



December 1, 2020

Brittany Arceneaux, City Planner
City of Los Angeles Department of City Planning
200 North Spring Street, Room 667
Los Angeles, CA 90012
Via email: brittany.arceneaux@lacity.org

Re: Comments on ENV-2017-433-EIR: DTLA 2040 Draft Environmental Impact Report (DEIR)

Dear Ms. Arceneaux,

Established in 1924, Central City Association is an advocacy organization committed to DTLA's vibrancy and increasing investment in the region. We are a membership organization comprised of approximately 300 members and our membership reflects the diversity of DTLA including housing builders, nonprofit organizations and large employers. We are committed to the DTLA 2040 Community Plan and making sure that it advances DTLA's growth and serves as a model for other areas in the city that are proximate to transit. We offer this letter to comment on the Draft Environmental Impact Report (DEIR) for DTLA 2040 and to raise key issues within the plan that we believe inhibit much-needed housing production amid a housing and homelessness crisis and will hinder economic recovery from the COVID-19 pandemic and future economic growth. **Importantly, the DEIR for this plan was prepared in a vastly different context than today -- prior to the COVID-19 pandemic and resulting economic depression, before the City was assigned a housing production goal of over 455,000 for the next eight years and apart from state and federal infrastructure considerations. As such, we strongly encourage the adoption of Alternative 3 in the DEIR to allow for the greatest housing and development capacity and flexibility to spur DTLA's recovery and best position the heart of our city for private and public investment (REC #1).**

We believe that DTLA 2040 cannot be considered in a vacuum separate from the conditions affecting DTLA and the city at large, and what is at stake for our future. Our detailed comments on the plan herein are informed by three major considerations:

1. The deep impacts of the COVID-19 pandemic on DTLA and the City's economy and future growth;
2. The persistent housing and homelessness crisis, and unprecedented City housing production responsibility of over 455,000 new units over the next eight years alone, per the 6th Cycle Regional Housing Needs Assessment (RHNA); and
3. The need for local land use plans to demonstrate a clear and substantial commitment to transit-oriented growth to compete for state and federal transportation infrastructure funding.

1. The Impacts of the COVID-19 Pandemic

While COVID-19 has impacted every community, DTLA, the city's urban high-rise core, has faced unique challenges as perceptions of urban living contributing to pandemic spread have perpetuated. Office towers are nearly empty, and many retail and restaurant businesses are shuttered which will likely persist for years to come as the pandemic has resulted in permanent job losses and shifts to remote work. DTLA normally receives over 22 million visitors in a given year, serving as an anchor of our local economy, but a depressed tourism market without conventions or events is reflected in an astoundingly low hotel occupancy rate of about 40 percent and drops in revenue per available room of over 50 percent compared to last year.¹ Apartment dwellers have increasingly looked to live

¹ *Second Quarter 2020 Downtown LA Market Report*, Downtown Center Business Improvement District: <https://ctycms.com/ca-dtla/docs/dtla-market-report-q2-2020.pdf>

outside the city center, and residential rents have fallen by seven percent compared to last year and vacancy rates are near 15 percent.²

The pandemic has dramatically changed the landscape of DTLA. Projects that were previously financially viable have greatly diminished in value. We're hopeful that DTLA's economic prospects will strengthen as restrictions are lifted, successful vaccines are obtained and made widely available and perceptions of urban life improve. However, it may be some time before circumstances get better, and DTLA 2040 must be sensitive to this economically vulnerable context if we are to continue to see new growth and community benefits in DTLA.

2. The Housing and Homelessness Crisis and RHNA Obligations

As the Southern California Association of Governments (SCAG) finalizes the 6th Cycle RHNA, it's clear that the City of Los Angeles will be responsible for delivering an incredible amount of new housing by the order of more than 455,000 units between 2021 to 2029. The magnitude of this housing target cannot be overstated – in the City's history, only 420,000 units were built at the peak of housing production over the course of 20 years between 1960 to 1980. At the same time, homelessness in the city continues to increase, growing by over 14 percent last year reaching more than 41,000 unhoused people living in the city, 16 percent of whom are in DTLA which is the largest concentrated street homeless population in the nation. While this housing goal stands out as seemingly astronomical, in reality it reflects a persistent housing and homelessness crisis that has long-been one of the major issues facing the city and region, but left largely unaddressed by solutions of the necessary scale.

The DTLA 2040 plan notes that SCAG projects that DTLA will make up over 20 percent of the city's growth over the next two decades, which is a significant share of the City's RHNA target and means that at least 12,000 units per year on average need to be built in DTLA over the next eight years alone. As the region's transit and job hub, DTLA must play an outsized role in meeting this ambitious goal, requiring DTLA 2040 to provide substantial capacity for new growth. Alternative 3 of the DEIR is the superior alternative as it would enable the greatest growth and housing production.

3. Competing for State and Federal Infrastructure Funding

State and federal funding for transportation and other infrastructure projects are increasingly tied to land use plans that provide substantial new opportunities for growth and development near transit. Moreover, current efforts to establish an Enhanced Infrastructure Financing District (EIFD) in DTLA offer the promise of a dedicated local source of funding for an array of public benefit projects, including affordable housing, in DTLA that can also help attract supplemental state and federal funding, but can only be impactful if supported by land use planning that promotes new development to bolster property tax increment growth.

