

MOTION

PLANNING AND LAND USE MANAGEMENT

On December 13, 2016, Ordinance No. 184745 (*Affordable Housing and Labor Standards Related to City Planning*), Council File No. 16-0684, became effective, to address the City's homeless and affordable housing crisis. The ordinance was a citizen sponsored ballot initiative (Initiative Ordinance JJJ, also known as "Measure JJJ") that was approved by City voters on November 8, 2016.

Measure JJJ required the creation of a new affordable housing incentive program for developments near major transit stops. The ordinance contains a "Transit Oriented Communities (TOC) Affordable Housing Incentive Program" along with a directive for the necessary TOC Program Guidelines applicable to all housing developments located within a one-half mile radius of a Major Transit Stop. The Guidelines became effective on September 22, 2017, and were revised on February 26, 2018. As specified in the ordinance, each one-half mile radius along a Major Transit Stop constitutes a unique TOC Affordable Housing Incentive Area.

Since its inception, the TOC program has generated 20,721 units citywide, including 6,947 affordable housing units through a tier-based system of incentives for certain residential projects. Projects that qualify can request additional building incentives in exchange for a specific set-aside of restricted affordable units. Now that the program has been in effect for over two years, it is clear that although it is popular and is generating a significant number of new housing units, including covenanted affordable units, the program has failed to take into account the differences, unique characteristics and varying conditions in the diverse communities, neighborhoods and land across the City.

One size does *not* fit all, therefore, the TOC program needs modifications. Developers may utilize the program's incentives to set-aside affordable units in multi-family residential developments, in exchange for being granted City permission to construct buildings which are out of scale, character and incompatible with the local neighborhood's context.

In Council District One, the most recent example was a proposed mixed-use project utilizing TOC incentives that introduced new density into the historic Lincoln Heights community at a former industrial site in proximity to two Gold Line Transit Stations. Upon appeal, the City Planning Commission considered community concerns about the project's potential impact on vehicular traffic, parking and pedestrian safety, design compatibility with the surrounding low-scale neighborhood in terms of density, scale, massing character, soil contamination and most importantly, access to the new housing by the people who live and work in Lincoln Heights.

The City Planning Commission's recommendation was bound by the citywide legal standards prescribed in the TOC program, and also by the *State Housing Accountability Act*, which prohibits the denial of a housing application if the project meets the City's objective General Plan and zoning standards. The proposed project allowed *by-right* was fully compliant with the citywide TOC Program Guidelines, and the Commission had no available policy tools, authority or discretion to exact project modifications to reshape the proposal to be more compatible with the local neighborhood's context or responsive to local housing market needs in terms of affordability. Several Commissioners expressed frustration at being constrained by the limitations of the citywide TOC Program.

The Planning Department should evaluate the TOC Affordable Housing Incentive Program and its TOC Program Guidelines, and explore the feasibility of the formation and implementation of land use and zoning policy tools which may complement the program and facilitate infill transit-oriented development which consider differences in local neighborhood context and unique patterns of development, varying conditions in public infrastructure, local housing market needs and related factors.

Policy decisions on land development proposals based on land use regulatory controls are important and should always be made with strong community stakeholder participation. Council District One's most recent experience demonstrates that developers should be strongly encouraged to incorporate a comprehensive community outreach program into their scope of work not only as a measure of respect, but also as a strategy to solicit meaningful input into shaping a project which enhances the neighborhood in which it is being introduced.

I THEREFORE MOVE that the Council instruct the Planning Department, in consultation with the Housing Department, to prepare a report with recommendations on the feasibility of revising the Transit Oriented Communities (TOC) Affordable Housing Incentive Program and its TOC Program Guidelines, and include in the recommendations feasible revisions to land use regulatory controls that impact, but are not limited to, public infrastructure, local housing market needs, scale, density, and that account for the unique and varying characteristics of neighborhood conditions citywide.

PRESENTED BY: _____

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SECONDED BY: _____

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