

CENTRAL CITY UNITED PROPOSED AMENDMENTS TO DTLA COMMUNITY PLAN: DRAFT ZONES AND COMMUNITY BENEFITS PROGRAM

1. Expand the IX1 district for greater coverage of 100% affordable housing standards.

The IX1 district, which is currently bounded by San Pedro Street, 5th Street, Central Avenue, and 7th Street, is the only use district in the Draft Downtown Community Plan (Draft Plan) Zones where residential uses are restricted to only affordable housing. There are important additional areas of the adjacent Skid Row and Little Tokyo communities not currently covered by this use district that need the affordable housing prioritization of the IX1 district. Given the income and needs of the residents of these communities, the affordable housing prioritization of the IX1 district should be expanded to cover all of the area bounded by Main Street, 3rd Street, Alameda Street, and 8th Street. Additionally, the use district should be modified to require all Restricted Affordable Units be set at housing costs affordable to Low-Income households and lower (i.e., no Moderate-Income units). The Permanent Supportive Housing incentive should continue to apply in this use district.

2. Align all upzoning with affordable housing and community benefits.

The Draft Plan is generally structured to incentivize affordable housing and other necessary community benefits through a base/bonus FAR system, which is intended to effectively upzone certain sites, contingent on a corresponding provision of community benefits. Providing a strong bonus FAR can be an important tool to enable new development capacity that is properly aligned with the affordable housing and community benefits that Downtown needs. However, certain provisions in the current Draft Plan undermine the strength of this system. The following changes are necessary to ensure effective value capture zoning while avoiding displacement of current tenants.

a. Do not increase base FAR above current zoning (but keep the higher bonus FAR).

In a base/bonus FAR incentive program, the mechanism to upzone a site should be the allowance of a generous bonus FAR that is carefully aligned with affordability standards. Increasing the base FAR above current density standards merely confers new value without any corresponding community benefits, and undermines the effectiveness of the entire incentive structure. Unfortunately, this is exactly what is occurring in several areas where the draft zoning map increases the base FAR above the current zoning without requiring a corresponding community benefit.

In no circumstances should the base FAR be increased above the current zoning. This is important for two reasons. First, as the City faces a severe housing and homelessness crisis, it is essential that any new development potential be coupled with community benefits, including

affordable housing. By increasing the residential development capacity of a site without requiring affordable housing, the Draft Plan is undermining existing affordable housing incentives and its own community benefit program. Second, Measure JJJ provides that a Community Plan Update may not be approved until a comprehensive assessment ensures that the proposed changes do not: (1) reduce the capacity for the creation and preservation of affordable housing; nor (2) undermine state density bonus law nor any other affordable housing incentive program. Increasing the base FAR on sites would effectively increase allowable density without any corresponding affordability contribution, which reduces the capacity for affordable housing creation and directly undermines state density bonus law, the TOC, and other programs that carefully align density increases with affordability. As such, the Draft Plan needs to avoid increasing base FAR in order to meet the requirements of Measure JJJ.

b. Reduce the base FAR (but keep the higher bonus FAR) in areas where density limits are removed to achieve more effective value capture.

In addition to not increasing the base FAR anywhere in the plan area, in certain areas it is necessary to reduce the base FAR from its current setting. This is not a recommendation to reduce the overall development capacity—the available bonus FAR should remain the same as proposed. Instead, in certain areas, a reduced base FAR would more accurately reflect current density standards, and would produce a larger delta between the base and bonus FARs to promote greater use of the community benefits incentives.

For example, the proposed zoning for much of Chinatown and Little Tokyo specifies a base FAR of 6 and a bonus FAR of 8.5—allowing for only a 42% FAR increase using the Draft Community Benefits Program. To achieve this increase, a developer would first provide the “Set E” affordability amounts to qualify for a 35% increase, leaving only a 7% FAR increase remaining in Level 2. Because the difference between the base and bonus FAR is relatively small, the Level 2 incentives will have little influence on the final project.

In order for the Level 2 incentives to play a greater role in shaping development, the base FAR should be reduced from 6 to 4. A developer could then use the Level 1 incentive to increase the FAR from 4 to 5.6, and then use the Level 2 incentive for the remaining 2.9 FAR (as opposed to only 0.4 FAR under the current proposed zoning).

Reducing the base FAR is not a downzone. First, the overall available development capacity is still an increase, represented in the bonus FAR of 8.5. Moreover, reducing the base FAR from 6 to 4 for these zones is appropriate because the draft zoning maps also remove density limits for most of the Chinatown neighborhood and parts of Little Tokyo, effectively “upzoning” these sites and considerably increasing the development capacity. As discussed above, sound public policy requires the City to include affordable housing requirements whenever the residential development capacity is increased. In order to effectively capture the value created by removing density limits, the base FAR should be reduced to approximate the current development capacity, and then encourage an increase to the bonus FAR through the incentive structure.

