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September 4, 2015

BY EMAIL

The Honorable Planning and Land Use
Committee of the City of Los Angeles
200 North Spring Street, Room 350
Los Angeles, CA 90012-2601

Re: Proposed HI Ordinance/CPC-2015-1938-CA

Dear Committee Members:

We represent a number of property owners who are seeking to develop new live/work or hotel projects on industrially zoned sites in the Central City North Community Plan area. We are writing on behalf of our clients to provide comments on the proposed Hybrid Industrial (HI) Zone Ordinance (the "Ordinance"). The Ordinance is a cutting edge planning tool that will create a unique type of hybrid live/work use that will be compatible with and preserve the character of targeted industrial districts. For the reasons set forth in Sections A to D below, we respectfully request that you recommend approval of the Ordinance; however, we also request that you recommend the changes set forth on Exhibit "1" attached hereto.

A. The Ordinance Will Provide Needed Housing While Protecting the Unique Character of Industrial Districts. Currently, industrial zoning generally does not permit residential uses, and there is no adequate planning process to entitle ground up construction of such uses in industrial zones. The Ordinance will create an entitlement process to permit new Live/Work Units that will help reach the Mayor's goal of creating 100,000 new housing units City-wide. The design standards in the Ordinance will ensure that new projects are compatible with existing development and reinforce the unique aesthetic of industrial areas such as the Art District.

B. The Ordinance Will Improve the Jobs-Housing Balance and Implement Community Plans. The Ordinance will apply to the Arts District, which is in close proximity to the jobs center of Downtown and proximate to transit. The Ordinance will facilitate the development of new housing close to existing and new jobs and help achieve a better jobs-housing balance. In addition, the Ordinance will help implement the Central City North and

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Northeast Community Plans. Both plans have Hybrid Industrial land use designations, with a corresponding zone of HI. However, there is no HI zone currently in the Zoning Code. The Ordinance will fill in this gap.

C. The Ordinance Will Generate Jobs in Existing Low Jobs Density Areas. The Ordinance will require that all new housing be in the form of Live/Work Units, including units with R-2 Occupancy/Group B, F, or M Functions that can support up to five employees, and a minimum amount of required Arts and Productive Uses, which include job-producing uses such as creative office, R&D, art galleries, and artisanal/micro manufacturing. The industrial areas that are eligible for the Ordinance are generally characterized by existing low density warehouse and cold storage facilities that generate a relatively low number of new jobs per square foot of land area. The Ordinance will facilitate replacement of outmoded and underperforming warehouse and cold storage businesses with mixed-use live/work projects that can generate more jobs and support new businesses that can flourish in today's economy.

D. The Ordinance Will Provide Important Public Benefits, including Affordable Housing and Open Space. The Ordinance requires that projects must provide important public benefits in order to exceed the base FAR of 1.5 to 1. These benefits, which will make the project areas more vibrant and walkable, include affordable units; Arts and Productive uses; Pedestrian Paseos and Plazas; Public Art/Façade treatments; and Resident Production/Art Gallery Space.

E. Minor Refinements to the Ordinance are Needed. While we and our clients strongly support adoption of the Ordinance, minor refinements are needed to allow more flexibility and achieve consistency with other City laws. Therefore, we respectfully request that the Commission recommend the changes to the Ordinance set forth on Exhibit "1" to this letter.

Thank you for your consideration. We are available to provide any additional information that you may need.

Very truly yours,

A handwritten signature in black ink, appearing to read "Dale J. Goldsmith", with a stylized flourish at the end.

Dale J. Goldsmith

Exhibit “1”

Three Refinements to the HI Ordinance

I. Arts and Productive Uses.

Revise Ordinance Section 4.C.1(b)(2) as follows:

2) **Floor Area for Arts & Productive Uses.** Floor area reserved for uses other than Live/Work units and guest rooms shall be provided at the following a-ratios: of at least 200 square feet per Live/Work Unit

- (i) 1 to 50 units: 150 square feet per unit
- (ii) 51 to 100 units: 100 square feet per unit
- (iii) Units in excess of 100: 50 square feet per unit
- (iv) and at a ratio of a At least 25 square feet per guest room.

