



November 30, 2020

Brittany Arceneaux
City Planner/DTLA 2040 Project Manager
Los Angeles City Planning
200 N. Spring Street, Room 667
Los Angeles, CA 90012

RE: LA FASHION DISTRICT'S COMMENTS ON THE REVISED PUBLIC REVIEW DRAFT DTLA 2040 PLAN

Dear Brittany,

The future of Downtown Los Angeles is exciting! The LA Fashion District Business Improvement District (BID) is a private, non-profit corporation created and maintained by local property owners. We serve the LA Fashion District community—businesses, employees, residents, visitors, and more. Our mission is to help facilitate and provide a **clean, safe, friendly, and prosperous place to work, shop, live and do business**. We serve a 107-block area generally between 7th Street to the north and the Santa Monica 10 Freeway to the south, and from Broadway to the west and Paloma Street to the east.

We reviewed the latest version of the Downtown Community Plan, Zoning Code, and Community Benefits Program (collectively referred to as the *Public Hearing Draft DTLA 2040 Plan*, dated November 2020) and the Draft Environmental Impact Report (dated August 6, 2020). The LA Fashion District appreciates the amount of thoughtful planning, creativity, and focus on positive change that City staff, decision makers, local business and property owners, and the community have given to this planning process over the past six years.

We share the City's vision, as articulated in the draft Plan, to **"...promote a dynamic, healthy, and sustainable Downtown core that is well connected to and supports the City of Los Angeles and the region."** The draft Plan outlines a bold vision for accommodating anticipated growth through 2040 while creating a livable and healthy community for workers, residents, and visitors. The goals and policies described in this Plan focus on continuing Downtown's remarkable renaissance and promoting it as a center of innovation in the public and private realms. The draft Plan also seeks to address many of the challenges facing Downtown and the larger region, such as climate change, housing demand and affordability, and a shifting economy, through strategies that guide thoughtful growth.

We appreciate the City's Planning Department working closely with our District, other Downtown Districts, local business and property owners, and the community to address many of our concerns in the latest draft Plan. This includes easing restrictions on daycares and new schools (e.g., no longer



requiring Conditional Use Permits for these uses within commercial areas), removing above grade parking from Floor Area Ratio (FAR) calculations, and increasing the minimum size of Live/Work units to 750 square feet. These changes provide needed flexibility to ensure property owners and developers can create projects that meet the City's vision for Downtown.

We do, however, have deep concerns regarding several aspects of the policy and zoning approach for the LA Fashion District as currently reflected in the draft Plan. Particularly, the sweeping reductions to base Floor Area Ratios (FARs) for new projects that were made between the August and November 2020 versions of the draft Plan. The approach the City seems to be taking in the current draft Plan is to "restrict" higher density housing projects to only those that provide additional community benefits (which can significantly increase the overall project costs and reduce its feasibility), rather than "promoting" needed housing projects by allowing higher FARs. Given our current housing crisis, ongoing COVID Pandemic, and pending economic downturn, **additional flexibility for business and property owners to provide needed housing is critical** so we can respond to future market shifts and challenges while achieving the City's bold vision for Downtown.

While the LA Fashion District supports most of the revised draft Plan (November 2020), we submit the following **specific concerns and requests for changes to the City for review and consideration**. We strongly feel that these focused changes to the draft Plan are necessary for the City and community to fully realize the vision for the future of our beloved Downtown.

1. REMOVE RESTRICTIONS ON NEW HOUSING

The western edge of the Fashion District between Broadway and Santee Street shares similar zoning with the eastern edge of South Park, which is flexible and allows a range of housing types. However, the Fashion District east of Santee Street is largely zoned for hybrid-industrial and industrial-mixed uses which are more restrictive, with the exception of City Market that sits in the middle of the Fashion District and is zoned for an array of mixed residential and commercial uses. In general, the City's proposed zoning approach for the Fashion District is to allow a wide mix of uses in the western portion and gradually increase more restrictive industrial-focused zoning eastward.

Amid our current housing crisis, precluding housing in some areas and limiting housing to Live/Work or PSH units in other areas is **counterproductive and contrary to our common goal of making Downtown the place for housing people at all income levels**. While recent updates to the draft 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 1.0 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 believe the current approach as outlined in the Plan will result in exclusionary and economically stratified growth since Live/Work units are typically more expensive to build than traditional housing units. This more restrictive approach to housing will likely result in a less integrated or inclusive community. Additionally, as the fashion industry undergoes major changes and as employment shrinks, the future economic vitality of the LA Fashion District neighborhood is dependent on welcoming a variety of new residents.



Request: *The LA Fashion District requests the City to consider allowing more flexibility and a greater range of housing types in the Plan. Specifically, we request the City to 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. 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 percent of the 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.*

2. INCREASE MINIMUM FLOOR AREA RATIOS

We are very concerned with the recent changes to the DTLA 2040 Plan whereby base Floor Area Ratios (FAR) in the Fashion District have been dramatically reduced. The changes shown in the November 2020 Public Hearing Draft are substantial: from 7.0 and 6.0 to 3.0 -- **a 60 percent and 50 percent base FAR decrease respectively within the Fashion District.** While we understand the intent of these changes is to ideally increase usage of the Community Benefits System, we are very 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 on 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."

Request: *The LA Fashion District requests the City to firmly maintain base Floor Area Ratios (FARs) as proposed in the August 2020 draft DTLA 2040 Plan. A failure to do so would diminish the development feasibility of new affordable and market-rate housing projects and hinder the City's ability to implement the vision as outlined in the DTLA 2040 Plan.*



3. ALLOW HOTELS IN THE IX2 USE DISTRICT

We feel that new hotels will support economic growth and help create more urban energy in the Fashion District. We are excited to see the City remove the limitation on new hotels and motels in the IX2 Use District. Limiting hotels does not support the economic goals for Downtown or the vision to transform the area into a vibrant, 24/7, active urban environment. Hotels are an important asset for Downtown because they support tourism, increase the local tax base, and promote positive “after hour” activity and energy.