3. Adjust the on-site affordable housing incentives to achieve effective value capture and prioritize deeply affordable units.

The Level 2 affordable housing incentives in the current Draft Community Benefits Program will yield too few affordable units, fail to prioritize the depth of affordability most needed in Downtown, and allow exclusionary developments to avoid on-site affordable housing with in-lieu fees and other alternatives. This program should be significantly strengthened as follows:

a. The current Draft Community Benefits Program affordable housing set-aside is too low and undermines other existing programs.

The Draft Community Benefits (CB) Program and Draft CPIO provide a development incentive in exchange for providing affordable housing. A housing development may receive a 35% FAR increase (Level 1) by providing “Set E” affordability standards, and then may exceed the Level 1 increase by an additional 1 FAR for each 3% increase in Deeply Low- (DLI), Extremely Low- (ELI), or Very Low-Income (VLI) units; or for each 4.5% increase in Low- (LI), Moderate-, or Above Moderate-Income units.

This ratio yields affordable housing set-asides that are considerably lower than those required by the TOC for analogous density increases. For example, under the Draft CB Program and Draft CPIO, a project with a base FAR of 4 and a bonus FAR of 8 could receive a 100% FAR increase by providing 14.8% ELI, 18.8% VLI, or 31.7% LI units—as a percentage of the base project.¹ Comparatively, for an 80% density increase using the TOC (the largest available), a developer would need to provide 11% ELI, 15% VLI, or 25% LI units as a percentage of the total units in the project—not the base. Converting this figure to reflect a percentage of the base (for an “apples to apples” comparison), TOC requires 19.8% ELI, 27% VLI, or 45% LI units as a percentage of the base project.² Simply put: the **Draft CB Program and Draft CPIO would require less affordable housing for a larger density increase than the TOC, thereby undermining this existing citywide program and leaving much-needed affordable housing on the table.**³ This relationship holds true for other FAR increases available under the Draft CB Program. For example, the following table compares affordability standards in the Draft CB Program to the TOC affordability standards at different density increases:

¹ A 35% increase in 4 base FAR would yield a 5.4 bonus FAR, requiring a set-aside of 11% VLI or 20% LI (Tier 1). An additional 2.6 FAR would yield an 8 bonus FAR—a 100% increase—and require an additional 7.8% increase in ELI or VLI units, or an 11.7% increase in LI units. This amounts to a required set-aside of 18.8% VLI or 31.7% LI units as a percentage of the base project.

² TOC set-asides are calculated as a percentage of the final project, unlike the current Draft CB Program, which calculates set-asides as a percentage of the pre-bonus base density. For an “apples to apples” comparison, we can convert the TOC requirements to be an equivalent percent of the base. This is done by multiplying the percent of the base by $1 + X$, where X =percent density increase.

³ Another point of comparison is state density bonus law, which offers an additional 2.5% density increase for every 1% base VLI. In comparison, with a base FAR of 6, the Draft CB Program Level 2 incentive for on-site affordable units offers an additional 5.6% density increase for every 1% base VLI. This means that, at a base FAR of 6, the Draft CB Program’s Level 2 on-site affordable housing incentive is more than *twice* as generous as state density bonus law. The Draft CB Program is also more generous than the City’s >35% density bonus CUP program.

<i>Draft Plan produces less affordability than TOC for the same or greater density increase</i>				
Draft Form District			VLI Units Required as Percent of Total	
Designation	Base/Bonus FAR	FAR increase	Draft CB Program	TOC ⁴
PUM1	Base 4, Bonus 8	100%	9.4%	15%
MUB1	Base 1.5, Bonus 6	300%	5.7%	15%
HUB3	Base 9, Bonus 13	44%	9.4%	11% ⁵

The TOC has resulted in new housing production, including deeply affordable housing, across the City. The Draft CB Program should design an incentive program tailored to Downtown by providing FAR increases at levels that *strengthen*, not undermine, the TOC and the South and Southeast LA CPIOs.

b. The Draft CB Program incentivizes Moderate- and Above-Moderate Income units, in conflict with state density bonus law and inconsistent with the greatest need.

The Draft CB Program appears to provide that a housing development may receive a 35% density increase (Level 1) by providing “Set E” affordability standards, which includes an option to provide 40% *Moderate-Income* (120% AMI) units. The Draft CB Program further provides that a housing development may exceed this initial 35% density increase by providing an additional 4.5% increase in *Moderate-Income* or *Above Moderate-Income* (150% AMI) units. This would be inconsistent with state density bonus law and undermine efforts to prioritize affordable housing for those most in need.

