

RESIDENTIAL/INDUSTRIAL LAND-USE CONFLICT

Conserving Industrial Land in Southeast Downtown



A Report for the
Community Redevelopment Agency of Los Angeles

UCLA Policy Team

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May 8, 2006

This report was prepared in partial fulfillment of the requirements for the Master of Public Policy degree in the Department of Public Policy at the University of California, Los Angeles. It was prepared at the direction of the of The Community Redevelopment Agency of Los Angeles as a policy client. The views expressed herein are those of the authors and not necessarily those of the UCLA School of Public Affairs, UCLA as a whole, or the client.

TABLE OF CONTENTS

<u>ACKNOWLEDGMENTS</u>	<u>5</u>
<u>EXECUTIVE SUMMARY</u>	<u>6</u>
<u>INTRODUCTION</u>	<u>8</u>
POLICY QUESTION	9
WHAT THIS REPORT DOES NOT DO	10
ORGANIZATION OF REPORT	11
<u>CHAPTER 1: THE INDUSTRIAL/RESIDENTIAL LAND-USE CONFLICT</u>	<u>12</u>
CHAPTER 1.1 BENEFITS OF INDUSTRIAL LAND	12
CHAPTER 1.2: LOSS OF INDUSTRIAL LAND	12
CHAPTER 1.3 PRESERVING INDUSTRIES IN SOUTHEAST DOWNTOWN	13
<u>CHAPTER 2: METHODOLOGY</u>	<u>14</u>
CHAPTER 2.1 DATA SOURCES	14
CHAPTER 2.2 PROCEDURE	14
<u>CHAPTER 3: INITIAL FINDINGS</u>	<u>15</u>
CHAPTER 3.1 SURVEY OF LAND-USE MECHANISMS AVAILABLE TO THE CRA/LA	15
CHAPTER 3.2 CRA/LA CENTRAL INDUSTRIAL STAFF CONSTRAINTS	15
CHAPTER 3.3 CRA/LA RELATIONSHIP WITH PLANNING DEPARTMENT	17
CHAPTER 3.4 INTERNAL CRA/LA RESIDENTIAL CONVERSION APPROVAL PROCESS	23
<u>CHAPTER 4: POLICY OPTIONS</u>	<u>25</u>
CHAPTER 4.1 REGULATORY POLICY OPTIONS	26
CHAPTER 4.2 PROCEDURAL CHANGES	29
<u>CHAPTER 5: ANALYSIS</u>	<u>33</u>
CHAPTER 5.1 CRITERIA	33
CHAPTER 5.2 SCORING THE OPTIONS	35
CHAPTER 5.3 SCORING DEFINITIONS	36
CHAPTER 5.4 SCORING OF EACH OPTION	41
<u>CHAPTER 6: RECOMMENDATIONS</u>	<u>45</u>

CHAPTER 6.1: DEFINE AND ADOPT EXPLICIT STANDARDS FOR LAND-USE DECISIONS	45
CHAPTER 6.2 INCLUDE THE CRA/LA EARLIER IN THE ZONING INVESTIGATION PROCESS	47
CONCLUSION	51
REFERENCES	52
WORKS CITED	52
INDIVIDUALS WHO PROVIDED INFORMATION FOR THIS REPORT	54
APPENDICES	55
APPENDIX 1: INDUSTRIAL DEVELOPMENT STRATEGIES	56
APPENDIX 2: CRA/LA CENTRAL INDUSTRIAL PROJECT AREA	58
APPENDIX 3: RESIDENTIAL CONVERSION PERMIT PROCESS	60
APPENDIX 4: ZAD PERMIT LOCATIONS	62
APPENDIX 5: CRITERIA MATRIX SCORING DETAILS	63
APPENDIX 6: RESIDENTIAL DEMAND STUDY	69
APPENDIX 7: INTERIM CONTROL ORDINANCE STRATEGY	72

ACKNOWLEDGMENTS

We would like to thank the many people that made this report possible. First and foremost, we would like to thank our advisor, J.R. DeShazo, for his dedication, able guidance and valuable feedback throughout the process. We would also like to thank our client, the Community Redevelopment Agency of Los Angeles (CRA/LA), and in particular, Don Spivack and Steve Andrews for making this project possible and for their patience and openness through the many formal and informal discussions with our Team. Our report also owes much to the insightful and helpful comments provided by our peer reviewers. We would also like to thank our Research Assistant, Susan Tran, for her hard work and her assistance developing many maps throughout the report. In addition, we are very grateful to the Lewis Center for Regional Policy studies for providing us with the generous grant to fund our research. Lastly, we cannot forget to thank our closest friends and family for supporting us in this process. We understand the many sacrifices you made to give us the time to undertake this endeavor.

EXECUTIVE SUMMARY

According to the Community Redevelopment Agency of Los Angeles (CRA/LA), the conversion of industrial buildings to market rate residential units is arguably the single most significant issue facing the downtown industrial community. They believe the growth of residential developments on industrial land has the potential to decrease the number of jobs for low-skill, transit dependent workers. Of particular concern to the CRA/LA is the impact of future housing development in the Southeast downtown sub-area, an industrially zoned region bound by Alameda St to the east, the 10 Freeway to the south, the Central Industrial (CI) redevelopment project area border to the west and 7th St to the north.

The purpose of this report is to inform the CRA/LA on how to best preserve industrial land in the Southeast downtown sub-area. From our evaluation of policy options available to the Agency, according to their political feasibility, effectiveness, and technical feasibility, we provide two recommendations to the CRA/LA:

1) Define and adopt explicit standards for recommending land-use policies

The CRA/LA has the final decision authority to approve or deny residential conversions on industrially zoned land in the Southeast downtown sub-area. However, CRA/LA staff in the area often feels pressured by members of their designated citizen review body, the Central Industrial Citizen Advisory Committees (CICAC), and other stakeholders who generally support the prevailing trend to convert. Because the current criteria used for making decisions about residential conversions remain relatively ambiguous, adopting explicit standards will guide CRA/LA staff to effectively evaluate the merits of a residential conversion project, regardless of politically-motivated influence.

