



Land Use NEWSLETTER ■

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Los Angeles Evaluates New Affordable Housing Programs and General Plan Updates

By Ed Casey and Andrea Warren

Earlier this week, the City of Los Angeles's (City) Planning and Land Use Committee (PLUM) of the city council considered new programs that could impact affordable housing requirements for new projects and could implement a schedule for the city to update the Community Plans in its General Plan. The new programs appear to address key issues raised by two voter initiatives proposed for the November 2016 and March 2017 ballots—the Build Better LA Initiative and the Neighborhood Integrity Initiative.

Proposed Affordable Housing Requirements Through Value Capture Program

PLUM considered a proposal to implement what is known as a “value capture” program. Under such a program, the city will capture a public benefit in the form of affordable housing in exchange for granting entitlements that result in significant increases in the number of units allowed on a particular site for new residential and mixed-use projects. The city views the value capture program as something different from an incentive-based tool, such as granting a density bonus for including affordable housing, since those tools are already priced into the value of land. In contrast, a general plan amendment (GPA) or zone change that gives a benefit to a developer creates an increase in land value. Other cities have such value capture programs, including Boston, Chicago, Honolulu, New York and San Francisco.

The city's Planning Department submitted a [staff report](#) to PLUM setting out different value capture programs the city could implement, including a fixed requirement of affordable housing for any project that requires a GPA or zone change, or a proportional approach that would require greater amounts of affordable housing for greater density increases. PLUM approved hiring an economic consultant to further evaluate a value capture program and requested the Planning Department to report on its progress in 90 days.

At the same time, the city is also exploring alternative options to address affordable housing in the city, including implementing a “linkage fee,” which would require new developments to pay a fee toward affordable housing based on the size of the project.

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Impact of Affordable Housing Program on the Proposed Build Better LA Initiative

The [Build Better LA Initiative](#), proposed for the November 2016 ballot, includes similar provisions that would require the inclusion of affordable housing units in projects that require a GPA or zone change. If implemented, the city's value capture program may cover the affordable housing requirements proposed in this initiative. The Build Better LA Initiative also includes labor provisions that would require new housing projects that obtain GPAs or a zone change to hire contractors who are residents of the city, have completed an apprenticeship program and will be paid a prevailing wage. The proposals considered by PLUM this week did not address similar labor requirements.

Proposed Program to Update the City's Community Plans and Amend the General Plan in "Batches"

PLUM also considered a [proposal](#) from the city's Planning Department to implement a program to update the city's 35 Community Plans in the city's General Plan over the next 10 years. Under the proposed program, the city would update three or four Community Plans at a time, organized around three geographic regions: San Fernando Valley, Central/East and South/West/Harbor. The department proposed creating teams and hiring new personnel across the three regions to implement the program and proposed an alternative approach to update the city's Community Plans in six years by updating all of the plans at once and doubling the department's resources. The Planning Department recommended the 10-year approach, which would implement a plan to keep Community Plans up to date beyond the initial 10-year cycle. PLUM directed the department to provide within 30 days further details on the alternative proposal to update the plans in six years rather than 10 years.

The Planning Department also recommended that the city amend the General Plan in batches according to different geographic boundaries, changing its process to approve GPAs for particular development projects. For example, the city could evaluate all proposed GPAs for specific geographic areas (the Valley, Central/East and South/West/Harbor) during different months of every year. According to the Planning Department, this approach could provide a useful system through which the city can evaluate the merits and implications of GPAs before the GPAs are initiated by the planning director, planning commission or city council. PLUM is considering this proposal.

Finally, the Planning Department recommended that the city reevaluate the process by which applicants submit environmental documents for new projects under the California Environmental Quality Act (CEQA). Under current practice, project applicants can hire consultants directly and submit CEQA documents for the city's review and approval. The Planning Department recommends modifying that process to require project applicants to hire CEQA consultants from a prequalified list provided by the city to ensure quality and independence.

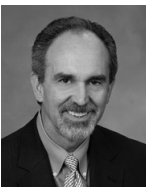
Impact of General Plan Program on Proposed Neighborhood Integrity Initiative

The city's proposed program to update its General Plan and further modify the process to submit CEQA documents addresses two key aspects of the [Neighborhood Integrity Initiative](#), proposed for the March 2017 ballot. First, the Neighborhood Integrity Initiative requires the city to update its Community Plans as soon as possible. The city's proposed program to amend its Community Plans will address that requirement. Second, the initiative would prohibit a project applicant from preparing or directly hiring a consultant to prepare the required CEQA document. The Planning Department's recommendation modifies the city's current CEQA practice, but would conflict with the initiative's requirement.