First, state density bonus law very plainly restricts the provision of a Moderate-Income incentive only to for-sale Common Interest Development projects. The TOC does not offer any Moderate-Income incentive for for-sale or rental projects. Therefore, by allowing rental housing developments a density increase for Moderate-Income units, the Draft CB Program would be inconsistent with state law standards and local programs. Moreover, there is no incentive whatsoever in state density bonus law or the TOC for so-called “Above Moderate-Income” units. But the Draft CB Program would reward the provision of such units with the exact same bonus as it provides to projects that include additional LI units in Level 2. This deviates from, and is fundamentally inconsistent with, the structure of the TOC and state density bonus law. Second, including a Moderate- and Above Moderate-Income option would undermine the Draft

⁴ The TOC program provides a density bonus, FAR bonus, and parking reduction through a ministerial process. Because the TOC density bonus is more generous than the FAR bonus, the density bonus is used here for comparison. The largest density bonus available under TOC is 80%, which requires 15% total VLI units.

⁵ The TOC program requires 11% VLI for a Tier 1, 50% density bonus.

Plan's ability to respond to the community's most pressing housing need. The vast majority of Los Angeles renters (nearly 70%) are lower-income, with most being Very Low- or Extremely Low-Income.⁶ Despite this, the City consistently produces far more Above Moderate-Income housing than lower-income housing. At this point in the 2013-2021 RHNA cycle, the City produced more than twice the amount of Above Moderate-Income housing as the identified need, while building only a fraction of the lower-income housing needed. The CB Program should focus incentives where the need is greatest: on lower-income housing.⁷

c. *The current Draft CB Program allows affordable housing obligations to be satisfied with off-site units or in-lieu fees, which is inconsistent with existing incentive programs and would intensify exclusionary development Downtown.*

The CB Program should be a tool to promote inclusive development. Allowing developers to satisfy affordable housing obligations through off-site construction or an in-lieu fee undermines this goal by separating the residents of new market-rate construction from the residents of affordable housing, and exacerbates segregated development patterns and exclusively luxury enclaves to the detriment of a diverse and dynamic community. Including in-lieu and off-site options is also inconsistent with tried-and-true value capture policies, such as state density bonus law and the TOC, neither of which permit projects to access density incentives without on-site affordable housing. Aligning FAR bonuses with on-site affordable housing is the simplest way to ensure that the required affordable housing is built in the areas affected by new market-rate construction, and is built simultaneously and of comparable quality to the market-rate units. The Draft CB Program should remove options that allow developers to meet affordable housing requirements through off-site construction or payment of a fee.

d. *The Draft CB Program and CPIO should be revised to provide stronger affordable housing incentives that are better aligned with the actual increased development capacity created by the bonus FAR.*

The affordable housing set-aside should be determined by the overall density increase. Each project should be required to first meet Level 1 requirements (35% increase). Level 2 affordability requirements should be dictated according to tiers of overall density increase. A project could choose to secure all of the remaining bonus FAR by providing affordable housing, or could combine the Level 2 affordable housing incentive with other Level 2 community benefits, up to the bonus FAR. Ultimately, the total percent increase in FAR attributed to the Level 2 affordable housing incentive should determine the total amount of on-site affordable housing provided.

The following proposed system aligns FAR increases with increasing affordable housing set-asides, offers developers the flexibility to decide how much additional FAR they need, and

⁶ U.S. Department of Housing and Urban Development. Office of Policy Development and Research. *Consolidated Planning/CHAS Data*. Aug. 2019. <https://www.huduser.gov/portal/datasets/cp.html>.

⁷ The City's 2018 RHNA Annual Progress Report is available at https://planning.lacity.org/odocument/e9ae0d56-b01b-443e-a3d6-7a86c6e88dea/2018_APR.pdf.

aligns that increase with a commensurate amount of affordable housing. These affordable housing rates and corresponding density increases have been carefully calculated to create a mixture of affordability and still produce comparable foregone rental revenues to the TOC, resulting in an incentive structure that is feasible and responsive to the needs of Downtown LA.