2) Include the CRA/LA earlier in the Zoning Investigation Process

All of the residential conversions of industrial buildings require the developer to obtain a permit from the Office of Zoning Administration in the Department of City Planning. However, CRA/LA staff is not included in this process until 24 days before the public hearing; on average 53 days after the case has been filed at the Planning Department public counter. While CRA/LA staff are trained to examine the effects of land-use decisions on the surrounding area, this late notification severely limits their ability to adequately inform the Zoning Administrators on the impact of multiple residential conversions on the area's total industrial land. Including the CRA/LA earlier in

the Zoning Investigation process, therefore, will allow them to better inform Zoning Administrators to deny residential conversions in the Southeast downtown sub-area, when appropriate, by showing that the proposed housing (in combination with the units already in the downtown industrial area) will both displace the currently vital industries there, as well as make it impossible for future industrial development.

INTRODUCTION

The Los Angeles Community Redevelopment Agency (CRA/LA or the Agency, as referred to in this report) was established in 1948 by the state of California to assist in the elimination of physical and economic blight¹ as described in the California Community Redevelopment code.² To accomplish this task, it commissioned the CRA/LA to establish Redevelopment Project Areas over blighted areas; within which they have the authority to dictate planning, design, and development standards (as long as these standards conform to the City's General Zoning Plan).³

Part of fulfilling the CRA/LA's State mandate includes the establishment of programs to upgrade and improve the many old and run-down industrial buildings throughout the Agency's Redevelopment Project Areas, as well as to preserve jobs, especially for low skill transit dependent workers. However, within many of the industrial Redevelopment Project Areas, the recent increase in housing demand, especially downtown, and the corresponding increase in the value of industrially zoned land have driven developers to convert many industrial buildings into market rate housing. The potential profit from selling industrial land to residential developers, combined with the City's relatively permissive attitude toward conversions⁴ of industrial buildings has created strong incentives for owners to sell, and for developers to purchase, industrial property for non-industrial uses. In the end, these conversions have made implementing industrial development programs and preserving jobs difficult for the CRA/LA in their Project Areas.

In particular, the Agency expressed their apprehension about the market rate housing moving into the industrial areas south and east of the downtown commercial core; the region generally east of Main Street and including the areas straddling the Los Angeles River from Chinatown in the north, to the City of Vernon in the south. Of particular concern, and the focus of this report, is the preservation of industrial uses in the Southeast downtown sub-area, within the CRA/LA Central Industrial (CI) Redevelopment Project Area. This area is a predominantly wholesale industrial district bound by Alameda St to the east, the 10 Freeway to the south, the CI Redevelopment Project Area border to the west and 7th St to the North (MAP 1). According to the Agency, the industries located within this sub-area are extremely vibrant and a source of

¹ Physical blight refers to unsafe environments such as building code violations; uneconomical usage of property; improperly sized parcels; and substandard design. Economic blight, meanwhile, is defined as stagnant or declining property values, high vacancy and low lease rates; lack of common neighborhood retail facilities such as grocery stores; proliferation of adult-oriented establishments such as liquor stores; and high crime rates.

² CRA/LA website, "Who We Are". http://www.crala.org/internet-site/About/who_we_are.cfm. Accessed 2/9/2006

³ The Los Angeles City General Plan

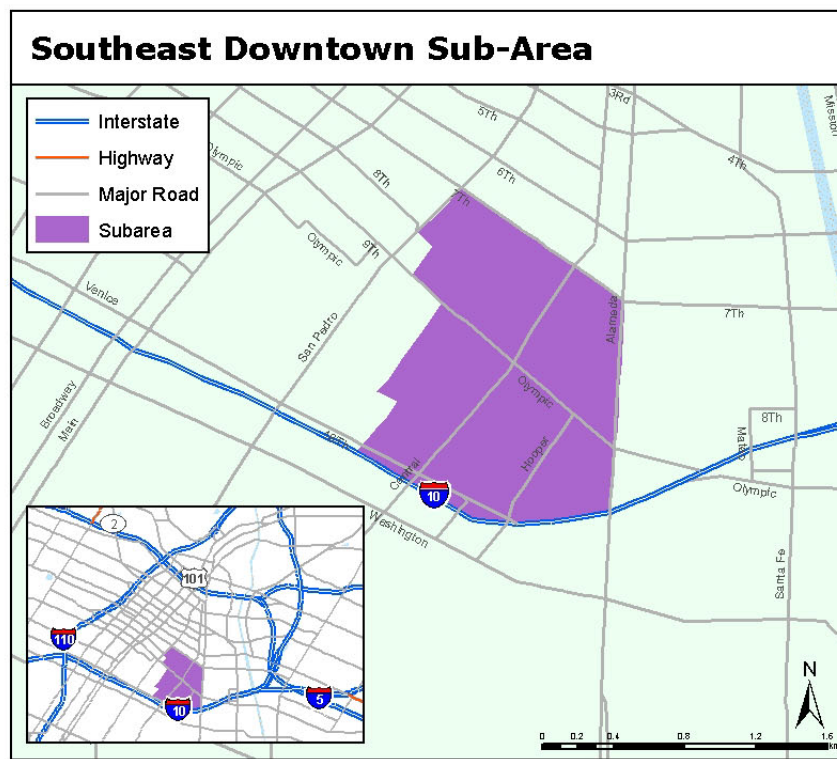
⁴ Conversions typically refer to the process in which developers maintain the exterior of the building, while adapting the internal structure of the building for residential uses.

employment for low-skilled and transit-dependent population living in the surrounding areas.⁵ The CRA/LA selected this sub area for more intensive analysis because the issues facing Southeast downtown are representative of the challenges faced by other industrial areas throughout the City.

Policy Question

In light of the current residential/industrial land-use conflict downtown, the CRA/LA has asked the UCLA policy team answer the following question: *How can the CRA/LA best conserve industrial land in the Southeast downtown sub-area from market rate residential conversions?*

MAP 1



In order to answer this question, we conducted over twenty-five interviews with staff members from several City Agencies, as well as interviews with local community members, real estate professionals, and City Council staff. We also researched the strength of the residential and industrial market demand downtown and studied the permit approval process and policies of our client and the Department of City Planning (referred to as the Planning Department in this report). From this research, we identified six potential policy options CRA/LA could implement on its own or with others in the planning community:

- Redevelopment Plan Amendment

⁵ Interview with CRA/LA Staff, 01/16/06

- Interim Control Ordinance
- Community Plan Amendment
- Include CRA/LA earlier in the Zoning Investigator Process
- Define and Adopt explicit standards on which CRA/LA Staff base their determinations
- Lobby to reorganize Zoning Administrators by regions

We evaluated each option according to its effectiveness, political feasibility, and technical feasibility. From our analysis of these policy options, we concluded that including the CRA/LA earlier in the Zoning Investigation process, and defining and adopting explicit standards on which CRA/LA staff base their determinations provide the best solutions for preserving industrial land in the Southeast downtown sub-area. While the research, analysis and recommendations are specific to the sub-area of study, we believe that the CRA/LA can expand upon the methods and conclusions used in this report to preserve other regions the Agency wants to maintain as industrial.