Request: *The LA Fashion District requests the City to allow new or expanded hotels within the IX2 Use District without restrictions on the total number of hotel room keys.*

4. INCREASE BUILDING HEIGHTS

The DTLA 2040 Plan as proposed would impose base and bonus (with use of the Community Benefits Program) maximum building height limits in many parts of the LA Fashion District, including the new DM4 Form District. We have concerns 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 also critical to demonstrate our commitment to growth in areas near transit as we compete for infrastructure funding from the State and Federal governments.

Our understanding is that height limits were proposed in these areas to preserve their character and historical context. We treasure Downtown’s historic neighborhoods, communities and buildings, and we want to see them continue to play a vital part of its future. Yet, blanket height limits are not an appropriate tool for neighborhood preservation. These districts and buildings should be considered through the appropriate historic preservation and landmarking processes, which is much more targeted and would not needlessly 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 Downtown 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 in terms of width, 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 seven- and eight-story limits in reality.



The draft Plan also creates scenarios where height limits preclude maximizing a site's allowable FAR, like the MLN1 Form District which allows 6.0 FAR but limits buildings to a maximum of five stories. This means that the growth envisioned by the plan may not actually occur and the resulting community benefits will also not be delivered.

Request: *The LA Fashion District requests the City to remove building height maximums within the DM4 Form District and instead utilize FAR, setback, and frontage requirements to govern building height and massing, and that historic communities be considered instead through the established historic preservation processes. This approach will 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.*

5. ENSURE COVID PANDEMIC RELATED FLEXIBILITY

The COVID pandemic has dramatically affected local manufacturing businesses, offices, stores, and restaurants. Projects and uses that were previously financially viable have greatly diminished in value. We are hopeful that Downtown'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 the draft Plan must be sensitive to this economically vulnerable context if we are to continue to see new growth and community benefits in Downtown. While we do not know where the future will take us when it comes to permanent social distancing, we encourage the City to permit and allow the quick implementation of outdoor shopping (on sidewalks), street closures for outdoor markets and dining, and other temporary spaces within the public realm to help private companies.

Request: *The LA Fashion District requests the City streamline temporary street closures to allow outdoor markets, shopping/retail, and dining spaces. These spaces should be encouraged even if they will have temporary impacts on traffic or transit operations. And these spaces shall be compliant with all Los Angeles County health requirements around social gathering and social distancing.*

6. ALLOW MARKET RATE HOUSING IN THE CENTRAL CITY EAST AREA

The current draft Plan prohibits market rate housing in a specific part of Downtown between 5th and 7th Streets and San Pedro Street and Central Avenue. The intent of this provision is likely to preserve existing affordable housing and single room occupancy hotels, but it is unnecessary given covenants, the Residential Hotel Conversion and Demolition Ordinance, and the Wiggins Settlement. This area contains the largest concentration of unsheltered homeless people in the nation and is in an area of extreme poverty and housing need. Banning market rate housing would further concentrate poverty in this area of Downtown and run counter to stated draft Plan goals of inclusive and diverse neighborhoods.

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



Downtown as the primary tool to address the complicated and extensive challenges of homelessness and poverty in our city.

It is 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. As such, we echo the Central City East Association’s “The Voices of Central City East” report (October 16, 2020) and share their concerns and long-term vision for the area.

***Request:** The LA Fashion District requests the City to remove the ban on market rate housing from 5th to 7th Streets and San Pedro Street to Central Avenue, 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.*

7. ADOPT DEIR ALTERNATIVE #3 TO ADDRESS THE ONGOING HOUSING CRISIS AND SCAG RHNA MANDATES

As the Southern California Association of Governments (SCAG) finalizes the 6th Cycle Regional Housing Needs Assessment (RHNA), it is 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 Downtown, 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. Unfortunately, this issue has historically been left largely unaddressed by solutions of the necessary scale.

The DTLA 2040 Plan notes that SCAG projects that Downtown 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 will need to be built in Downtown over the next eight years alone**. As the region’s transit and job hub, Downtown must play an outsized role in meeting this ambitious goal, requiring DTLA 2040 to provide substantial capacity for new housing growth at all income levels. Alternative 3 of the DEIR is the superior alternative as it would enable the greatest growth and housing production.

The Draft Environmental Impact Report (DEIR) for this plan was contemplated prior to the COVID-19 pandemic and resulting economic depression. 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. We recognize that DTLA 2040 is an enormous undertaking for City Planning as it will be the first community plan to implement the new code. We appreciate the significant resources dedicated to the plan’s development. We are pleased that DTLA continues to be the City’s laboratory for new ideas. DTLA 2040 must go even farther to promote a bold and exciting future for our city center.



Request: *The LA Fashion District requests the City adopt DEIR Alternative 3 as the preferred option to allow for the greatest development capacity and flexibility for Downtown. Adoption of Alternative 3 allows for the greatest housing and development capacity and flexibility to spur Downtown's recovery and best positions the heart our city for private and public investment.*

8. MAKE THE COMMUNITY BENEFITS PROGRAM MORE FINANCIALLY FEASIBLE

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 Downtown. The economic fallout from the pandemic presents major issues for building in Downtown, but it is 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. Level 1 of the Community Benefits Program 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 the draft Plan). 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.

Request: *The LA Fashion District requests the City change the 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.*

Thank you for your consideration on these important items. We look forward to further discussions and refinement of the visionary DTLA 2040 Plan.

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