to fund opportunities to accelerate housing production

In 2020, DCP was awarded over \$7 million under the Regional Early Action program (REAP) for activities associated with accelerating infill housing, including developing environmental streamlining templates to simplify environmental processing, updating the Affordable Housing Incentives Guidelines to provide greater clarity on affordable unit requirements; and various activities related to rezoning for the Affordable Housing Overlay. The California Department of Housing and Community Development has recently announced a second phase of the REAP program (REAP 2.0) with over \$600 million available in State and Federal investment aimed at advancing implementation of adopted regional plans by funding planning and implementation activities that accelerate infill housing and reductions in per capita Vehicle Miles Traveled (VMT). \$30 million will be made available on a competitive basis and will be open to all eligible entities through the Competitive Innovative and Integrated Set Aside. \$246 million in funds may be allocated to Southern California Association of Governments (SCAG) for distribution within the region. As part of this grant program DCP or other Departments could pursue funds to support the streamlining measures identified in this report. Grant funding opportunities will need to be approved by the City Council.

Los Angeles Department of Building and Safety (LADBS)

Plan Assignment Prioritization

Qualifying affordable housing projects under ED 13 are currently prioritized in plan assignment and receive a 25% reduction in assignment time. To further facilitate the streamlining of 100% affordable housing, LADBS can reduce assignment time by 60%.

Increased Structural Plan Check Resources & New Zoning Review Section

The Los Angeles Department of Building and Safety recommends the support of the funding for additional Structural Plan Check staffing resources and a new Zoning Review Section identified in the 2022-23 Budget Program Request. In the 2022-23 Budget Program Request, LADBS identified an overall need of four (4) Structural Engineering Associates (SEA) II, five (5) SEA III, and one (1) Office Engineering Tech (OET) II position. These positions will help address the sustained increased workload impacting Structural Plan Check. Also requested in the 2022-23 Budget Program was new funding for a Zoning Review Section consisting of six (6) Architectural Associates (AA) II, one (1) AA III, one (1) Architect, and one (1) Senior Architect. The new Zoning Review Section would be dedicated to the plan review of projects for zoning code compliance as well as the preliminary zoning review for affordable housing projects under State law.

Board of Building and Safety Commissioners Appeals

Appeals alleging error or abuse of discretion by LADBS concerning the City of Los Angeles Building Code (LABC) or other items within the powers of the Board of Building and Safety Commissioners (BBSC) are submitted to the BBSC Office. The section manager where the appeal was filed prepares a staff report and presentation addressing the appellant's issues. The report is typically completed within 60 days from the date of the appeal's submission; however, complex requests may require additional time to complete the report. Once the report is complete, the appeal is scheduled for the next available BBSC hearing date. To help streamline 100% affordable housing projects, the BBSC Office can prioritize related appeals and schedule the hearings ahead of other non-emergency items.

Inspection Case Management

Inspection Case Management (ICM) utilizes experienced inspection staff as Case Managers to assist, guide, and facilitate the construction inspection process. ICM provides a single point of contact for the City and offers assistance in navigating efficiently through the City's regulatory procedures and policies. Projects must have a construction valuation over \$5 million to qualify for ICM services. Expanding ICM services to 100% affordable housing projects regardless of project valuation would provide a valuable tool to help facilitate and expedite their construction; however, the ICM unit is already understaffed. In order to expand this program, LADBS recommends authorization and funding for three (3) Senior Building Inspectors.

Los Angeles Housing Department (LAHD)

Land Use Staffing

The Los Angeles Housing Department recommends the creation of a total of eight (8) new positions in the Land Use Unit. These positions would include: one (1) new Senior Management Analyst, five (5) new Management Analysts, and two new (2) Management Assistant positions. These positions would allow for additional staffing within the Land Use Unit to focus on the preparation of replacement unit determinations and recording of affordable housing covenants. As noted in the constraints section above, the approximate timeline for the preparation and execution of Affordable Housing Covenants is 8 to 12 weeks and 16 to 24 weeks for replacement unit determinations. These timelines affect the development of affordable housing, since the covenant is required before a building permit can be issued. Additional staff will help mitigate the marked increase in Land Use work that is expected to result from Senate Bill 8 and reduce the current processing timeframe. The additional work is also anticipated to result in increased revenue in the Municipal Housing Finance Fund (MHFF) from Land Use fees, so it is anticipated that the cost of the recommended new positions will be absorbed by the anticipated additional fee revenue.

Managed Pipeline Staffing

The Los Angeles Housing Department also recommends the creation of two (2) new positions for the Affordable Housing Managed Pipeline (AHMP) Unit, including: one (1) new Finance Development Officer (FDO) position and one (1) new Management Analyst (MA) position. LAHD staff in the unit not only assist in some cases with applications and co-applications with developers for federal and state funding sources, which involves underwriting of deals and verification of gap funding sources needed; the same staff incorporate these new funding source allocations, which may arrive with their own specific regulations and reporting requirements, into the Managed Pipeline pool of available funding. This increase in staffing will significantly reduce the time it takes to process projects.

Los Angeles Fire Department (LAFD)

With Mayor's Executive Directives 13, 24, and 30, the LAFD has requested authorization and funding for staffing and funding to support housing and homeless programs. LAFD's Fire Development Services has not received authorization, nor funding in the previous requests. All efforts to support these programs have been made by non-dedicated staff. The current software being used has not been tailored to streamline processes for affordable housing; and there are no allocated funds to make such improvements. This model is unsustainable, if we expect to further reduce backlog times and increase customer services. Backlog times will be further compounded with increases in the number of plan checks and reviews being sought by industry.

