

**DEPARTMENT OF
CITY PLANNING**

COMMISSION OFFICE
(213) 978-1300

CITY PLANNING COMMISSION

SAMANTHA MILLMAN
PRESIDENT

MONIQUE LAWSHE
VICE-PRESIDENT

MARIA CABILDO
CAROLINE CHOE
ILISSA GOLD
HELEN LEUNG
KAREN MACK
JACOB NOONAN
ELIZABETH ZAMORA

**CITY OF LOS ANGELES
CALIFORNIA**



KAREN BASS
MAYOR

EXECUTIVE OFFICES
200 N. SPRING STREET, ROOM 525
Los ANGELES, CA 90012-4801
(213) 978-1271

VINCENT P. BERTONI, AICP
DIRECTOR

SHANA M.M. BONSTIN
DEPUTY DIRECTOR

ARTHI I. VARMA, AICP
DEPUTY DIRECTOR

LISA M. WEBBER, AICP
DEPUTY DIRECTOR

November 30, 2023

Los Angeles City Council
Office of the City Clerk
City Hall, Room 395
Los Angeles, CA 90012

Attention: Planning Land Use Management Committee

Dear Honorable Members:

**REPORT AND RECOMMENDATIONS RELATIVE TO THE EFFECTIVENESS OF
EXECUTIVE DIRECTIVE 1 STREAMLINING (CF 23-0623)**

I. INTRODUCTION

On June 27, 2023, the City Council adopted a motion directing City Planning and other City agencies to report on the effectiveness and impact of ED 1. The report was prepared in consultation with the Los Angeles Housing Department (LAHD), the Department of Building and Safety (LADBS), the Los Angeles Fire Department (LAFD), and the Los Angeles Department of Water and Power (LADWP) and includes a narrative of the efficacy of implementing ED 1. It also includes recommendations to address any gaps, as well as recommendations on how affordable housing can be distributed in a geographically equitable manner citywide in line with DCP's ongoing work on the policies that will guide the City's Housing Element and Regional Housing Needs Assessment (RHNA) Rezoning Program.

11. BACKGROUND AND ANALYSIS

Mayor Karen Bass signed Executive Directive 1 (ED 1) on December 16, 2022 which is a groundbreaking program to expedite the processing of 100 percent affordable housing and shelter projects and address the housing and homelessness crisis in the City of Los Angeles with urgency. ED 1 exempts these projects from discretionary review as long as they comply with applicable objective development standards, including Density Bonus or other local affordable housing incentive programs. Mayor Bass released a revised version of ED 1 on June 12, 2023 to clarify that ED 1's streamlining provisions are not applicable in single family or more restrictive zones.

ED 1 projects are reviewed through a ministerial approval process, which provides various streamlining provisions at all stages of project review for qualifying projects, including an exemption from various local planning procedures (such as hearings and appeals), the California Environmental Quality Act (CEQA), and any non-objective development standards contained in the Zoning Code or other applicable overlays or planning documents. ED 1 further directed various City Departments, including the Department of City Planning, to expedite processing of City approvals needed for shelters and 100 percent affordable housing projects to meet a 60-day timeline.

Effectiveness of Executive Directive 1

Since its issuance in December 2022, ED 1 has proven to be an extremely effective tool to accelerate production of 100 percent affordable housing projects. The result has been a dramatic increase in the number of 100 percent affordable housing developments being proposed and the speed in which they are approved. Through the end of October, over 119 projects with a total of 9,093 units have been proposed - with average approval timelines of 45 days. This compares to about 4,850 units proposed to City Planning during the same period of the prior year. The City has permitted about 3,100 affordable units each year the last three years, which is more than double the prior five-year average and triple the figures seen from 2010-2014.

The streamlining benefits of ED 1 have helped boost overall affordable housing production by facilitating affordable housing projects that do not require a public subsidy, thereby significantly expanding the pool of developers building affordable housing. This indicates that the incentives and streamlined review process in ED 1 sufficient to develop 100 percent affordable housing, at least in some circumstances. This is critical to increase overall production of affordable housing as the amount of public subsidies is extremely limited.

While the numbers have been significant, some of the projects being proposed are of note. There are significant bonuses available for 100 percent affordable projects under State Density Bonus Law (e.g., unlimited density and three extra stories of height), alongside the ability to request "by right" incentives and waivers of development standards, which has led to some ED 1 developers requesting substantial modifications from zoning requirements that result in projects that may be substantially out of scale with the surrounding context or excluding important site design features such open space, trees and yards.

The proposed ED1 Affordable Housing Streamlining Ordinance builds on the extraordinary success of Mayor Bass' ED 1 initiative to strongly encourage the timely production of affordable housing, by using zoning incentives along with streamlining approval processes for projects.

