1. **WELCOME & SELF-INTRODUCTIONS**

2. **PRESENTATIONS**
   - Neighborhood Integrity Initiative
     
     *Mott Smith, Co-founder*
     *Civic Enterprise*
     
     *Jerry Jones, Director of Public Policy*
     *Inner City Law Center*

3. **ANNOUNCEMENTS**
   - Build Better LA Initiative
   - Local CEQA Reform Working Group
   - Linkage Fee update

**Upcoming Chamber Events**
- November 8, 2016 - Don’t forget to vote!
- January 31, 2017 - Inaugural Dinner

**Next Meeting**
(Moved because of the Thanksgiving Holiday)
December 1, 2016 (Tentative)
10-11:30a
Jerry Jones
Director of Public Policy
Inner City Law Center

Jerry Jones joined the Inner City Law Center as Director of Public Policy in July 2015. He is the former Executive Director of the National Coalition for the Homeless. Jerry also served on the senior staff of the Center for Community Change in various roles over a 10-year period, as well as National Director of Project Vote and Executive Director of an anti-hunger organization in Connecticut. He has extensive experience on policy issues related to housing, hunger, and poverty, including testifying at Congressional hearings and authoring numerous studies and reports. He was the Southern Field Director for Housing Now, a mobilization that drew 150,000 housing and homelessness advocates to Washington in 1989. Jerry is a graduate of the University of North Carolina at Chapel Hill, where he earned a B.A. in Religious Studies.
Mott Smith
Co-founder
Civic Enterprise

Mott Smith is co-founder of Civic Enterprise, an L.A. firm that builds innovative, socially-conscious projects in emerging neighborhoods and provides innovative food manufacturing, parking and economic development solutions for cities and communities. CE’s most recent project is L.A. Prep, the first-of-its-kind wholesale food production complex for 54 small business tenants. He is very active in local, regional and state legislative issues. His built work has been honored by the Urban Land Institute, the L.A. Conservancy, and Architectural Record Magazine. He is a founding board member of the California Infill Builders Federation, teaches in USC’s Master of Real Estate Development Program and Planning Program in the USC Price School of Public Policy. Earlier, he was as Acting Director of Planning for the L.A. Unified School District after serving as founding Executive Director of New Schools-Better Neighborhoods. He also worked as editor/business manager of The Planning Report. Mott is past president of the Westside Urban Forum. He received a Master of Real Estate Development from USC and a BA in Linguistics from UCLA.
Join the L.A. Area Chamber and executives, leaders and policy makers of Los Angeles’ largest corporations and government agencies for the third annual half-day summit on the state and future of infrastructure investment in the region.

This year’s event will feature discussions and sessions, including:

- Framing the Situation
- Public Official Keynote Address
- Opportunities & Challenges Overview
- Best Practices Discussion
- Private Sector Keynote
- Infrastructure Needs Panel Discussion
- Call to Action & Next Steps

Following the program, we will adjourn to a luncheon featuring a dialogue with Kevin Demoff, EVP of Football Operations and COO of the Los Angeles Rams, including an update on the new L.A. Rams stadium and the Inglewood entertainment complex.

RSVP NOW at lachamber.com/events

TUESDAY, NOV. 15
7:30 a.m. Registration
8:30 a.m. Program
Noon Lunch

Hilton Los Angeles / Universal City
555 Universal Hollywood Dr, Universal City, CA 91608

COST
$125 Members
$200 General Admission

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For more information contact Sarah Quigley, squigley@lachamber.com or 213.580.7561.
Dear Mr. Glesne:

On behalf of the Los Angeles Area Chamber of Commerce (LA Chamber), I am writing to share our thoughts and suggestions on the draft ordinance of the Affordable Housing Linkage Fee. The Chamber has a deep commitment to creating housing affordable for all in Los Angeles, from advocating for it in the halls of our nation’s capital and in the offices of our leaders in Sacramento, to pushing for the $1.2 billion homeless bond Proposition HHH appearing on the November 2016 ballot. We understand the need for a policy to address the lack of affordable housing in Los Angeles.

Extend Comment Period

As mentioned in the Public Hearing conducted on October 19, 2016, we have serious concerns about the nexus study itself, including calculations and assumptions. **We would like more time to review the nexus study and ask that the public comment period be extended to March of next year when the results of Prop HHH, the Neighborhood Integrity, and Build Better LA ballot initiatives are known.**

It took several months to prepare the study; asking for it to be reviewed and processed in less than a month is not ample enough time. While the Mayor and the Planning Department have made a good faith effort to solicit comments, a lengthy study of this sort needs more time for review. In just a cursory review of the nexus study, questions arise about the accuracy of its methodology when the study concludes that the new development could cause monetary impacts that appear substantially inconsistent with our everyday experience. For example, the nexus study concludes that new retail development could cause an *adverse* impact on affordable housing of $308 per square foot. We simply do not understand how the development of new jobs could cause such a significant impact on the very people who take those jobs.

Another consideration to extend the comment period is that several of the recommendations in the policy follow items from Proposition JJJ, the Build Better Los Angeles Initiative. We are past the time in which the linkage fee policy can be considered as an alternative to Prop JJJ; we need to see what the outcome of the election is and make adjustments accordingly. The same argument can be said for the Neighborhood Integrity Initiative, which could exacerbate the housing crisis if it came to pass, and for Prop HHH which is projected to completely meet the need for Permanent Supportive Housing in LA.