As we continue to build out our regional transit system, revamp our bus network to be world class and dedicate resources to making DTLA and our city truly multimodal, the success of these major investments will be dependent on coordination with visionary planning for new development in tandem. It is also critical as we look ahead to draw new public and private investment to DTLA and our city – DTLA 2040 must be a clear signal to this end.

We believe much of the plan as proposed is a great improvement to DTLA's land use and planning framework and we are appreciative of City Planning's outreach and engagement, and the important changes already made to the plan over the course of its development. We recognize that DTLA 2040 is an enormous undertaking for City Planning as it will be the first community plan to implement the new citywide zoning code. We appreciate the significant resources dedicated to the plan's development and are pleased that DTLA continues to be the City's laboratory for new ideas, but DTLA 2040 must go even farther to promote a bold, exciting and resilient future for our city center. **We offer this letter to strongly encourage adoption of Alternative 3 in the DEIR and to provide detailed suggestions to enhance the plan, with the goal of a connected, equitable and inclusive DTLA that has a broad range of housing**

² Ibid.



options and affordability, park space, education and childcare facilities and diversity in mobility and employment opportunities.

Building off of our [January 21, 2020 letter](#), we've broadly categorized our recommendations as follows: 1) maximizing opportunities for housing at all income levels, including middle-income housing and 2) creating flexibility within the plan to be adaptable over the next two decades. Underpinning this all, we are focused on a plan that can support financially feasible development, which is critical to yielding the housing growth and maximum community benefits envisioned in the plan as well as depoliticizing development in DTLA.

Maximizing Opportunities for Housing, Including Middle-Income Housing

CCA strives to make DTLA the place for new housing at all income levels. Despite being just one percent of the city's land, DTLA accounts for over one-third of new apartment units built in the city over the past decade. Ensuring that substantial new housing can continue to be built in DTLA is essential to addressing our regional housing crisis and meeting our RHNA and environmental sustainability goals by focusing growth in the densest and most transit- and job-rich area of the city.

On paper the plan would generally expand where housing is allowed from 33 percent of the plan area to 60 percent and major changes toward parking policy like eliminating minimum parking requirements are important steps to supporting project feasibility and fostering high-quality development appropriate for urban cores. Additionally, we appreciate the recent revision to the plan to no longer count above-ground parking toward project FAR, which would have had diminished capacity for housing. Still, there are specific provisions throughout the plan that would negatively impact the feasibility of housing development in practice. We believe the following provisions are problematic as proposed and offer suggested solutions that reasonably accommodate plan intent and economic feasibility.

Financial Feasibility of the Community Benefits System

The plan's proposed Community Benefits System would allow developments to maximize FAR and build larger than otherwise allowed under the base zoning in return for providing certain public benefits, namely affordable housing, publicly-accessible open space and community facilities. This new system would apply throughout the plan area and replace the Transfer of Floor Area Rights (TFAR) program that currently applies only to South Park, the Financial District and parts of the Historic Core. We are generally supportive of the proposed concept of the Community Benefits System, and we share the goal of realizing more on-site public benefits, especially affordable housing. We are also pleased to see recent changes to the Community Benefits System that provide clearer upfront standards to enable Level 2 benefits like open space and community facilities through a by-right process rather than via discretionary review. However, we are concerned about specific provisions that impact the financial feasibility of utilizing the bonus FAR, particularly for high-rise projects at this immensely economically challenging time for DTLA.

The economic fallout from the pandemic presents major issues for building in DTLA, but it's important to note that the Community Benefits System, primarily the affordable housing bonus provisions, poses challenges for the financial feasibility of development even in strong economic conditions. As shown in the table below, Level 1 of the DTLA 2040 Community Benefits System is essentially aligned with the City's Affordable Housing Density Bonus and Tier 1 of the Transit Oriented Communities (TOC) Program in terms of the percentage of affordable housing required by income level (with the exception of options for Deeply Low and Moderate Income housing under DTLA 2040). However, the FAR bonus for providing affordable housing is 35 percent, which is at the lowest end of the City's affordable housing incentive programs in alignment with the Density Bonus.

Comparison of DTLA 2040 Level 1 Affordable Housing Incentive Program and Other City Affordable Housing Programs

		TOC Tier 1	TOC Tier 2	TOC Tier 3	TOC Tier 4	Affordable Housing Density Bonus	DTLA 2040 Community Benefits Program Level 1
Affordability Requirements	Deeply Low	n/a	n/a	n/a	n/a	n/a	5%
	Extremely Low	8%	9%	10%	11%	n/a	8%
	Very Low	11%	12%	14%	15%	11%	11%
	Low	20%	21%	23%	25%	20%	20%
	Moderate	n/a	n/a	n/a	n/a	n/a	40%
Bonus	Density Increase	50%	60%	70%	80%	35%	n/a
	FAR Increase	40%	45%	50%	55%	35%	35%

The Density Bonus and TOC programs have been effective at producing mixed-income developments with on-site rent-restricted affordable housing elsewhere in the city. However, most development in the city outside of DTLA is mid-rise wood frame construction, which is a less costly type of construction than the high-rise concrete and steel construction that is typical in DTLA. Type I projects, which are generally high-rise buildings made of concrete and steel, cost an average of \$71 per square foot more than other construction types like Type V wood frame buildings.³ Coupled with adverse economic conditions, this means that high-rise construction in DTLA faces higher costs for lower value. We believe DTLA is the best place for high-rise construction, which is the most efficient way to build a high volume of housing near transit, and is largely built with unionized labor, providing well-paying jobs. **We recommend that Level 1 of the DTLA 2040 Community Benefits Program provide a more substantial FAR increase to support the feasibility of high-rise construction. We also believe that the ability to contribute an in-lieu payment or partner with an affordable housing provider to provide affordable units off-site are good, important features of the Community Benefits System that must be maintained as they offer necessary flexibility (REC #2).**