The Los Angeles Fire Department recommends authorization and funding for the following positions based on current workload and backlogs:

- A. Three Inspector II's assigned to Hydrants & Access
- B. One Fire Protection Engineering Associate (FPEA) IV
- C. Two Fire Protection Engineering Associate (FPEA) II
- D. One Management Analyst

The initial contact that an affordable housing project has with the LAFD is through the LAFD Hydrants & Access unit. It could be from a review submittal for an Environmental Impact Report or a site plan check clearance. Environmental Impact Report reviews have a review time of 60 days, and plan reviews have a backlog of 120 days. Providing additional Inspector II's assigned to Hydrants & Access would reduce backlog times by reviewing program-specific affordable housing projects and associated Environmental Impact Report reviews.

Once an affordable housing project submits for a Fire Life Safety Plan Check, either concurrently or after their Hydrants & Access plan review, a project could face a backlog of 47 days for backroom regular and 13 days for expedited plan review. Dedicated staff for affordable housing plan reviews would reduce the plan review times for regular and expedited reviews. The LAFD recommends adding one FPEA IV to oversee the management of housing project plan reviews, perform reviews of complex projects, and generate progress reports. The FPEA IV would be the applicant's point of contact for resolving issues with the plan check and the inspection team. The funding of two FPEA II would allow for a dedicated review of plans for housing projects, further reducing backlog times. A Management Analyst would assist in project tracking and case management meeting coordination.

The Los Angeles Fire Department also seeks resources to make needed software improvements. These improvements include flagging projects for intake, automating email prompts on outstanding corrections, reporting and tracking project corrections and submittals, and streamlining modification submittal and reviews through FIMS. These software updates would streamline the review process, reduce staff workload, and aid customers in their submittals.

An analysis of the Mayor's ED 30 program unveiled that expedited projects in 2021 were returned to the applicant on an average of 13 days. These same projects averaged 175 days to address corrections and receive plan check approval. This significant discrepancy in times illustrates the need for dedicated staff to assist affordable housing applicants in addressing corrections and navigating the plan check process.

The LAFD recommended strategies and staffing requests are based on the current plan review backlog and process constraints. Forecasts and goals for development translate to significant workload increases, requiring additional staff beyond the current recommendations.

Bureau of Engineering (BOE)

Consistent with earlier discussion in this report, BOE has submitted a budget request for additional four (4) Civil Engineering Associates and one (1) Administrative Clerk to decrease staff review times for building permit and Certificate of Occupancy clearances, BOE permit processing, bond processing, field investigations, recommendations and clearances related to 100% affordable housing projects. Two (2) Civil Engineering Associate positions have also been requested to expand the staffing of the BOE's Case Management, which as part of its core functions, provides case management services including representation at LADBS case management meetings, assistance with BOE permits and services, and providing a point of contact for questions and issues during the BOE and LADBS permitting processes. BOE provides an Affordable Housing Liaison for the Mayor's Affordable Housing Cabinet meetings to assist with Mayor's Office inquiries, and to coordinate with developers for Affordable Housing projects. The request would increase BOE staffing to absorb additional requests for service due to expansion of the program to include all housing requests and to prioritize 100% Affordable Housing projects. Additional plan checking staff positions will be primarily funded by BOE permit/process fees received from development projects.

BOE also continues to utilize consultants for BuildLA programming activities to develop online applications and to incorporate existing online BOE applications with BuildLA. As part of this effort, BOE is in the process of modifying existing online permit applications to allow identification of affordable housing projects and 100% affordable housing projects and to associate BOE permits with LADBS permit applications. This would allow for more detailed reporting of metrics to include differences in processing times between non-Affordable Housing projects, Affordable Housing projects, and 100% Affordable Housing projects. This would also allow for the creation of separate queues within the various BOE online applications to prioritize Affordable Housing projects and to further prioritize 100% Affordable Housing projects. A policy within the Development Services Program to prioritize assignments based on meeting metric requirements for Affordable Housing and 100% Affordable Housing would be established.

Along with the programming developments taking place as part of BuildLA, BOE is also developing revisions to the Planning Case Referral Form and Land Use Reports, to better provide information on BOE requirements for multiple types of projects, earlier in the development process. This is part of a larger effort to enhance and streamline BOE's land use review reporting process and will allow for BOE to provide anticipated requirements to developers for affordable housing projects in advance through case management services.

The Bureau of Engineering can implement a policy to prioritize 100% Affordable Housing projects specifically to meet required review time limits for permit submissions of 15 days maximum per submittal. With the modification of online permitting applications to identify and track Affordable Housing and 100% Affordable Housing projects BOE can utilize separate queues for those permits and more easily track processing time metrics for each permit type to monitor performance.

V. CONCLUSION

While affordable housing production has continued to increase annually, City resources and procedures have become strained and backlogged. With the implementation of recent state laws including SB 330 and SB 8 this delay is expected to increase. Without intervention, recent processing time reductions may be lost.

As detailed in this report, there are many important considerations in the development of an approach to streamline review of 100% affordable housing projects. The report provides recommendations on where additional staffing resources could significantly reduce review times for each department; procedural changes that would reduce the need for some reviews and cut months out of a project timeline; technology improvements to better keep track of projects and maintain accountability; and new case management concierge services to better guide projects through complex City processes.

While City Departments continue to improve processes and prioritize affordable housing, staffing remains the primary constraining factor in the processing of 100 percent deed-restricted affordable housing. With limited department resources, affordable housing projects are delayed by days, weeks, and months at various stages of their development. The proposed staffing resources included in this report would transform processing timelines — in some cases cutting review time in half.

These streamlining measures are critical to provide for the most vulnerable Angelenos. By eliminating processing barriers, these recommendations will facilitate the creation of affordable housing and reduce Los Angeles's severe housing needs.

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Sincerely,



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