What This Report Does Not Do

During our initial meeting with the CRA/LA, we discussed the possibility of analyzing best land-use options for the Southeast downtown sub-area. We asked whether residential conversions might represent a market-based solution for land-use decisions, evidenced by industrial owners selling their properties and relocating outside the City. Further, we wanted to investigate whether there might exist other ways of providing jobs or assistance to low-income and transit-dependent workers.

During these meetings the Agency reiterated its belief that Los Angeles should maintain an industrial base within its City limits and stressed the downtown's role in providing that base.⁶ Further, the Agency explained that once industrial land is converted to other uses, recapturing it for industrial use is nearly impossible due to the generally negative perception residents have towards industrial activities and the frequent conflict between industrial uses and residential amenities (i.e. noise, truck movements, etc). Lastly, CRA/LA staff described that one of the Agency's missions is "to create and sustain employment opportunities".⁷ Because over a quarter of the City's industrial jobs are located within CRA/LA Redevelopment Project Areas, the Agency believes that part of there mission includes conserving industrial land. Therefore, due to the client's interests and statutory constraints, the question of whether the CRA/LA *should* slow the lucrative residential developments within specific sub-areas of downtown, including the subject study area, will not fall

⁶ Interview with CRA/LA Staff, 01/16/06

⁷ CRA/LA, What We Do. http://www.crala.org/internet-site/About/what_we_do.cfm. accessed on 02/09/2006

under the scope of our analysis. As requested by the CRA/LA, the following analysis begins with the premise that, at least in our sub-area, the Agency should stop residential conversions.

Furthermore, we understand that while regulatory land-use mechanisms provide one means to achieve the Agency's ultimate goal of preserving industrial jobs, industrial development strategies also play an essential part in maintaining these jobs within the City. However, due to time constraints, we did not include industrial development strategies in the main body of this report. We did, however, complete an initial assessment of the economic vitality of the Wholesale Produce Industry (the largest active industry in our sub-area). An executive summary of that report can be found in Appendix 1.

Organization of Report

- Chapter 1 provides detailed background on the current conflict between residential and industrial land-uses in Los Angeles as faced by the Agency.
- Chapter 2 explains the methods used in this report.
- Chapter 3 provides our initial findings regarding the CRA/LA's role in addressing this problem.
- Chapter 4, based on these findings, describes the policy options available to answer the question of how to conserve industrial uses in the Southeast downtown sub-area.
- Chapter 5 evaluates the set of policy options available to the Agency
- Chapter 6 outlines our recommendations

CHAPTER 1: The Industrial/Residential Land-Use Conflict

Chapter 1.1 Benefits of Industrial Land

A survey of the City's industrial land began in 2003 when the Mayor's Office of Economic Development (composes of the CRA/LA, Planning Department, Housing Department, and Community Development Department) developed the Industrial Development Policy Initiative (IDPI). This document provided information regarding the City's current industrial land base and began the process of formulating future industrial development policies. According to the IDPI, industries are vital for the City's economic health (Table 1).

Chapter 1.2: Loss of Industrial Land

Of great concern to the CRA/LA, the IDPI found that in 2002, 26% of the City's industrially zoned land had been converted to non-industrial use,¹¹ with 4% lost to residential uses and the other 22% lost to commercial uses or public facilities.¹² Even more important to the CRA/LA, the IDPI study found a similar conversion rate within their six heavily industrial Redevelopment Project Areas, noting that developers had converted 27% of industrial land under their jurisdiction to other uses.¹³

We found that there exists great economic pressure to convert industrial buildings to residential uses. The IDPI found that on average, the assessed value of land converted to non-industrial use is 2 to 2.5 times greater than the average assessed value of prior industrial uses.¹⁴ In an interview, a CRA/LA staff member stated that "the performance of industries is not at all an assurance that conversions will not take place because of the enormous market reward for

TABLE 1

Economic Benefits From Industries in Los Angeles
\$219 million in tax revenues to the City (12.9% of total City revenues) ⁸
360,284 jobs (roughly 29% of the City's total workforce) ⁹
Decent pay for all workers of all skill levels, outpacing inflation (on average \$15.30/hour) ¹⁰

⁸Mayor's Office of Economic Development. "Industrial Development Policy Initiative: Phase I Report." First Quarter 2004, p. 19.

⁹*Ibid*, p. 13.

¹⁰*Ibid*, p. 37.

¹¹*Ibid*, p. 13.

¹²*Ibid*

¹³*Ibid*

¹⁴*Ibid*

converting”.¹⁵ In fact, as of September 2005, the downtown industrial vacancy rate was as low as 1%,¹⁶ suggesting that the growing numbers of residential conversions are occurring even amidst a tight industrial market.

Chapter 1.3 Preserving Industries in Southeast Downtown

The CRA/LA is particularly concerned about how the growing loss of industrial land will impact the Southeast downtown sub-area. The General Zoning Plan for this area makes no provision for residential use, but instead includes only Light and Heavy Manufacturing Land-Use designations.¹⁷ The Agency fears that the loss of this industrial land to residential conversions will hurt the currently vibrant industries in Southeast downtown.

This 378-acre sub-area is within the Agency’s CI Redevelopment Project Area and primarily consists of firms that make up downtown's active wholesale and distribution components of such industries as cold storage, produce, small electronics and import/export businesses. Together these industries account for 932 business establishments, the largest of these made up by wholesale traders (42.7%).¹⁸ The area also contains roughly 8,000 of the City’s jobs and contains the Coca-Cola Bottling and Distribution Center, the Los Angeles Wholesale Produce Market, and the Los Angeles County MTA Bus Yard.¹⁹ Because the industries in this sub-area provide continued economic vitality and job growth opportunities, the CRA/LA wants to preserve these small and medium-sized enterprises from future residential conversions. As a result this report provides recommendations to the following question:

How can the CRA/LA conserve industrial land in the Southeast downtown sub-area from market rate residential conversions?