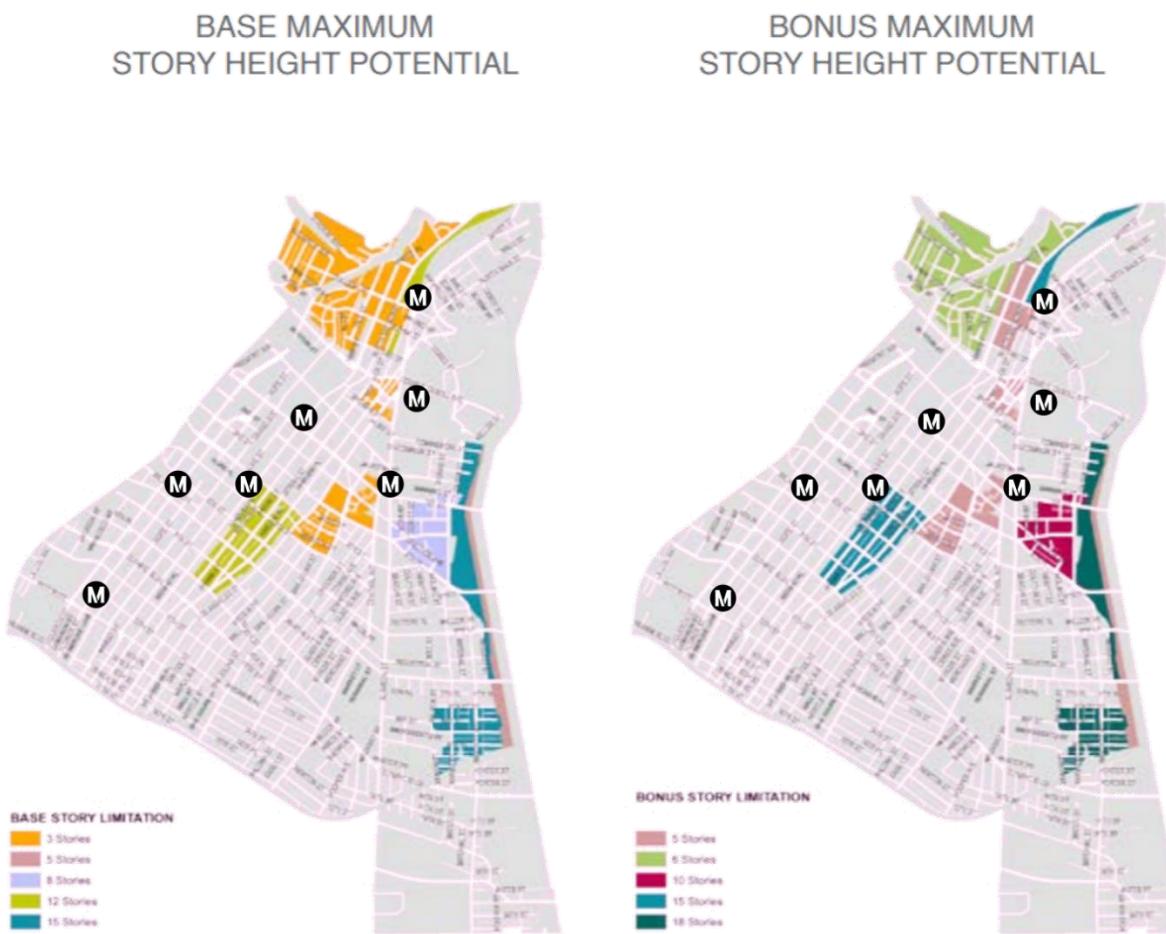
Additionally, we are concerned about recent changes to the plan whereby base FARs were reduced in Chinatown, Little Tokyo and areas of the Historic Core and Fashion District. The changes are substantial: from 6.0 to 2.0, a 66 percent decrease, in Chinatown and Little Tokyo, and from 7.0 and 6.0 to 3.0, a 60 percent and 50 percent decrease respectively, in the Historic Core and Fashion District. While we understand the intent of these changes is to ideally increase usage of the Community Benefits System, we are concerned that this is too dramatic of a change that tips the scales of project economics to be economically infeasible. These are walkable, transit-rich areas where we want to promote growth, but the reductions in base FAR create a de facto scenario where the FAR is too low to build a viable project under the base FAR allowances on the one hand while simultaneously placing a large financial onus on projects to obtain bonus FAR via the Community Benefits System. Because the Level 1 affordable housing FAR bonus is 35 percent of the base FAR, the Level 1 bonus is necessarily reduced as well (for example, a 35 percent bonus on 6.0 base FAR is an additional 2.1 FAR, but is only an additional 0.7 FAR on a 2.0 base FAR). The October 2019 financial feasibility analysis of the Community Benefits System prepared by HR&A Advisors for the City specifically highlights this issue, stating that Chinatown and a large swath of the Fashion District leading into the Historic Core, where most of these FAR changes would apply, “are unlikely to support larger high-rise developments until market performance matures further, and thus are not able to support public benefits to the same degree as Place Types with strong submarkets.” **As it’s clear that these recent reductions in base FAR would jeopardize development feasibility, we firmly recommend maintaining base FARs as they were proposed prior to the Fall 2020 changes to the plan. (REC #3).**