Proposed Level 2 Affordable Housing Standards	
<i>FAR increase attributed to Level 2 affordable housing incentive</i>	<i>Affordable Units as a Percentage of Total</i>
35% - 50% ⁸	5% DLI/ELI and 9% LI (14% total) -or- 5% DLI/ELI and 6% VLI (11% total)
51% - 100% ⁹	5% DLI/ELI and 12% LI (17% total) -or- 5% DLI/ELI and 9% VLI (14% total)
>100% ¹⁰	5% DLI/ELI and 18% LI (23% total) -or- 5% DLI/ELI and 13% VLI (18% total)
<p>Note 1: All affordable housing units must be included on-site. Note 2: Density awarded through non-residential incentives should be excluded from the bonus FAR increase calculation. Note 3: Where a district does not offer a bonus FAR, but does offer bonus height, the affordability requirement should increase commensurate with the percent increase in height, using existing Level 1 for height increases up to 35% and this table for height increases over 35%. Note 4: Non-housing community benefits should be adjusted to have a cost comparable to the on-site affordable housing requirements in this table.</p>	

e. Provide additional assessment and amendments to prevent eviction and demolition of rent-stabilized units.

The Plan must be very careful about where and how development incentives are applied. The Department should carefully study and disclose the location of existing rent-stabilized units and units occupied by lower-income residents throughout the community plan area, and assess how the proposed zone changes and Draft CB Program will affect these tenants and housing stock. Based on this analysis, the Draft CB Program and Draft CPIO should be amended to include policies and restrictions to ensure the preservation of existing rent-stabilized units and prevent the eviction or displacement of current tenants.

⁸ This FAR increase corresponds to the maximum increase in form districts: PLM1, PLM2, PLM3, PUM2, HUB3.

⁹ This FAR increase corresponds to the maximum increase in form districts: HUB1, HUB2, LLM1, MLM2, MUB2, PUM1.

¹⁰ This FAR increase corresponds to the maximum increase in form districts: HUM1, MLM1, MUB1.

Tens of thousands of tenants currently live in rent-stabilized units in Downtown LA. Without policies to prevent displacement of current tenants, there is a risk that the community benefit programs aimed at producing new affordable housing and other benefits to the neighborhood will do more harm than good by allowing existing tenants to be displaced while producing little net affordable housing. The Department should conduct a careful assessment of this issue as soon as possible to allow residents to understand how the proposed changes will affect their communities, and should commit to all changes necessary to prevent the eviction of current tenants and/or demolition of important rent-stabilized housing stock.

4. Modify definition of “Publicly Accessible Open Space” to be truly open to all.

The Draft CPIO allows development projects to receive an additional 1.0 FAR for every additional 4% of lot area dedicated as publicly accessible above the subject site’s required Lot Amenity Space, for either “land dedicated for open space” or “on-site publicly accessible open space.” The Draft CPIO includes a list of amenity requirements for publicly accessible open space, but does not include a definition for the term “publicly accessible open space” itself. We recommend the following definition, which will ensure that the development of such open space is truly accessible to all.

- Publicly Accessible Open Space, defined as “*public plazas, pocket parks, passive and active recreation areas that are privately constructed and maintained, and meet the following standards: (a) are accessible for use by the general public; (b) do not include hostile architecture or private security; (c) are open at hours comparable to those of City parks and facilities, and (d) have appropriate signage indicating that the space is open to the public.*”

5. Include additional Community Facilities Incentives.

The Draft CPIO appears to allow development projects to receive an additional 1.0 FAR for each 2.5% incremental increase in floor area above a minimum 5,000 square feet, dedicated to: on-site childcare, schools and libraries, Social Services, Public Facilities, and Regional Mobility Hubs.¹¹ Several other community facilities are listed in the Draft CB program, such as Full Service Grocery Stores and Health Centers. The Draft CB Program and Draft CPIO should incentivize additional community benefits by including the following additional Community Facilities:

- Reduced Rent Community-Serving Small Business, defined as “*a privately-owned corporation, cooperative, non-profit, social enterprise or other entity that has a long-term lease guaranteeing below market rate rent and serves the local neighborhood by employing local residents or providing culturally appropriate and/or needed goods or services for a mixed-income community, and meets at least three of the following four standards: (a) has no more than twenty-five employees/shareholders; (b) is not*

¹¹ These ratios should be adjusted to have a cost comparable to the table above outlining tier-based on-site affordable housing requirements.

franchised or affiliated with a national chain; (c) pays all employees a living wage; (d) has been operating in the Community Plan Area for at least 15 years.