¹⁵ Interview with CRA/LA Planner on 2/27/2006.

¹⁶ LA INC. - The Convention and Visitors Bureau, “Downtown Los Angeles: Travel, Tourism, Facts & Figures,” September 2005, Page 4; http://www.downtownla.com/pdfs/econ_demo/DowntownLosAngelesSummary.pdf, last accessed on 05/08/2006

¹⁷ Los Angeles Zoning Information and Map Access System

¹⁸ Source: Business data provided by InfoUSA, Omaha NE Copyright 2005, all rights reserved. ESRI forecasts for 2005, Business Summary, Prepared by Kim Pfoer

¹⁹ <http://map.cartifact.com/cartifact/dtla/dtla5.html>. By Cartifact for the Downtown Center Business Improvement District. Map version 3.2 accessed February 9, 2006.

CHAPTER 2: Methodology

In order to answer this question we compiled data to determine the CRA/LA's role in addressing the industrial/residential land-use conflict in Los Angeles and to understand the policy options available to the Agency.

Chapter 2.1 Data Sources

We gathered the majority of our data from over 25 primary source interviews. Specifically, we contacted staff members from the CRA/LA and the Planning Department, community members in the downtown area, real estate analysts from the UCLA Anderson Business School and USC Lusk Real Estate program and staff from Council District 14. We gathered this data through face-to-face interviews, phone conversations, and email dialogues.

In addition to interviews, we examined all documented permits allowing for residential conversions downtown compiled by the Office of Zoning Administration. This database was created to get a sense of how closely the Planning Department and CRA/LA worked when reviewing permit applications for residential conversions on industrial land.

We collected the remainder of our data from city council files, the Los Angeles Municipal Code, the CRA/LA website, and reviews of the *Los Angeles Business Journal* and the *Planning Report*.

Chapter 2.2 Procedure

First, we gathered data on general land-use mechanisms available to the CRA/LA to persevere industrial land in the Southeast downtown sub-area. Second, we reviewed the constraints inside the Agency regarding how easily they could implement any of these strategies in the area of study. Next, we realized that the CRA/LA does not represent the sole authority on land-use decisions in the City, and therefore examined their relationship with the Planning Department on approving or denying developer applications for residential conversions on industrial land. Last, we also wanted to understand if there were any internal processes hindering the Agency's efforts in preserving industrial land in its project areas. The following chapter provides our findings to these questions.

From these findings we investigated six policy options and evaluated them using a matrix according to their political feasibility, effectiveness, and technical feasibility. Based on this evaluation we outlined two recommendations to preserve industrial land in the sub-area of study and conducted further research on how to implement these options.

CHAPTER 3: Initial Findings

To establish what policy options could best conserve industrial land in Southeast downtown, we first realized the need to understand the nature of the CRA/LA's role in addressing the residential/industrial land-use conflict in this sub-area.

Chapter 3.1 Survey of Land-Use Mechanisms Available to the CRA/LA

To determine the policy options available to the CRA/LA, we surveyed the general zoning ordinances and plans that regulate land-use in Los Angeles. From this survey, we found several legislative mechanisms used by the Planning Department and the CRA/LA to regulate land-use in Los Angeles. The overarching zoning legislation is the General Zone Plan which outlines land-use for the entire city. There are also detailed, area-specific plans, such as Community Plans, Specific Plans and Redevelopment Plans which dictate the land-use standards in an area of the City.

Furthermore, we found that both agencies can help develop an Interim Control Ordinance (ICO), which would put a moratorium against a specific type of development in a given area up to 24 months.

Chapter 3.2 CRA/LA Central Industrial Staff Constraints

The Southeast downtown sub-area is completely contained within the CI Redevelopment Project Area. This Redevelopment Project Area represents the largest industrially zoned area over which the CRA/LA has jurisdiction (Appendix 2). Because the development and implementation of CRA/LA activities are organized according to Redevelopment Project Areas, the constraints faced by CI staff affect their ability to conserve industrial land in our sub-area. From our research, we note the following constraints to CRA/LA actions in the CI Project Area:

Statutory

Any recommendations to preserve industrial uses in our sub-area must be in conformity with both California Community Redevelopment Law (CCRL) and the CI Redevelopment Plan. The CI Redevelopment Plan must be approved by the Los Angeles Planning Commission and the City Council. The resulting Redevelopment Plan details land-use policies and specific goals and objectives for the staff to pursue in carrying out the agency's goal of removing blight and promoting economic growth.

Furthermore, a seven-member CRA/LA Board of Commissioners, appointed by the Mayor and approved by the City Council, acts as the decision-maker for most of the recommendations

made by the CI Staff.²⁰ While some process changes can be made without CRA/LA board approval, for the most part any land-use regulations proposed by the CI staff must also be approved by the Agency Board.²¹

Political

Since 1991, Agency actions must be approved by the LA City Council.²² Therefore, activities done within the CI project area to preserve industrial uses must take into account the response of City Council Members, especially the response of Council District (CD) 14 which represents the entire CI Redevelopment Project Area.

Community

The CCRL requires that each Project Area staff maintain and communicate with a local advisory body made up of community stakeholders.²³ Within the CI area, these Citizen Advisory Committee (CICAC) members, appointed by the CD 14 office, serve in an advisory role to the CI staff and are usually the most influential persons in the project area.²⁴ In particular, members tend to be politically-involved activists or developers who have developments and projects in that area that are subject to Agency policies.²⁵ Some CICAC members have direct financial stake in the Agency's land-use decisions and can apply pressure to CRA/LA staff to act in their favor.

Resources

Currently, the CI project area staff have few resources to implement and oversee their land-use programs. Each project area is self-sustaining and thus highly dependent on tax-increment financing.²⁶ Because of pending litigation, there are no tax-increment funds available within the CI Project Area.²⁷ This situation constrains its ability to fully develop and implement land-use regulations that conserve industrial land.

²⁰ Interview with CRA/LA Staff, 03/22/06

²¹ Interview with CRA/LA Staff, 03/22/06

²² Interview with CRA/LA Staff, 03/22/06

²³ California State Health & Safety Code 33385.3

²⁴ www.cra.la.org/centralindustrial. Last accessed on 03/06/2006.

²⁵ Central Industrial Community Advisory Committee Roster. http://www.crala.org/internet-site/Projects/Central_Industrial/upload/CentralIndustrialRoster.pdf. Last Accessed on 03/06/2006.