³ *The Hard Costs of Construction: Recent Trends in Labor and Materials Costs for Apartment Buildings in California*, UC Berkley Terner Center for Housing Innovation: http://ternercenter.berkeley.edu/uploads/Hard_Construction_Costs_March_2020.pdf

Building Height Limits and Minimums

As shown in the map below, the plan would impose base and bonus (with use of the Community Benefits Program) maximum building height limits in Little Tokyo, the northern portion and eastern edge of the Arts District, Chinatown, and Historic Core, all of which are close to existing Metro rail stations. There are also major transit projects in these areas in the pipeline, like the Regional Connector, West Santa Ana Branch and Streetcar. Like the reduction in base FARs, we take issue with the proposed building height limits, particularly in areas near transit stations as we are investing hundreds of billions of dollars in building out our transit system and as these are exactly the areas we need our city to grow to become less car-dependent and more affordable and sustainable. It is essential to demonstrate our commitment to growth in areas near transit as we compete for infrastructure funding from the state and federal governments.

Base and Bonus Height Limits with Existing Metro Stations



We recognize the need to preserve DTLA's historic neighborhoods, communities and buildings but are concerned about the proposed approach. Blanket height limits are not an appropriate tool for neighborhood preservation. Historic districts and buildings should be considered through the requisite historic preservation and landmarking processes, which is much more targeted and would not inhibit growth on sites that might not have historic or cultural



significance. Additionally, we believe that context-sensitive growth can occur with the use of urban design tools like setbacks and street frontage requirements.

Furthermore, in many cases, the proposed building height limits are not aligned with the economic realities of development and the constraints of relative construction materials. For instance, mixed-use buildings can generally be built with wood frame over a concrete parking and retail podium to a maximum of eight stories under the building code, and buildings made of concrete and steel can be taller but typically need to be a minimum of 20 stories to be financially feasible and justify the additional costs of the more expensive labor and building materials. Some of the proposed base and bonus height limits in areas of DTLA are 12 stories and 15 stories, respectively, and 15 and 18 stories, respectively. With a few exceptions for large sites that can accommodate a lot of building capacity, most mixed-use developments will not even be able to build to the base height limits of 12 and 15 stories, and these height limits will act like an eight-story limit in reality. This means that the growth envisioned by the plan may not actually occur and the resulting community benefits will also not be delivered.

To promote context-sensitive growth and density near transit, respect neighborhood character and appropriately preserve historical assets in a way that reflects the economic realities of development, we recommend that building height maximums be removed and instead utilize FAR, setbacks and frontage requirements to govern building height and massing, and that historic communities be considered instead through the established historic preservation processes (REC #4).

Conversely, the new zoning code proposes to include building height minimums, which may also be problematic and limit the potential for new development. While the intent of this is clearly to encourage, and even require, high-rise development, the reality is that high-rise development may not be feasible in certain locations or for certain uses including most affordable housing developments. For instance, K-12 schools, which are incentivized as a Tier 2 community benefit, typically require one-story or other generally low-rise construction, but they would be precluded in many areas. **We recommend that minimum building height requirements be removed to avoid unintended outcomes like limiting the potential for vacant or underutilized land to be redeveloped into desirable uses like affordable housing, schools or mid-rise mixed-use developments (REC #5).**

Transit Core General Plan Land Use Designation

Similar to our concerns about base FAR reductions and building height limits near transit, we believe the Transit Core General Plan land use designation is not being appropriately applied in connection with where transit exists now and in the future, and that we must do more to leverage public investment in transit infrastructure. The Transit Core designation allows projects that use the Community Benefits System to calculate FAR using the centerline of the street, which has been a successful feature of the current Transfer of Development Rights (TFAR) system that allows projects in DTLA to be larger and yield more public benefits. **We recommend that the Transit Core General Plan land use designation be expanded to include all areas close to existing, entitled and future transit to maximize development opportunities (REC #6).**

Limits on Housing in Hybrid-Industrial Areas

The plan effectively limits new housing in the Fashion District and Arts District to live/work units only. While recent updates to the plan would technically allow more types of housing in the Fashion District, there is a requirement that projects with housing be coupled with a minimum of 1 FAR of office or light industrial space, unless they are live/work. As there is very little demand for new office or light industrial uses in these areas, and with the uncertainties around these uses resulting from COVID, we believe the code as written will have the effect of limiting development in hybrid industrial areas to live/work.

We understand that the City may be constrained in this area by the Framework Element of the General Plan, which essentially limits the ability to rezone industrial areas and requires some amount of “jobs-producing” uses. However, we do not believe that a document adopted 20 years ago should inhibit our ability to plan for another 20 years into the future and cause us to settle for live/work housing when we want to create inclusive, dynamic neighborhoods.

In general, live/work units require high floor to ceiling heights and must be built to commercial standards so are typically more expensive to design and build than a residential unit. The plan requires that live/work units in a project must be a minimum average size of 750 square feet in the Fashion District and 1,000 square feet in the Arts District, which is very economically and spatially inefficient for studios and one-bedroom units. Because they are lofts and lack the walls or partitions of conventional apartments, they are generally not good units for families; requiring these kinds of units is inherently exclusionary. Lastly, they are also impossible to monitor to ensure that they are supporting economic “job-producing” activity, rather than just serving as costly residential lofts.