No more than 50 percent of the above required floor area shall be occupied by the following uses: bar, restaurant, tea room, café, including restaurant outdoor eating areas, retail store/business

Revise Table C.1 as follows:

Arts & Productive Uses	C.1(b)(2)	Minimum Required Floor Area	200 sf x # Live/Work Units	25 sf x # hotel rooms
			<u>1 to 50 units: 150 square feet per Live/Work Unit</u>	
			<u>51 to 100 units: 100 square feet per Live/Work Unit</u>	
			<u>Units in excess of 100: 50 square feet per Live/Work Unit</u>	

Comment: The above language will create a tiered requirement for Arts and Productive Uses. The higher requirement for the first 50 units will ensure a critical mass of such uses in each project. This language will incentivize more dense Type 1 construction by decreasing the

requirement as units increase. This approach represents a compromise between the original draft's 100 square-foot per unit requirement and the current draft requirement.

Revise the definition of Arts and Productive Uses in Ordinance Section 4.E as follows:

Floor area reserved for uses other than Live/Work units and guest rooms, except that the total required under C.1(b)(2) shall not include ~~ing~~ more than 50 percent of the floor area occupied by the following uses: bar, restaurant, tea room, café, including a restaurant with outdoor seating area, retail store/ business.

Comment: This technical change is necessary to correct an inconsistency with Section 4.C.1(b)(2).

Justification:

- The latest draft of the HI Ordinance **doubles** the amount of required Arts and Productive Uses from 100 sf to 200 sf. As it also now excludes more robust Live/Work Units (i.e., F,M or B occupancy), the effect is to **far more than double** the original requirement.
- ***This new requirement is an attempt by the Planning Dept. to tell the market how projects should be developed.*** It is unnecessary micromanaging.
- The current requirement will make it more difficult to finance projects and force some developers to include a use (e.g., creative office) that may be outside of their area of expertise. This could result in subpar projects and vacant space
- ***Increasing the amount of Arts and Productive Uses is not necessary to retain the Ordinance's jobs focus, since each and every Live/Work Unit must accommodate up to 5 employees.***
- There currently at least three creative office projects currently pending in the Arts District that will provide almost ***one-half million square feet of creative office use*** (Ford Motor Building at 7th and Santa Fe; Coca Cola building at 4th and Traction, and a new project proposed by Lowe Enterprises at 2130 Violet). In addition, SunCal is seeking to redevelop the 15-acre 6th and Alameda site. While the details have not been finalized, that project will include a very substantial jobs-producing component.
- In light of these and other likely projects, requiring live/work projects to include a large amount of Arts and Productive uses is unnecessary.
- Requiring an excessive amount of Arts and Productive Use will reduce the number of Live/Work units by taking up limited floor area. ***More housing is needed to achieve a better jobs housing balance.***
- While some amount of Arts and Productive Uses may be appropriate for the Arts District, the Ordinance is intended to apply Citywide. It would unwise to impose such an excessive requirement on all areas of the City.

II. Administrative Procedures

Revise Ordinance Section 4.G.1 as follows:

Adjustments. Pursuant to the same procedures found in LAMC Section 12.28 C, the Zoning Administrator shall also have the authority to grant Adjustments of less than up to 20 percent from the requirements contained in this ordinance pertaining to Build-to Line, Façade Transparency, Arts and Productive Uses, Building Height, Ground Floor and Upper Floor Height, Floor Area Ratio, and Roof Treatment. In addition, the Zoning Administrator shall have the authority to grant an Adjustment to modify the design and other requirements for a pedestrian paseo, found in subsection C.1(b)(3)(i) through C.1(b)(3)(iv).

Comment: This change will make the Ordinance consistent with LAMC Section 12.28.

Justification:

- The Ordinance includes a number of unusual and somewhat restrictive requirements. It is not clear at this time that they will be appropriate for *all* projects.
- As written, the adjustment language only allows minor adjustments to a few of these requirements.
- *The revised provision is needed to give City decision-makers the same flexibility as they have under the LAMC for other projects Citywide.*

III. Minimum Hotel Size

Revise Ordinance Section 4.B.2(b) as follows:

b) Any building containing Guest Rooms, provided that no single development site contains more than ~~100~~ 149 guest rooms.

Comment: This change will make the Ordinance consistent the other City laws.

Justification:

- The intent of this provision is to allow only boutique hotels, but the 100 guest room limit is arbitrary.
- There are many larger boutique hotels. For example, the Ace Hotel in Downtown is 182 rooms.
- The City Council effectively defined boutique hotels as less than 150 guest rooms when it adopted the Citywide Hotel Minimum Wage Ordinance.
- *The change is necessary to achieve consistency with the prior Council action.*