²⁶ Tax-increment financing (TIF) is the main source of funding for the Agency's project areas. The Agency receives a share of the difference between the base assessment of the property when the redevelopment plan was adopted and the assessed value of the property in subsequent years.

²⁷ After the CRA/LA broke up the old CBD project area into two other project areas one of which was the CI, the Los Angeles County sued the agency arguing that the action robbed it of tax revenues. The agency maintains that because blight persisted in the area, a new redevelopment plan was needed to avoid the 2010 expiration of the old plan.

Staff

CRA/LA employment has decreased from 357 employees in 1993 to 205 employees in 2005.²⁸ In particular, there are only 2 planners in the CI project area.²⁹ Planners implement many of the work programs in a project area and are usually the first to know about residential conversions. They have the responsibility of meeting with community members and providing recommendations to the CRA/LA Board. Due to the low levels of staff in the CI project area policy options to preserve industrial land in the Southeast downtown sub-area cannot require significant staff resources.

As a whole, the above constraints indicate that policy options must be able to move through political players influenced by public opinion and must also not require a significant amount of Agency resources.

Chapter 3.3 CRA/LA Relationship with Planning Department

The CRA/LA is one of two public agencies in Los Angeles that develop land-use policy (Figure 1). For the City of Los Angeles, the Planning Department is the citywide planning agency, especially when it comes to approving permits to allow developers to construct residential units on industrially zoned land. However, within the CI Project Area, the CRA/LA has the final authority to allow residential facilities within industrial areas, provided that these uses promote the goals and objectives of the CI Redevelopment Plan, are compatible with and appropriate for the industrial uses in the vicinity, and meet the design and location criteria required by the Agency³⁰ While this shared planning should encourage collaboration between the two agencies on the residential permitting process, especially with the already existing partnership on the management level, we did not find a high degree of partnership between the staff of these two agencies.³¹

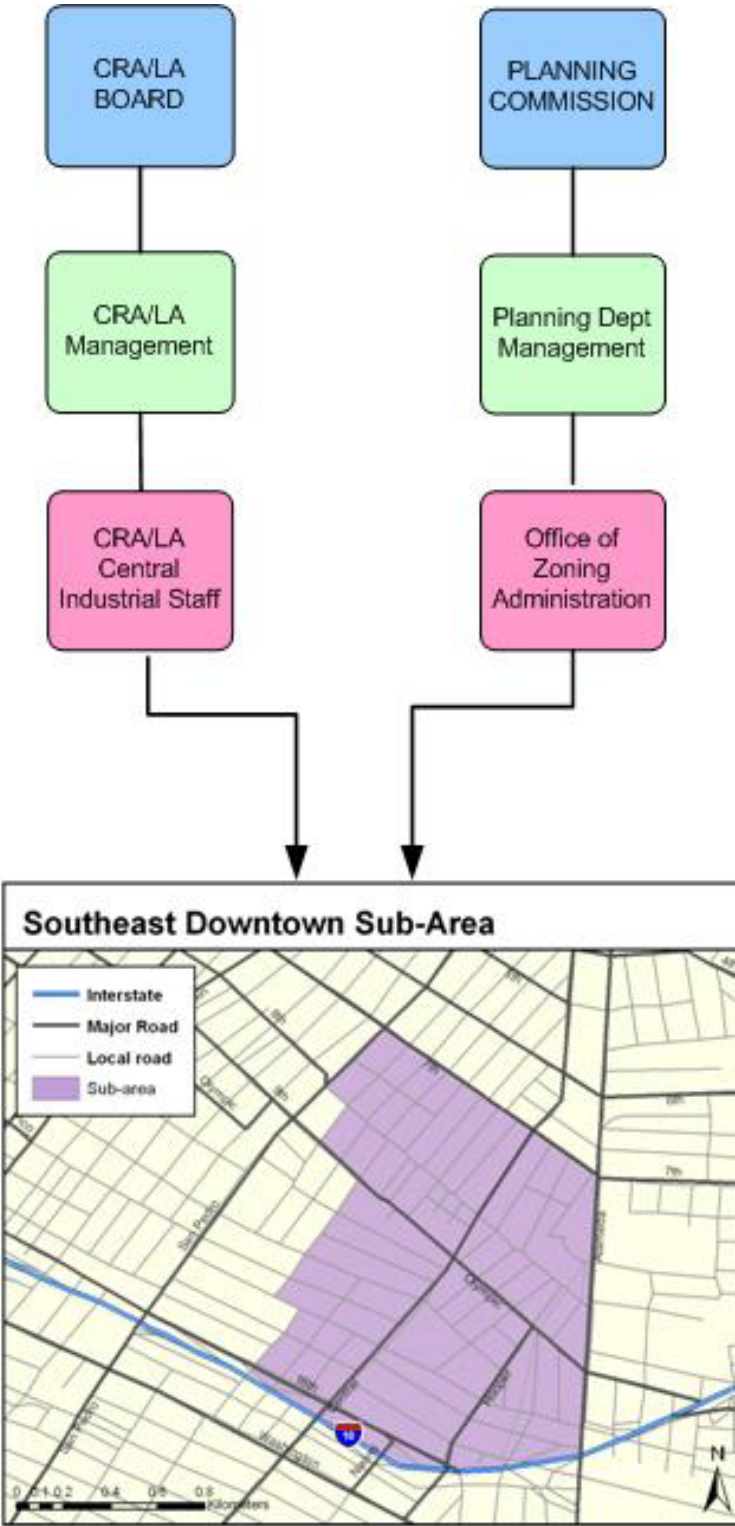
²⁸ CRA/LA website. "Organizational Review". http://www.crala.org/internet-site/About/organization_overview.cfm. Accessed 3/4/2006.

²⁹ Interview with CRA/LA Staff, 01/16/06

³⁰ Section 503.5 and 503.7 of the CI Redevelopment Plan

³¹ Interview with CRA/LA Staff, 01/19/06

Figure 1
Planning Agencies who Review Residential Permits in Sub-Area



Residential Permitting Process

In order to build residential units in the Southeast downtown sub-area, a developer must first obtain a permit through one of five legislative means stipulated in the Los Angeles Municipal Code (LAMC)³² By law, securing approval for a residential project under any one of these five mechanisms requires the developer to submit an application to the Department of City Planning Public Counter, demonstrating how the residential project will meet the following criteria:³³

- (1) Desirable to the public convenience and welfare;
- (2) In proper relation to adjacent uses
- (3) In harmony with the objectives of the General Plan and Redevelopment Plan;
- (4) Not detrimental to the character of the immediate neighborhood;
- (5) Does not displace viable industrial uses.