We recommend that City Planning adopt an amendment to the Framework Element in tandem with DTLA 2040, which will allow for far greater flexibility to plan hybrid industrial areas as mixed-use neighborhoods with a diversity of housing types (REC #7). In lieu of amending the Framework Element, we believe that there could still be more flexibility for different housing types in Hybrid-Industrial areas. **In the absence of an amendment to the Framework Element, we recommend that for projects that include more conventional multi-family housing, set the commercial space requirement as 10% of building area, which will create fairer rules for all projects than the current requirement that is based on lot size, especially those that don't use a site's full FAR (REC #8).**

The proposed IX4 Use District that applies to the Arts District also requires that all new structures be built entirely as Type I, II or IV construction, which largely excludes the use of wood materials. As mentioned earlier, wood is more affordable and sustainable than concrete and steel building materials. Wood has also been successfully used to build compellingly designed buildings in the Arts District and throughout the city. Amid our current housing crisis, greatly reducing the ability to use wood construction is counterproductive and runs counter to our goal of making DTLA the place for housing at all income levels. **DTLA 2040 is seemingly the first community plan that has attempted to dictate construction types and we believe such a determination is out of scope for zoning codes to mandate and should be left to building and safety codes – we recommend that this requirement be removed from the plan (REC #9).**

Ban on Market Rate Housing

As proposed, DTLA 2040 will not allow market rate housing in a specific area of DTLA from 5th to 7th Streets and San Pedro Street to Central Avenue. We echo and fully endorse the report titled [*The Voices of Central City East*](#) submitted by the Central City East Association (CCEA) regarding this neighborhood of DTLA.

As CCEA highlights, the intent of banning market rate housing in this area may be to preserve existing affordable housing and single room occupancy hotels, but it is unnecessary given covenants, the Residential Hotel Conversion and Demolition Ordinance, the Wiggins Settlement and predominance of housing that is owned by non-profit organizations with a mission to provide shelter to vulnerable populations. This area contains the largest concentration of unsheltered homeless people in the nation. It is an area of extreme poverty and need. Banning market rate housing would further concentrate poverty in this area of DTLA and run counter to stated DTLA 2040 plan goals of inclusive and diverse neighborhoods.

To date, there are no market rate developments, built or proposed, in this area. Imposing this provision would only freeze the current conditions and further a failed policy of containment. We believe this policy also directly conflicts with the federal mandate to Affirmatively Further Fair Housing (AFFH). Affordable housing is an important part of DTLA 2040, and it should be integrated throughout the plan area. We strongly support housing opportunities for all incomes across DTLA as the primary tool to address the complicated and extensive challenges of homelessness and poverty in our city.

It's important to recognize that the Community Plan, which is a land use and zoning plan, cannot alone address the challenges of this area. Truly meeting the needs of this area requires a much broader effort that involves mental health, workforce development and social services, which will take coordination from multiple departments and organizations, which we support and encourage.

We support CCEA's report and recommendations, and likewise recommend that the ban on market rate housing from 5th to 7th Streets and San Pedro Street to Central Avenue be removed from DTLA 2040, and instead urge City Planning to consider ways the area's zoning can be tailored to produce mixed-income developments and socioeconomic integration and inclusion (REC #10).

Micro-Units

CCA has been strongly supportive of micro-unit housing, including publishing a [white paper on micro-units](#) and advocating for a [proposal put forth by Councilmember Cedillo](#) for the City to assess barriers and policy changes to support micro-units. The Community Plan Text includes micro-units as a priority for new housing types (LU 2.6), however there is an important missing policy tool that would help effectuate this goal.

A simple but meaningful policy change would be allowing affordable units to be a different mix than market rate units in the same building, but still require the same amount of overall affordable floor area. The unit finishes, access points for entry/exit and amenities would be identical for the market rate and affordable units. For example, DTLA 2040 could allow two 350 square foot affordable units on par with one 700 square foot market rate unit in the same building. This would be a deviation from the City's [Affordable Housing Guidelines](#), which generally require that affordable units be the same average square footage and number of bedrooms as market rate units in the same building.

We believe that DTLA is an appropriate place for a flexible policy to encourage affordable micro-unit housing because it is dense, transit-rich and walkable, which are all complementary to micro-units. We also believe this is meaningful tool to increase the amount of affordable housing that can be leveraged by non-subsidized development and may help to deliver the workforce, moderate income housing that is currently not being built but is needed.

We recommend DTLA 2040 allow affordable units to be a different mix than market rate units in the same mixed-income buildings, but still require the same amount of affordable floor area as a percentage of overall residential floor area akin to the number of affordable units that would be required of the total number of units (REC #11). This would yield a greater number of affordable housing units while still requiring the same dedication of square footage.

Creating Flexibility Within the Plan to be Adaptable Over the Next Two Decades

DTLA 2040 will guide DTLA's growth over the next 20 years but it is unreasonable to believe that we can adequately plan in anticipation of the changes that will take place over that time. It is fundamentally important that the plan set a strong overarching vision for DTLA but be structured to provide sufficient flexibility to adapt to changes if it is to be a success. When we refer to flexibility, we mean allowing a broad range of land use and development scales, designs and typologies in all areas of DTLA, and with clear, simple approval pathways for minor deviations that may be necessary to facilitate development. We believe that highly specific provisions included in the plan today, even if well-intentioned, may have unintended downstream consequences that will make the plan less useable in the future, and instead result in projects seeking discretionary review or quell development altogether. Here again, we are appreciative that City Planning has recently made important changes that remove unnecessary constraints and create more flexibility in alignment with plan goals with revisions such as no longer requiring schools and child care facilities to obtain Conditional Use Permits (CUPs) in most areas, and not limiting hotels by number of rooms or ground-floor commercial tenants by square footage outside of Chinatown and Little Tokyo. We believe there are additional areas of the plan that can be amended to ultimately make DTLA 2040 more flexible and sustainable, and we outline each area of the plan where we believe provisions are overly rigid and with our recommended revisions.