- Publicly Accessible Open Space, defined as “*public plazas, pocket parks, passive and active recreation areas that are privately constructed and maintained, and that are accessible for use by the general public, are open at hours comparable to those of City parks and facilities, and have appropriate signage indicating that the space is open to the public.*”
- Adult Day Care facility, defined as “*a non-residential facility that supports the health, nutritional, social, and daily living needs of adults in a professionally staffed, group setting.*”
- Sidewalk Vendor Commissary, defined as “*a food facility, approved by the Los Angeles County Department of Public Health to accommodate all operations necessary to support mobile food facilities and is made available exclusively to Sidewalk Vendors.*”

6. Ensure that TFAR does not undermine the production of on-site affordable housing throughout the community plan area.

Historically, the TFAR program has undermined other affordable housing incentives by allowing developers to buy development rights at a statutory price untethered from the value of the additional development rather than providing affordable housing or other community benefits. We appreciate the changes to the Draft CB Program and zoning standards that are intended to close this loophole and require an affordability contribution before a project may qualify for the TFAR program. However, this correction may have limited impact, to the extent the Draft Plan is also adding significant new transferable floor area on other City-owned sites that could be acquired in lieu of meeting the full Level 2 affordability standards or providing other community benefits. More analysis is needed to ensure that the Draft Plan truly prioritizes the deeply affordable housing that so many Downtown residents so desperately need.

7. Require continued discretionary review as necessary to ensure equitable commercial development.

Together, the Draft Plan, Draft CB Program, and Draft CPIO enable streamlined review for numerous types of commercial development. It is important to encourage and support Community-Serving Small Businesses and promote microentrepreneurship across the diverse Downtown communities. However, a comprehensive and nuanced approach to inclusive economic development requires additional restrictions and discretionary review procedures for certain types of commercial development, such as luxury hotel development, to appropriately evaluate impacts, ensure that affordable housing is prioritized, and protect existing commercial assets.

8. Adjust use standards to reflect community needs and priorities.

In addition to expanding the affordable housing prioritization of the IX1 use district, as described above, Article 5 Use Districts, General Use Standards and/or the Draft CPIO should be modified, as follows, to prioritize community-centered growth and development in Little Tokyo, Chinatown, and Skid Row.

Little Tokyo

- Permit residential use throughout Little Tokyo, including in PF1 districts with significant affordability requirements.
- Permit Park and Open Space in PF1 regardless of adjacent district.
- Permit Day Care Facilities in PF1 regardless of adjacent district.
- Permit Eating and Drinking Establishments (with LD) in PF1.
- Prohibit Heavy Commercial and Heavy Industrial uses in Little Tokyo, including in the PF1 district.
- Prohibit Correctional or Penal Institutions throughout Little Tokyo.
- Prohibit Gun Sales throughout Little Tokyo.
- Prohibit Adult Entertainment Businesses throughout Little Tokyo.
- Prohibit Sports Arena and Stadiums throughout Little Tokyo.
- Prohibit Hospitals throughout Little Tokyo.
- Prohibit Smoke and Vape Shops in XC1 in Little Tokyo.

Chinatown

- Permit Day Care Facilities throughout Chinatown.
 - Permit Swap Meets in all of Chinatown.
 - Permit Homeless Shelters throughout Chinatown, including in RG1.
 - Permit Park and Open Space regardless of adjacent district.
 - Include “remittance services” in the definition of Financial Services.
 - Ensure that any use restrictions in Chinatown do not prevent the operation of culturally significant Poultry and Seafood retail operations.
 - Permit community-serving Wholesale Trade in XC1 and XN1 in Chinatown, with a size limit of 20,000 sq. feet.
 - Permit Food and Drink Manufacturing in XC1, except Alcohol Beverage Manufacturing.
 - Prohibit new permits for alcohol sales in Chinatown.
 - Prohibit new Correctional Facilities in Chinatown.
 - Prohibit Sports Arenas and Stadiums in Chinatown.
 - Prohibit Smoke and Vape Shops in Chinatown.
 - Prohibit Adult Entertainment Businesses in Chinatown.
 - Prohibit Sound Stages and Backlots.
 - Prohibit Gun Sales in Chinatown.
- Consider options to allow Textile and Apparel Manufacturing in commercial areas in Chinatown with conditions and strong protections to ensure high quality employment standards, workplace safety, and wage-theft enforcement.

Skid Row

- Restrict residential development to solely Restricted Affordable Units (restricted to Deeply, Extremely, Very, and Low-Income Households) and Permanent Supportive Housing.
- Create use designations for Community Gardens and Rooftop Gardens, and permit them throughout Skid Row.
- Encourage access to public ATMs.
- Subject Recycling Collection or Buyback Centers to C3 review.
- Subject Dance Hall and Banquet Hall uses to C2 review.
- Subject all Bail Bonds to C3 review.
- Prohibit for-profit traditional self-storage but permit non-profit bin-based storage.
- Prohibit Vehicle Sales and Official Police Garages.
- Prohibit Vehicle Repair and Fuel Stations.