The following Table 2 and Figure 2 describe the process a developer must undertake to receive an approval for locating residential units on industrially zoned land if, as in the case of our sub-area, the property is within a Redevelopment Project Area. A more detailed explanation of this process can be found in Appendix 3.

³² LAMC 12.24-X,1; LAMC 12.24-X, 3; LAMC 12.27; LAMC 12.32-F; and LAMC 13.06

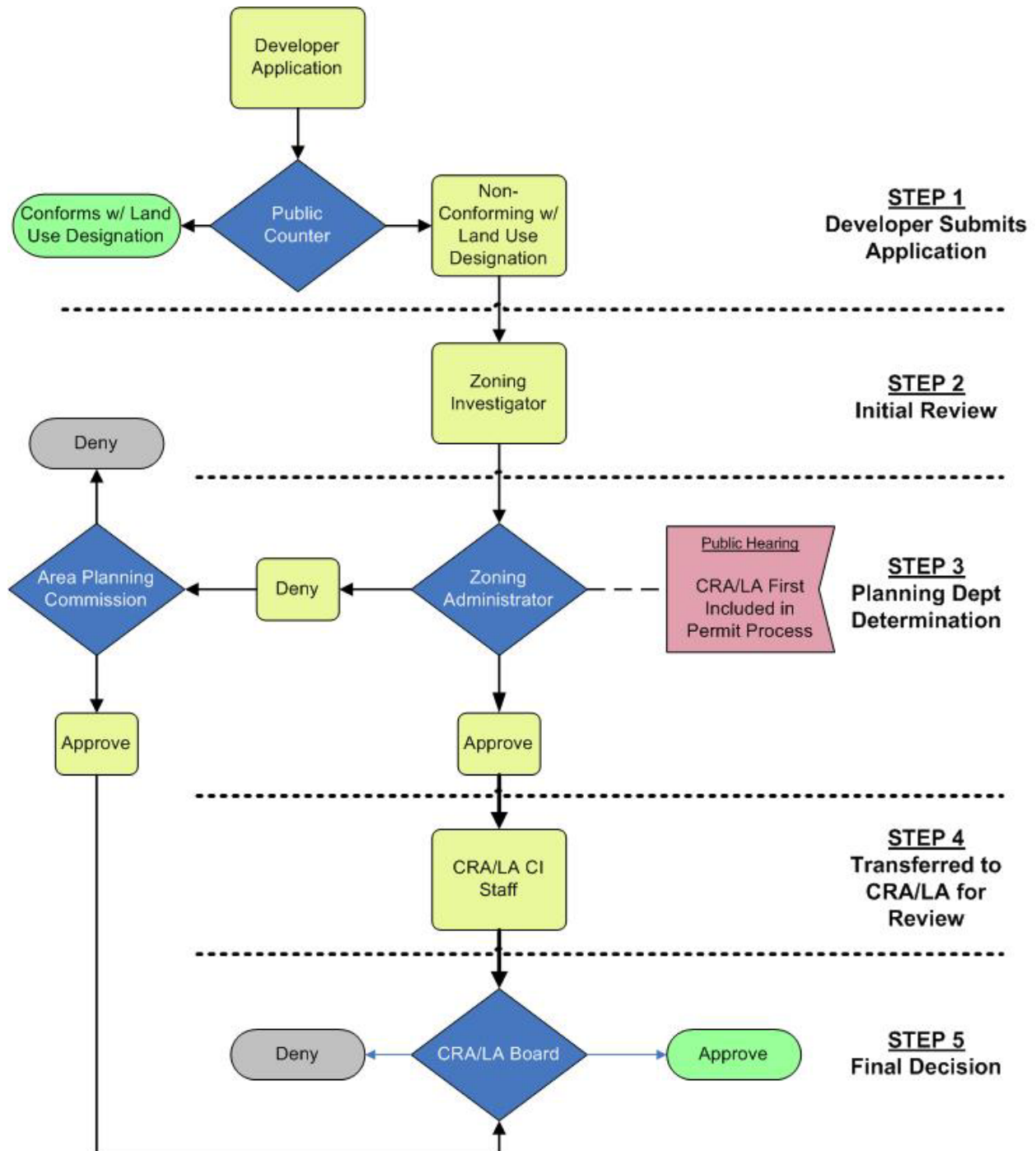
³³ CONDITIONAL USE PERMIT (CU) ZONING CODE SECTIONS: CITY PLANNING COMMISSION 12.24U; AREA PLANNING COMMISSION 12.24V; ZONING ADMINISTRATION 12.24W & ADAPTIVE REUSE (12.24 X 1)

TABLE 2
Entitlement Process for Residential Units in the
Central Industrial Redevelopment Project Area

STEP	RESPONSIBLE PARTY	ACTIONS	AVG LENGTH OF TIME
1 Submit Application	Public Counter	<ul style="list-style-type: none"> Reviews the accuracy and content of the application If deemed complete forwards the application to a Zoning Investigator (ZI). 	1 Month
2 Initial Review	Zoning Investigator (ZI)	<ul style="list-style-type: none"> Examines whether the Planning Department has made any relevant approvals or denials for past projects at the same address. Visits the site to determine the existing use of the building and the relevant uses of buildings within a 500 foot radius of the project. Reviews the project's conformity with the relevant Community Plan and Redevelopment Plan. Reviews the project's impact on nearby traffic, parking, and environment. Provides this information as a report to the Zoning Administrator. 	1 - 2 Months
3 Planning Department Determination	Zoning Administrator (ZA)	<ul style="list-style-type: none"> Oversees the public hearing³⁴ for cases City-wide (<i>public notice sent to CRA/LA 24 days before hearing</i>). Approves or denies the applicant's residential project based on whether it meets the criteria in the LAMC. Denials can be appealed to the Central Area Planning Commission. 	2 – 6 Months
4 Transferred to CRA/LA	CRA/LA CI Staff	<ul style="list-style-type: none"> Creates report to CRA/LA Board outlining their professional judgment for supporting or opposing the residential building on industrial land. 	1 Month
5 Final Decision	CRA/LA Board	<ul style="list-style-type: none"> Approves or denies the residential project based on its conformity to the applicable Redevelopment Plan. 	1 Day

³⁴ The public hearing provides the opportunity for nearby residents of a particular residential conversion project to provide testimony indicating their support or opposition.