Approval Processes

We know that City Planning and CCA have a shared goal of ensuring that DTLA 2040 greatly reduces the need for projects to seek discretionary approvals and creates greater capacity for by-right and ministerial approval processes. The approval processes laid out in DTLA 2040 refer back to the Processes and Procedures Ordinance, which is Article 13 of the new citywide zoning code being created as part of the re:code LA project. However, we are concerned that the Processes and Procedures Ordinance has not yet been finalized and adopted, and likely will not be until the middle of 2021. This makes it very challenging to provide detailed comments on the approval processes under DTLA 2040 and creates uncertainty for implications that the Processes and Procedures Ordinance might have on DTLA 2040. We're hopeful that the proposed zoning that is established under DTLA 2040 will produce financially feasible developments, but we know that there's a good possibility that projects with unique circumstances will need to deviate from the baseline zoning to be feasible. **While ultimately providing objective criteria and flexibility in each site's zoning is the best way to avoid issues of uncertainty and discretion in the approval process, we recommend that City Planning provide very clear, administrative clearance processes that are CEQA-exempt for deviations and relief mechanisms like alternative compliance, variances and adjustments (REC #12).**

We also appreciate that the proposed plan creates higher Site Plan Review thresholds for projects that use the Community Benefits System to be 500 units or 500,000 square feet of nonresidential space, up from 50 units and 50,000 square feet of nonresidential space. We have long been advocates for a more sensible approach to Site Plan Review that does not punish dense, urban development, particularly in our urban core. Although we believe the higher Site Plan Review benchmark is certainly an improvement over the very low threshold currently, we believe that affording this only to projects that use the Community Benefits System creates a punitive scenario for projects using only the base zoning and does not account for DTLA's role as the city's center for growth. **We recommend that projects, whether using the base zoning or the Community Benefits System, not be subject to Site Plan Review or other discretionary review processes if they comply with a site's allowable zoning and are not seeking any additional changes (REC #13).** We believe this is logical and is the very purpose of areawide planning efforts like DTLA 2040. Many cities use this model, and San Diego, the nearest big city to do so, is a good example.

Frontage Design Requirements

Through the use of Frontage Districts, the plan would create highly specific design requirements for buildings in the Arts District and Historic Core. Recent updates to the plan relaxed some of these requirements by now allowing buildings in these areas to have balconies, no longer prohibiting features like flat roofs and applying the frontage requirements to only the first few stories of buildings. These changes are improvements, but we believe the Frontage Districts in the Arts District and Historic Core are still very prescriptive and will constrain creative approaches to design and architecture. We continue to work with our members to contemplate how these Frontage Districts can be more flexible. We suggest providing a range for ground-floor heights rather than a set minimum of 22' in the Arts District, changing language for symmetrical lite pattern to be more open such that "glazed openings should be divided into smaller components" or something similar, making base-middle-top a "reference" rather than a requirement so that there is room for architects to interpret incorporation and similarly expanding options for expressing the horizontal and vertical banding "by reference" or "interpretation." **We recommend that City Planning continue to explore ways of modifying the Arts District and Historic Core Frontage Districts to strike a balance between fostering contextual design with the potential for creative approaches and innovation. We welcome the opportunity to collaborate to further consider how this can be accomplished (REC #14).**

Industrial Zoning

The plan expands opportunities for mixed-use development, but there is still a large area of DTLA proposed to be maintained as industrial even though we know that retaining industrial land does not mean retaining industrial jobs or job-intensive uses. We witnessed the number of job-intensive uses like manufacturing convert to less productive

uses like wholesale in DTLA despite the fact that land uses have not been changed in much of DTLA's industrial areas. Between 2002 to 2017, manufacturing jobs decreased by 64 percent while jobs in wholesale trade increased by only six percent within the DTLA 2040 area.⁴

DTLA's economic success over the past two decades has instead been defined by increased livability, with the introduction of substantially more housing, public investments in transit and open space and accompanying amenities like places to shop and eat. This change has attracted new DTLA residents, encouraged more job-intensive and higher-paying businesses to locate here and more visitors to come here, which have replaced industrial-oriented jobs that largely disappeared over the past two decades. As those jobs shrunk between 2002 to 2017, jobs have increased by 14 percent in information industries, 24 percent in professional, scientific and technology services, 44 percent in arts and entertainment, 72 percent in accommodation and food services and 119 percent in health care industries.⁵

We should continue to build on this success and inject new uses into areas where jobs have declined, not perpetuate the decline of those areas by freezing the allowable land uses. Moreover, the few existing schools in DTLA are in industrial areas, meaning we should aim to introduce new active uses to support community building around these schools and support their long-term success.