Provisions of the proposed ordinance are intended to strike a balance between the need to expedite approval of affordable housing while ensuring key policies and standards are addressed. For example, a series of guardrails were established to guide requests and a limitation on the number of incentives and waivers was established. The ordinance includes zoning restrictions on locations where projects can be located, including lower density sites (zoning for less than five units). Some public commenters have argued some of the limitations have gone too far, while others have advocated for more restrictions from an anti-displacement and environmental justice point of view. The Department appreciates the concern for these issues and looks forward to further fine-tuning of the City's policies on 100 percent affordable housing development, in particular with the pending Affordable Housing Incentive Program (discussed below).

Programmatic Gaps in Implementing ED 1

Department of City Planning

The Department of City Planning has observed some programmatic gaps in implementing ED 1. Often inter and intra-departmental coordination can be challenging and the various requirements of different departments are not always known or understood when applications are being prepared. It is important to note that the entitlement process does not fully capture all department requirements, especially those outside of the zoning code.

The creation of an ED 1 Development Review Committee could assist in responding to these issues by ensuring early coordination amongst the departments to provide consistent feedback to applicants at the beginning of the application process. This inter-departmental coordination team could address immediate departmental coordination issues on a project-level basis. This team would work through various issues with the applicant team in advance of City Planning issuing the Letter of Compliance. This could be a standing meeting in which the project managers from all departments participate to address and resolve various issues with preliminary and active project applications. These meetings would avoid instances of "late hits" that surface during the post-entitlement permitting phase and the need for applicants to modify their site plans and/or resolve conflicting requirements across multiple departments, all of which adds time to the processing timeline.

Another potential solution would be to extend to applicants optional pre-filing case management services involving development review departments for ED1 projects so that applicants can be made aware of requirements and potential issues for meeting all City requirements prior to filing. This would assist with providing clear direction to the Applicant and catch any conflicting requirements from different departments.

The Department of City Planning has also seen that materials from applicants are sometimes missing information, include conflicting information, or are missing key documents. Reconciling this information takes time and typically involves coordination with other departments. One potential solution would be to conduct outreach to educate applicants on the necessary steps to provide complete and consistent application materials in order to effectively streamline processing.

Los Angeles Fire Department

The Los Angeles Fire Department has also made some observations in programmatic gaps in the effectiveness of implementing ED 1. The success of ED1 projects has led to an increased inventory of projects with quick turnaround times. LAFD personnel staff are held to specific timelines, contrasting with the developer's team who may not be consistently responsive for a timely turnaround of corrections. This discrepancy in expectations can lead to delays in the implementation of ED 1, hindering the city's progress in meeting housing goals. Improving on the developer's team responsibility in responding in a timely manner and fostering collaboration to ensure that corrective actions are addressed promptly to align with the objectives of the Directive. Implementing a continuous monitoring system for the developer's team will enhance their responsiveness, fostering improved collaboration and alignment with the goals of ED 1.

Los Angeles Housing Department

Given the streamlined timeline of ED 1 projects, LAHD and various stakeholders have identified the need for more robust outreach and communication with existing tenants during and after the accelerated Replacement Unit Determination (RUD) process. The RUD process involves reaching out to tenants about exercising their right to return and determining whether the state's affordable housing replacement requirements apply. Recommendations include:

- Improved forms and communications, developed in consultation with stakeholders and available in additional languages (currently available in English and Spanish).
- A permanent source of funding for RUD outreach work by contractor Interwest, and amendments to Interwest's new contract to better capture expectations for RUD-related work (this was addressed by two items approved at the Housing & Homelessness Committee on November 29, 2023, that are pending approval by City Council)
- A public-facing system or data portal that allows the public to determine the status of ED 1 projects, including anticipated construction start dates and leasing start dates.

Additionally, internal systems improvements would be beneficial for improving reporting efficiency and accuracy. For example, in the AcHP Construction Module, which is used to track a variety of project related information during the construction and inspection process, LAHD staff could benefit from some technical improvements that would allow for better and more detailed tracking of information that is requested for reporting purposes. While upgrades such as this are technically feasible, they require contractor and programming resources that are not readily available. A fee study may provide an opportunity to fund the implementation of streamlining work to provide additional needed resources.

Los Angeles Department of Water and Power

The Los Angeles Department of Water and Power (LADWP) has made significant strides in advancing affordable housing projects within its Water System. Notably, the completion of 14 Small Services and 16 Large Services projects underscores a commitment to efficiency, with installation times surpassing internal goals. The development of an internal dashboard and collaborative webinars with the Power System showcase a proactive approach to project monitoring and community engagement. However, challenges persist, including customer responsiveness and interaction timelines from other city departments. The department employs a systematic approach to mitigate these hurdles, with regular reminders to unresponsive customers, identified points of contact in city departments, and strategic weekly meetings to address potential Obstacles.