FIGURE 2
Permit Approval Process



Problems resulting from little collaboration

When reviewing this process we found that, at least on the staff level, there exists little collaboration between the Planning Department and CI staff when making determinations about a residential conversion project on industrially zoned land in the CI Project Area. In fact, the CRA/LA is not included in the Planning Department permitting process until they are sent a notice 24 days before the public hearing. **On average, over the last five years, CRA/LA CI staff receive this notice 53 days after the application has been sent to a ZI.**³⁵ Partly due to the lack of interagency collaboration, over the last five years Zoning Administrators approved of 46 out of the 50 (92%) residential applications in the industrial downtown area.³⁶

We found this lack of collaboration problematic and worsened by the fact that the Planning Department does not assign Zoning Administrators (ZA) to specific areas.³⁷ Interviews with the Office of Zoning Administration suggest that one of the main reasons for organizing ZAs in this manner is to protect the Planning Department from Agency capture. The fear of binding a particular ZA to hear cases from a specific area presents the danger that he or she might rule consistently in favor of approving developers' applications; the result being that certain areas with an "easy" ZA would see an excessive amount of approvals for entitlement permits. As a result, they neither possess specialized knowledge on the nature of industries in our sub-area nor on the area-wide impacts the proposed housing development will have on the region. ZAs, therefore, must rely heavily upon the report from the Zoning Investigator (ZI) to make their determination on whether the residential project will displace future industrial uses. However, while ZI reports include information on the particular property in question, they do not speak to the "big picture" impact of multiple residential conversions on downtown industrial facilities. Under this narrow focus approving a residential development in the area would appear to meet the criteria set out by the LAMC, since the conversion of any one building, in isolation, would have a minimal impact on the present and future viability of downtown industries,. In fact, from a sample of these determinations, we found ZAs to conclude that the proposed residential conversions did not displace any industrial uses, and conformed to the General Plan, and CI Redevelopment Plan.

³⁵ Average from all 50 Zoning Administrator Cases between 2000 and 2005

³⁶ From a review of ZA determinations in CD 1, 9, & 14 over the 5 years

³⁷ The motivation for this is threefold: (1) No one particular area in the City will get the "easy" or "hard" Zoning Administrator; (2) Want to ensure an equitable level of work for all ZAs and ZIs; (3) Precludes loss of great institutional knowledge if Zoning Administrators are relatively interchangeable rather than be subject to losing the one person who knew coastal issues or horse keeping issues or artist loft issues

In contrast, CRA/LA CI Project Area staff possess knowledge on the trends and area-wide effects of housing on future industrial viability within the eastern portion of downtown³⁸ However, their inclusion is so late in the permitting process that they lack sufficient time to research the proposed housing project, and provide a recommendation based on the project's overall impact to the CI Redevelopment Plan and the downtown industrial area during their public testimony.

Furthermore, when approving a residential conversion in the CI Project Area the ZAs must determine whether the project conforms to the CI Redevelopment Plan. However, from our discussions with CRA/LA staff, we found that they are often not contacted by the Planning Department staff regarding the projects conformity with the CI Redevelopment Plan.³⁹ Instead, the ZI commissioned to research the housing project often reads and interprets the redevelopment plan themselves when determining whether the application conforms to the CI Redevelopment Plan

In summary, we found little collaboration between CI staff and those Planning Department staff in the Office of Zoning Administration when reviewing applications for residential conversion permits. Therefore, the set of potential policy options reviewed in this report attempt to address the problems in the above permit system either by guiding Planning Department and CRA/LA staff to deny residential conversion permits in the Southeast downtown sub-area or by facilitating greater collaboration between these two agencies.

Chapter 3.4 Internal CRA/LA Residential Conversion Approval Process

The problem resulting from the lack of collaboration with the Planning Department is compounded by the fact that the CI staff are reluctant to recommend approval for the residential project when it finally comes to their Board. Of the 50 residential permit approvals, the Agency approved all 22 located in the CI Redevelopment Project Area (Appendix 4). From interviews with the CI staff, they assert that because of the late notification from the Planning Department, by the time the CRA/LA Board hears the application, the developer has already been through an 8-10-month long permitting process.⁴⁰ CRA/LA staff fear that after such a costly and time consuming process, blocking the process may unnecessarily bring negative attention to the Agency along with charges that they are thwarting economic development already endorsed by the City.

³⁸The CI FY 2005-2006 work program provides for a rail abandonment study and a project wide traffic and truck circulation analysis. Because the majority of industries in the CI Project Area are made up of wholesale traders which rely heavily upon transportation, the fact that staff resources are focused to address traffic and truck circulation indicates they understand what actions will have a significant positive effect on industries the area, and most likely a good idea of what will have a large negative impact.

³⁹ Interview with CRA/LA CI staff, 02/08/2006

⁴⁰ Interview with CRA/LA CI staff, 02/08/2006

In addition to the lateness of their inclusion in the permitting process we also recognized potential issues internal to the CRA/LA that may have contributed to the approvals of 100% of the residential conversion applications that came before their Board. From our investigation into the CRA/LA approval process we determined two causes behind CI staff's apparent support of residential conversions of industrial buildings:

- Staff cannot openly recommend against conversions because members of the advisory CICAC have economic interests within the project area.
- The Agency and the project area redevelopment plan have no explicit guidelines for staff to follow when recommending to support or deny against residential conversions. Such uncertainty allows extra-agency pressure groups such as the members of CICAC to influence decision-making.

From these findings, the process of approval within the Agency has passively enabled runaway conversions of industrial facilities. Consequently, we chose to examine policy options that would encourage staff to make professional recommendations, regardless of outside pressures.

CHAPTER 4: Policy Options

We reviewed six policy options chosen based on their connection to the findings from Chapter 3. We organized each policy option according to how it protects industrial land from residential conversions. Specifically, we classified these options into (1) Regulatory Mechanisms and (2) Procedural changes. Tables 3 & 4 summarize the direct relationship between our four findings and the particular policy option we reviewed.