Industrial areas are not likely to change overnight. Industrial vacancy rates are historically low and industrial rents are historically high, due to supply constraints across the LA area for small-format industrial uses for warehousing and distribution. Even if the zoning were permissive of conversion to other uses, the current market for industrial uses is likely strong enough that these properties would not convert to other uses in the near term. **We recommend that DTLA 2040 not include areas zoned exclusively for industrial uses, and that these areas should instead provide more flexible zoning to allow them to gradually convert to other uses, including housing, over the long term (REC #15).**

Adaptive Reuse

The Adaptive Reuse Ordinance (ARO) was a major catalyst for the revitalization of DTLA following its adoption in 1999. It unlocked the potential of DTLA's beautiful but obsolete historic office and bank buildings to have new lives as quality housing stock, and led to the first major influx of residents in DTLA. However, only buildings constructed prior to 1974 can utilize the ARO by-right, and any built more recently than that must go through an onerous discretionary review process.

We believe that expanding and enhancing the ARO can be an important tool to furthering the economic vitality of DTLA and is needed more than ever as the future of many of our commercial uses face great uncertainty due to the pandemic. We appreciate that City Planning has already made positive updates to the ARO in the draft plan like expanding eligible uses and by exempting certain features like basements and rooftop additions from FAR calculations. **To increase usage of the ARO, we recommend applying it to buildings constructed after 1974 on a rolling basis going forward (REC #16).**

Limits on Hotel Rooms and Ground-Floor Commercial Tenant Sizes

Recent changes to the plan largely removed limitations on hotels by number of rooms and ground-floor commercial tenants by square footage in all areas of the plan except for Chinatown and Little Tokyo, expressed by the CX1 Use District, which limits hotels to a maximum of 49 rooms and ground-floor commercial tenants to a maximum of 5,000 square feet.

⁴ According to data from the U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2017) for the Downtown Community Plan Area.

⁵ Ibid.

Tourism is an anchor of our local economy and is critical to supporting businesses in Chinatown and Little Tokyo. **We recommend that the 49-room limit on hotels be removed in Chinatown and Little Tokyo as there is no clear rationale for this limit, and it is antithetical to strengthening DTLA's role as a major visitor destination (REC #17).** Additionally, unique among other big cities, DTLA 2040 would not allow hotel rooms to have kitchenettes. Rooms with kitchenettes are an increasingly popular lodging option, and are a useful, safe alternative amid the pandemic as dining out is limited. For DTLA to truly be a world class destination, it needs more flexible and adaptive lodging solutions that reflects the way guests travel today and how current events will shape guests' future preferences. **We recommend that DTLA 2040 allow hotel rooms to include kitchenettes (REC #18).** This is also an opportunity for the City to clear up issues of interpretation around extended stay hotels and show its commitment to innovation in lodging options.

Moreover, the intent of the limitation on ground-floor commercial business size seems to be to preserve these areas for small businesses, and/or achieve a small-scale business look and feel. We believe supporting small business growth and preservation is a worthwhile objective, but limiting businesses by square footage is a blunt policy tool that could negatively impact neighborhoods and exclude potentially desirable businesses. For instance, even the smallest grocery stores typically require 7,500 to 10,000 square feet of space, but these limitations would preclude them, despite a strong need for grocery stores in DTLA.

There's also no guarantee that small space limits would result in small businesses occupying these spaces instead of a franchise or chain business – this capacity is likely outside the scope of any Community Plan and would be better addressed through economic development policies. Instead, the Community Plan and zoning code could promote urban design that imbues a small business aesthetic, with awnings, required transparent frontages, plantings and articulation of storefronts. **We recommend that the tenant size limits be removed in Chinatown and Little Tokyo, and that other urban design tools be employed to provide for a small commercial look and feel in targeted areas while working with other City agencies to develop economic development tools to support small business in DTLA (REC #19).**

Public Open Space

The Community Benefits System suggests that public parks and open space must be provided at the ground floor. We believe this may be overly restrictive and prevent creative architecture and landscape design for these spaces. For example, a constrained site with proposed on-site public open space may not be able to provide all the open space at the ground floor but could instead provide terraced, stepped or undulating open space. This flexibility would allow the provision while also providing a unique design. A good local example is the public open space attached to the Walt Disney Concert Hall. **We recommend that the language regarding public on-site open space be expanded to state that it must be “clearly accessible” to the public, rather than required to be on the ground floor (REC #20).**

Transfer of Development Rights (TDR)

DTLA 2040 proposes to create a new TDR system applicable only to the Arts District. We would like to better understand why the TDR system only applies to the Arts District, and whether receiver sites may be outside the designated area or if both donor and receiver sites must be in the area. It is also unclear why SurveyLA or any historic survey may be used under the TDR system when they do not necessarily result in official historic designations. **We recommend that the TDR system be more broadly applicable across DTLA and that the criteria for historic resources be more closely tied to official historic designation (REC #21).**

Downtown Development Corporation & Infrastructure Coordination

Although the creation of a Downtown Development Corporation, an entity that would coordinate infrastructure and development projects and resources in DTLA, is outside of the scope of City Planning, it is worth considering as a policy objective in the Community Plan. The Community Benefits System is dynamic and exciting but is ultimately



limited to public benefits that can be provided by individual development projects on a one-off basis. For example, this means that while we have a broad objective of building more high-quality public open space in DTLA, the Community Benefits System may encourage individual sites to provide relatively small public open spaces, but is generally not designed to contribute to larger-scale open space projects like the redesign of Pershing Square or the Park 101 freeway cap park. These larger-scale projects would be better suited for a Downtown Development Corporation that could leverage public and private funds, and tools like EIFDs currently under study for DTLA and other tax increment financing (TIF) mechanisms. Notably, EIFDs can also fund affordable housing.