In the Power System, LADWP has achieved commendable progress with 241 projects in the design or construction phase, resulting in 41 energized projects and 2,358 100 percent affordable housing units. The system's improved design and construction times, surpassing other projects by 86 percent, demonstrate a commitment to expeditious delivery. Despite these accomplishments, challenges arise from non-responsive customers and constraints on construction crews. The department adopts a proactive strategy, including regular reminders to customers, identified points of contact in city departments, and weekly internal meetings to allocate and prioritize workload. This dual-system approach showcases LADWP's dedication to both efficiency and collaborative problem-solving in the realm of affordable housing projects.

Equitable Geographic Distribution of Affordable Housing

LAHD and LACP released a report on May 21, 2021 ([CF 19-0416](#)) that described how housing production trends and other factors have led to an unequal distribution of affordable housing throughout the city. This report found that relatively little affordable housing has been developed in areas of the city offering opportunities for residents, as defined in a set of Opportunity Maps created by the state of California. Areas identified as High and Highest Resource (hereafter identified as Higher Opportunity Areas) offer greater access to economic advancement, higher educational attainment, as well as good physical and mental health outcomes. As of the date of the May 2021 report, of the affordable units permitted in the last ten years, 14% (almost 1,600 units) were produced in Higher Opportunity Areas, while 62% were located in the Low Resource and High Segregation and Poverty areas. Looking at data from 2015-2023, subsidized affordable developments are overwhelmingly located in lower resourced neighborhoods, while mixed-income developments were more dispersed.

While there are important financial and land cost issues, the most important planning and zoning factor contributing to the inequitable geographic distribution of affordable housing is that Single and Multi-Family Zoning is not equitably distributed throughout the City. Considering all land zoned to allow residential uses, approximately 76 percent of residential parcels in Higher Opportunity Areas are limited to single family uses and approximately 20% is zoned to allow multifamily. In contrast, 18% of the residentially zoned land in the areas considered High

Segregation and Poverty Areas is allocated to single family uses, whereas over 80% allows multifamily development. There are opportunities to address zoning in Higher Opportunity Areas to address this geographic distribution and ensure a more equitable distribution of affordable housing citywide.

The report included various recommendations for City Planning, including in the short-term directing the department to create an equitable RHNA Rezoning Program that focuses additional capacity in Higher Opportunity Areas with good access to jobs and transit. A longer term recommendation is to create targeted fair share zoning allocations by Community Plan area to guide future plan updates and ensure an equitable distribution of housing. These recommendations are being followed with more information on the pending Citywide Housing Incentive Program, being developed as part of the Rezoning Program, described below.

Distribution of ED1 Projects

Based on a targeted review of the geographic distribution of ED 1 projects as well as analysis submitted by public commenters during the ED 1 comment period, it does not appear that the program's initial implementation has shifted the distribution of 100 percent affordable housing projects being proposed, compared to the trends described above. This is likely a result of the same factors described above, as streamlining does not change the underlying land costs or distribution of zoning where affordable housing can be built.

The pending Citywide Housing Incentive Program described in detail below is a short-term way the Department believes that a more equitable distribution can be achieved through the use of land use tools. Other initiatives, such as the use of public land and new funding mechanisms, as well as new housing voucher criteria, will also be critically important to making progress on this important goal.

Citywide Housing Incentive Program

An important opportunity to address outstanding gaps and improve results exists within the pending Citywide Housing Incentive Program (CHIP). This is a Housing Element work program which intends to create regulations to increase zoning capacity using incentive based tools citywide in order to meet our City's RHNA. In March 2023, City Planning launched six program strategies that comprise the CHIP. Since releasing these strategies, City Planning has solicited feedback on these concepts through hosting a public survey on City Planning's website, conducting webinars, hosting office hours, attending Neighborhood Council Alliance meetings, presenting at community based organizations, and participating in public events. The feedback collected this year will inform how City Planning will memorialize the six CHIP strategies in the Los Angeles Municipal Code. A draft release is likely early in the new year.

Incentives in Higher Opportunity Areas

Per direction from the certified Housing Element for 2021-2029 and its associated Affirmatively Furthering Fair Housing Analysis, CHIP will focus a majority of the additional capacity in Higher Opportunity Areas. As mentioned above, Higher Opportunity Areas are defined as High and Highest Resource Areas as identified in the California TCAC/HCD Opportunity Maps. In addition to prioritizing larger development bonuses in Higher Opportunity Areas, the CHIP focuses on adding housing capacity on commercial and residential corridors, in existing regional centers, on public land, and in other areas where higher density multifamily is limited today. More information on how the CHIP will ensure an equitable distribution of new multifamily housing across Los Angeles is described below.