Nexus Study

At least one economist we have consulted with on the nexus study is concerned about the methodology being utilized. Why is the study looking at data from the period the economy was in a recession? Why isn’t a wider timeline looked at as other studies have done? In the commercial fee methodology, why are hospitals and medical centers broken out separately as a typology from
commercial or institutional when other studies don’t do this? Why is the average development cost per unit over half a million to build? Why is all housing projected for low income families new build? Why is there no assumption that increases to the supply of new market rate housing will open up opportunities for supply in other income bands down the chain as people vacate existing housing. These are just the beginning of questions we have from the short time frame allowed to vet the study. Why was the maximum legal fee used to compare how many units the current density bonus provides versus the linkage fee when it is acknowledged that the fee can’t mitigate the existing shortage? Why were units added from using the density bonus in 100% affordable housing projects excluded in calculating the total amount of units the density bonus provides citywide? Those are still additional units that would not have been there if not for the density bonus.

We also have questions about the projections based on proposed and current programs the city utilizes. How would the linkage fee at the rate proposed –not at the maximum legal fee- compare in providing units versus the current Density Bonus practice? How does the projection of Permanent Supportive Housing expected to be generated by Prop HHH change the projection of how many units are needed to meet the demand? What are the other basket of goods mentioned in the original motion providing in terms of housing to meet the city’s demand that complement the shared goal of bringing affordable housing on to the market? These are just a few examples of the questions we have.

We need more time to compare this study methodology to the methodology used in the other cities used as examples. To that end, we need to study the data supporting the conclusion that the imposition of this type of fee will, in reality, lead to the creation of new affordable housing, as opposed to simply another fee on new development, which will either be passed onto the consumers or cause developers to not pursue new development because it is economically infeasible.

**Suggested Changes to Draft Ordinance**

While the Chamber firmly believes that a longer comment period is needed to study the impact of the Nexus Study, we respectfully submit the following comments on the proposed draft.

- Clarification is needed on whether the fee applies when a land use application is submitted or deemed complete.
- Several components of this draft line up with the provisions of Prop JJJ, also known as the Build Better LA initiative. If either item is passed, language needs to be strengthened in this ordinance so a scenario isn’t created that developments would be subject to the same regulations twice: once for JJJ and once for the linkage fee.
- A section on areas covered by the Mello Act must be addressed in the ordinance.
- If a fee is put in place, we highly suggest streamlining of CEQA where developers currently have to expend much time and energy. Any fee results in a higher cost to build a project. We disagree with the assumption that the cost of the fee will be borne by the landowner as we haven’t seen it yet. A fee could however, be counterbalanced by a cost savings in challenges under CEQA that have to be litigated, passing on a savings to the developer and renter or buyer.
- The fee should be gradually phased in with a yearly increase over 5 years before the full amount of the fee is applied. This will help with pro-formas on projects that might have already started to get funding.
• We also recommend that the ordinance not take effect until 180 days after passage for similar reasons as to rolling out the fee with a steady increase over 5 years.
• There should also be language inserted to suspend the fee in the result of an economic downturn, where impact fees create barriers to housing when greatly needed.
• We suggest a phase in of the fee that takes specific plans and community plan updates into consideration. We should be careful about instituting fees where growth has been targeted, at the same time, projects proposed in areas where the plan has been updated will have considerably less obstacles to clear and costs to assume to get built including not having to ask for General Plan Amendments and Zone Changes because it agrees with the underlying zoning. This could also have an effect on density bonus applications. It is in the interest of the City to apply a fee strategically based on incentivizes to developers to provide affordable housing units. This could result in more units built outside of what the Affordable Housing Trust Fund can do.
• Widen the exemptions from the fee to include providing Extremely Low Income (0-30% AMI) and Workforce Housing up to 150% of AMI. A recent times article that shows that LAUSD’s teachers earn too much to utilize the affordable housing specifically built for them, but not enough to live in the neighborhoods in which they teach. There is a gap still in supplying workforce housing.
• Developers should also be allowed to use the exemption for affordable housing requirements to renew existing covenants set to expire that if allowed to lapse would add to the demand of affordable housing.
• We suggest upping the exemption of the first 10,000 square feet to 25,000 square feet like as in the City of San Francisco. This would better allow for neighborhood-serving retail the proposal wants to encourage, and not discourage supermarkets and grocers in areas where the market is underserved.
• We also recommend that any adaptive re-use project be exempt from the fee. In many cases, the benefits to re-using historic structures outweigh any impact created by new construction.

We commend the City of Los Angeles in its attempts to address the housing shortage and we are glad to serve as a partner in meeting those needs. While we support finding funding for affordable housing, whether it be through the Affordable Housing Trust Fund, federal programs, or developer incentives, we are concerned that the linkage fee is being rushed to law without fulling evaluating all of its elements and how it affects current and future markets. We look forward to working with you to create an effective policy that serves the needs of all Angelenos equitably. If you have any questions, please contact Jessica Duboff, Vice President of Public Policy at (213) 580-7585 or jduboff@lachamber.com.

Thank you for your consideration.

Sincerely,

Gary Toebben
President & CEO