We believe that both on-site public benefits with individual projects and large-scale public benefit projects are important and welcome in DTLA. The Community Plan should lay the foundation for both. **We recommend that City Planning include a policy goal to coordinate DTLA 2040 land use planning with EIFD planning being led by LA Metro and the Economic and Workforce Development Department (EWDD) and that DTLA 2040 include the creation of a Downtown Development Corporation to plan, manage and implement large-scale public benefit projects and support funding for affordable housing within its policy objectives (REC #22).**

We know that the future of DTLA will set the course for the future of our city, and the DTLA 2040 plan will serve as the guiding framework for DTLA's growth over the next two decades. This plan is also being considered at a time when DTLA faces incredible uncertainty and adversity due to an unthinkable combination of circumstances including a global pandemic that has resulted in economic depression and questions about the fundamental values of dense urban living, development-related corruption charges against our neighborhood's former City Councilmember, and a persistent housing and homelessness crisis. The moment for leadership and a bold, visionary plan for DTLA could not be more important or necessary. We are pleased to work with you on this tremendously important plan, at an unprecedented time in the city's history. We are grateful for City Planning's continued partnership and look forward to seeing this plan be further refined as it moves through the approval process. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Lall'.

Jessica Lall
President & CEO, Central City Association of Los Angeles

Attachment: Summary of Recommendations

CC: Councilmember Gil Cedillo, Council District 1
Councilmember Kevin de Leon, Council District 14
Councilmember Curren Price, Council District 9
Deputy Mayor William Chun, Office of Mayor Eric Garcetti

Summary of Recommendations

1. We strongly encourage the adoption of Alternative 3 in the DEIR to allow for the greatest development capacity and flexibility to spur DTLA's recovery and best position the heart of our city for private and public investment.
2. Provide a more substantial FAR increase for Level 1 of the DTLA 2040 Community Benefits Program to support the feasibility of high-rise construction, and maintain the ability for in-lieu payments or partnering with affordable housing providers to provide affordable units off-site, which offer necessary flexibility.
3. Maintain base FARs as they were proposed prior to the Fall 2020 changes to the plan as it's clear that recent reductions in base FAR would jeopardize development feasibility.
4. To promote context-sensitive growth and density near transit, respect neighborhood character and appropriately preserve historical assets in a way that reflects the economic realities of development, building height maximums should be removed and instead FAR, setbacks and frontage requirements should govern building height and massing, and historic communities instead considered through established historic preservation processes.
5. Remove minimum building height requirements to avoid unintended outcomes like limiting the potential for vacant or underutilized land to be redeveloped into desirable uses like affordable housing, schools or mid-rise mixed-use developments.
6. Expand the Transit Core General Plan land use designation to include all areas close to existing, entitled and future transit to maximize development opportunities.
7. Adopt an amendment to the Framework Element in tandem with DTLA 2040, which will allow for far greater flexibility to plan hybrid industrial areas as mixed-use neighborhoods with a diversity of housing types.
8. In the absence of an amendment to the Framework Element, for projects that include more conventional multi-family housing, set the commercial space requirement as 10% of building area, which will create fairer rules for all projects than the current requirement that is based on lot size, especially those that don't use a site's full FAR.
9. Remove requirements dictating construction types -- DTLA 2040 is seemingly the first community plan that has attempted to dictate construction types and we believe such a determination is out of scope for zoning codes to mandate and should be left to building and safety codes.
10. Echoing CCEA's recommendations, remove the ban on market rate housing from 5th to 7th Streets and San Pedro Street to Central Avenue, and instead consider ways the area's zoning can be tailored to produce mixed-income developments and socioeconomic integration and inclusion.
11. Allow affordable units to be a different mix than market rate units in the same mixed-income buildings, but still require the same amount of affordable floor area as a percentage of overall residential floor area.
12. Provide very clear, administrative clearance processes that are CEQA-exempt for deviations and relief mechanisms like alternative compliance, variances and adjustments.
13. Whether using the base zoning or the Community Benefits System, projects should not be subject to Site Plan Review or other discretionary review processes if they comply with a site's allowable zoning and are not seeking any additional changes.
14. Continue to explore ways of modifying the Arts District and Historic Core Frontage Districts to strike a balance between fostering contextual design with the potential for creative approaches and innovation – our members welcome the opportunity to collaborate to further consider how this can be accomplished.
15. Do not zone areas exclusively for industrial uses – these areas should instead provide more flexible zoning to allow them to gradually convert to other uses, including housing, over the long term.
16. To increase usage of the ARO, apply it to buildings constructed after 1974 on a rolling basis going forward.
17. Remove the 49-room limit on hotels in Chinatown and Little Tokyo as there is no clear rationale for this limit, and it is antithetical to strengthening DTLA's role as a major visitor destination.
18. Allow hotel rooms to include kitchenettes.

19. Remove tenant size limits in Chinatown and Little Tokyo, and use other urban design tools to provide for a small commercial look and feel in targeted areas while working with other City agencies to develop economic development tools to support small business in DTLA.
20. Expand the language regarding public on-site open space to state that it must be “clearly accessible” to the public, rather than required to be on the ground floor.
21. Apply the TDR system more broadly across DTLA and more closely tie the criteria for historic resources to official historic designation.
22. Include a policy goal to coordinate DTLA 2040 land use planning with EIFD planning being led by LA Metro and EWDD and include the creation of a Downtown Development Corporation to plan, manage and implement large-scale public benefit projects and support funding for affordable housing within the plan’s policy objectives.