Expanded Incentives for 100% Affordable Housing Developments

A key component of CHIP will be to provide land use incentives for 100% affordable housing projects in ways that promote a more equitable distribution of affordable housing. The pending Affordable Housing Incentive Program (AHIP) aims to build on ED 1 by developing tailored incentives that target areas of the City where the least affordable housing has been constructed. Additional incentives will be included for sites located in Higher Opportunity Areas as well as Moderate Opportunity Areas. Additionally, acknowledging the limited zoning opportunities for affordable housing in High Resource Areas, the ordinance will expand the types of zones eligible for 100% Affordable Housing projects to include any residential zone for projects constructed by Faith Based Organizations, as well as to "P" Parking zones and "PF" Public Facilities zones, offering tailored incentives for these sites. These types of sites tend to be well-distributed across the city.

Lower Density Multifamily Zones

The Affordable Housing Incentive Program described above is also anticipated to permit lower density multifamily zoned parcels that are not eligible for ED1 (or the proposed ordinance) to be built with 100 percent affordable housing. These lower density sites will have added limitations compared to higher density sites, but Higher Opportunity Areas will be treated more favorably.

Another CHIP program, the Mixed Income Incentive Program (MIIP), will also include a "missing middle" housing strategy, which is intended to promote opportunities to facilitate the construction of various types of "low scale/low rise" housing (5 to 10 units) to fill the gap in housing options that exists between single-family homes and mid-rise apartment buildings on major corridors. This strategy also aims to create mixed-income or one hundred percent affordable housing in lower density multifamily areas that typically do not typically receive much affordable housing. The strategy will also be focused on Higher Opportunity Areas, which will further the goals of the motion.

Single-Family Zones

The revised version of ED 1 issued in June 2023 clarified that ED 1's streamlining provisions are not applicable in single family or more restrictive zones. The proposed ED1 Affordable Housing Streamlining Ordinance carries this policy forward. Some commenters have expressed concern with the exclusion of single-family parcels based on equity and fair housing concerns. Many of the excluded projects were located in higher resource areas where affordable housing is scarce, which has negatively affected the geographic distribution of affordable units proposed through the program.

The single-family exclusion is intended to codify the intent of the Mayor's ED1 and is also in line with the feedback the Department received from City Council when considering an affordable housing overlay zone (see Council File 21-0972) and during the CHIP outreach. The state Density Bonus allowance of three additional stories in height plus no density limitations is also an important consideration, as many of these projects are significantly out of scale with their surroundings.

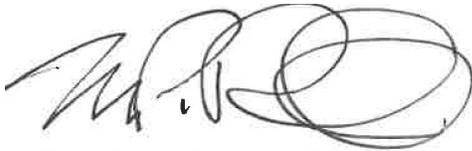
III. OPTIONS AND RECOMMENDATIONS

1. Recommend that Departmental strategies to resolve programmatic gaps in the effective implementation of ED 1 as outlined in this report be undertaken.
2. Recommend that LACP propose the means to ensure a more equitable geographic distribution of affordable housing, as described above, as part of the Citywide Housing Incentive Program, including but not limited to greater zoning allowances in Higher Opportunity Areas, expanded incentives for 100 percent affordable development in higher resource areas through provision of public land, "PF" Public Facility zones, "P" Parking zones and lower density multifamily zoned sites and process streamlining.
3. Recommend that LACP continue to explore ways to allow more types of affordable housing in lower density neighborhoods that do not currently allow it, including the creation of incentives for multifamily zoned lots with less than five units, an update to the City's Accessory Dwelling Unit ordinance and the establishment of easier lot splits to form more affordable homeownership opportunities, as well as consideration of form-based density limits in certain transit-adjacent areas.

IV. CONCLUSION

The Department appreciates the opportunity to describe existing programmatic gaps in the efficacy of implementing ED 1 and identify opportunities to support and improve the continued streamlining of 100 percent affordable housing projects. Additional recommendations on how affordable housing can be distributed in a geographically equitable manner citywide is in line with DCP's ongoing work on the policies that will guide the City's Housing Element and Regional Housing Needs Assessment (RHNA) Rezoning Program. The Department looks forward to continued discussion on this matter. Should you have any questions regarding this report, please contact Matt Glesne with the Department of City Planning at Matthew.Glesne@lacity.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'V. Bertoni', with a large, stylized circular flourish at the end.

VINCENT P. BERTONI, AICP
Director of Planning

VPB:AV:JM:mg:ch:jo:og