The proposed programs considered this week did not address three other key aspects of the Neighborhood Integrity Initiative, including: (1) implementing a two-year building moratorium on projects that require a GPA, zone change or height district change, if those changes will lead to increased density or use; (2) prohibiting parking variances that would reduce required parking by more than one-third from the number of spaces otherwise required under the city's zoning code; and (3) requiring that GPAs be approved only for geographic areas that are 15 acres or larger. It does not appear that the city will be addressing those requirements in the Neighborhood Integrity Initiative before next year's March election.

Alston & Bird is working with various coalitions opposing the Build Better LA and Neighborhood Integrity initiatives, including the Los Angeles Chamber of Commerce. If you would like more information about recent developments on this topic, please contact [Ed Casey](mailto:ed.casey@alston.com) at 213.576.1005 or [Andrea Warren](mailto:andrea.warren@alston.com) at 213.576.2518.

Contributing Authors



Edward J. Casey, Partner
Environment, Land Use & Natural Resources
ed.casey@alston.com



Andrea S. Warren, Associate
Environment, Land Use & Natural Resources
andrea.warren@alston.com

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If you have any questions or would like additional information, please contact your Alston & Bird attorney or any of the following:

Doug Arnold
404.881.7637
doug.arnold@alston.com

Nicki Carlsen
213.576.1128
nicki.carlsen@alston.com

Maya Lopez Grasse
213.576.2526
maya.grasse@alston.com

Beverlee Silva
404.881.4625
beverlee.silva@alston.com

Sarah Babcock
404.881.7632
sarah.babcock@alston.com

Edward Casey
213.576.1005
ed.casey@alston.com

Clay Massey
404.881.4969
clay.massey@alston.com

Jocelyn Thompson
213.576.1104
jocelyn.thompson@alston.com

Paul Beard
916.498.3354
paul.beard@alston.com

Roger Cerda
213.576.1156
roger.cerda@alston.com

Elise Paeffgen
202.239.3939
elise.paeffgen@alston.com

Andrea Warren
213.576.2518
andrea.warren@alston.com

Ward Benshoof
213.576.1108
ward.benshoof@alston.com

Skip Fulton
404.881.7152
skip.fulton@alston.com

Bruce Pasfield
202.239.3585
bruce.pasfield@alston.com

Jonathan Wells
404.881.7472
jonathan.wells@alston.com

Meaghan Goodwin Boyd
404.881.7245
meaghan.boyd@alston.com

Maureen Gorsen
916.498.3305
maureen.gorsen@alston.com

Geoffrey Rathgeber
404.881.4974
geoff.rathgeber@alston.com

Andrew Brady
213.576.2527
andrew.brady@alston.com

Ronnie Gosselin
404.881.7965
ronnie.gosselin@alston.com

Chris Roux
202.239.3113
213.576.1103
chris.roux@alston.com

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WWW.ALSTON.COM

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ATLANTA: One Atlantic Center ■ 1201 West Peachtree Street ■ Atlanta, Georgia, USA, 30309-3424 ■ 404.881.7000 ■ Fax: 404.881.7777

BEIJING: Hanwei Plaza West Wing ■ Suite 21B2 ■ No. 7 Guanghua Road ■ Chaoyang District ■ Beijing, 100004 CN

BRUSSELS: Level 20 Bastion Tower ■ Place du Champ de Mars ■ B-1050 Brussels, BE ■ +32 2 550 3700 ■ Fax: +32 2 550 3719

CHARLOTTE: Bank of America Plaza ■ 101 South Tryon Street ■ Suite 4000 ■ Charlotte, North Carolina, USA, 28280-4000 ■ 704.444.1000 ■ Fax: 704.444.1111

DALLAS: 2828 North Harwood Street ■ 18th Floor ■ Dallas, Texas, USA, 75201 ■ 214.922.3400 ■ Fax: 214.922.3899

LOS ANGELES: 333 South Hope Street ■ 16th Floor ■ Los Angeles, California, USA, 90071-3004 ■ 213.576.1000 ■ Fax: 213.576.1100

NEW YORK: 90 Park Avenue ■ 15th Floor ■ New York, New York, USA, 10016-1387 ■ 212.210.9400 ■ Fax: 212.210.9444

RESEARCH TRIANGLE: 4721 Emperor Blvd. ■ Suite 400 ■ Durham, North Carolina, USA, 27703-8580 ■ 919.862.2200 ■ Fax: 919.862.2260

SILICON VALLEY: 1950 University Avenue ■ 5th Floor ■ East Palo Alto, CA 94303-2282 ■ 650.838.2000 ■ Fax: 650.838.2001

WASHINGTON, DC: The Atlantic Building ■ 950 F Street, NW ■ Washington, DC, USA, 20004-1404 ■ 202.239.3300 ■ Fax: 202.239.3333