TABLE 3
Regulatory Policy Options
Connection to Findings

Policy Option	Connection to Findings
Redevelopment Plan Amendment	ZAs and CRA/LA staff must determine whether the proposed residential project is in conformity with the CI Redevelopment Plan. Amending this plan to better clarify where housing is or is not appropriate would make it more difficult to approve housing in this sub-area.
Interim Control Ordinance	From our initial research of regulatory land-use mechanisms available to preserve industrial land, we found that ICOs can place a moratorium against residential conversions on industrial land.
Community Plan Amendment	ZAs must determine that the proposed residential project conforms with the Community Plan. Amending this plan to clarify where housing is appropriate would make it more difficult to approve housing in this sub-area.

TABLE 4
Procedural Policy Options
 Connection to Findings

Policy Option	Connection to Findings
Include CRA/LA earlier in the ZI process	CRA/LA staff are not included in the ZI process until 24 days before the public hearing (on average 53 days after ZI first receive the case). They currently do not have enough time to research the project and develop a position when asked to give public testimony regarding the proposed residential project.
Establish explicit standards on which CI staff base their determinations	CRA/LA staff still have the final say with regards to approving or denying a residential project within the CI Project area. However, from our research, it appears they cannot openly recommend against conversions because members of the advisory CICAC have economic interests within the project area. Establishing explicit standards on which CI staff base their determinations would constrain them to deny certain residential projects, regardless of CICAC influence.
Lobby ZAs to re-assign staff to specific regions	ZAs are not organized by regions and, therefore, cannot develop a detailed knowledge of the effects from multiple residential conversions on industrial viability in the region. Re-assigning ZAs can help solve this problem.

CHAPTER 4.1 Regulatory Policy Options

Redevelopment Plan Amendment

A Redevelopment Plan outlines the goals and objectives the Agency wishes to achieve within a project area and details the methods to achieve them. Both the Office of Zoning Administration and CI staff have claimed that residential conversions of industrial land meet the goals of the CI Redevelopment Plan.⁴¹ They point to the fact that the CI plan specifies both the objective to provide a “sound housing stock...including artist-in-residence and live-work residences” as well as the objective to improve industrial viability.

⁴¹ From a review of ZI and CRA/LA staff reports regarding the conversion of an industrial building to residential uses

- How Option Protects Industrial Land: Amending the language of the plan could clarify which sub-areas to maintain as industrial and which areas are feasible for residential units. A more specific Redevelopment Plan would guide ZA and CRA/LA staff to base their findings on the updated details of the redevelopment plan and apply geographically appropriate goals to specific cases. While we estimate that this clarification should effectively inform decision making, we also acknowledge that it does not force ZAs or CI staff to deny an application. Therefore, a Redevelopment Plan Amendment does not guarantee 100% conservation of industrial land.
- How Long It Protects: Until the Redevelopment Plan expires, or until another Plan Amendment is adopted. In either case this strategy preserves industrial land, most likely, over 10 years.⁴²
- Approval Process: Needs approval from CRA/LA Board, City Planning Commission, and a motion by the City Council.⁴³ Because an Amendment will not oppose residential development in all areas of the Project Area, but only provide more clarification as to the balance between residential and industrial uses, we do not expect an excessive amount of opposition.
- CRA/LA Staff Required: Potentially over 10 CRA/LA staff members required to prepare analytical documents, communicate with local community members, and transmit appropriate documents to City and County entities.⁴⁴
- Length of Time to Implement: If only minor adjustments made to the language of the plan, it could take 18 to 24 months to develop and implement.⁴⁵

Interim Control Ordinance

An ICO refers to a set of development conditions or regulations for a particular geographical area. Initiating an Interim Control Ordinance (ICO) can provide a temporary, but quick solution to conserving industrial land in the downtown Southeast sub-area. An ICO refers to a set of development conditions or regulations for a particular geographical area.

- How Option Protects Industrial Land: A moratorium against residential conversions of industrial buildings in the Southeast downtown sub-area by stipulating that no square feet of industrial land be lost to residential uses.⁴⁶
- How Long It Protects: One year with possible 6 to 12 month extensions.⁴⁷

⁴² California Health & Safety Code 33450-33458

⁴³ Ibid

⁴⁴ Interview with CRA/LA Staff, 03/01/06

⁴⁵ California Health & Safety Code 33450-33458

⁴⁶ From Review of 11 ICOs over the last 10 years

⁴⁷ From Review of 11 ICOs over the last 10 years

- Approval Process: ICO initiated by a Council Member, developed by the City Attorney's Office in collaboration with the Planning Department and adopted by a formal vote in the City Council.⁴⁸ We expect an ICO to have the highest levels of opposition. Already during a meeting with the Planning Commission several influential community stakeholders voiced their opposition against this type of legislation.⁴⁹
- CRA/LA Staff Required: At least one to monitor creation and implementation of ICO.
- Length of Time to Implement: Fairly quickly. A review of similar ICOs in the past indicates ICOs take 6 months to a year to prepare and approve.⁵⁰

Community Plan Amendment

A community plan provides details towards implementing the City's General Zoning Plan. The southeast downtown sub-area is located within the Central City Community Plan. However, much like the CI Redevelopment Plan, the Central City Community Plan specifies both the need to increase housing as well as the need to promote the growth of industries in the area. Zoning Administrators are approving residential conversions of industrial buildings, based on the community plan's goals of increasing housing in the area.

- How Option Protects Industrial Land: Amending the language of the Central City Community Plan to clarify the balance between residential and industrial use in the area, especially by making this balance specific to particular geographic sub-areas, would guide ZAs to preserve industrial land in the downtown southeast sub-area. While we estimate that this clarification should effectively inform decision-making, we also acknowledge that it does not force ZAs to deny an application. Therefore, a Community Plan Amendment does not guarantee 100% conservation of industrial land.
- How Long It Protects: Five years until next update to Community Plan.⁵¹
- Approval Process: Originates at the request of a Community Planner in the Planning Department. Adopting a community plan amendment must get the approval of both the City Planning commission and the City Council. Because an Amendment will not oppose residential development in all areas of the Project Area, but only provide more clarification as to the balance between residential and industrial uses, we do not expect an excessive amount of opposition.

⁴⁸ From Review of 11 ICOs over the last 10 years

⁴⁹ Planning Commission Meeting, 03/16/2006

⁵⁰ We reviewed the only 3 ICOs over the last 10 years that dealt with residential/industrial land-use conflicts

⁵¹ Interview with Planning Department Staff, 02/15/06

- CRA/LA Staff Required: At least one to monitor creation and implementation of Community Plan.
- Length of Time to Implement: Two years to develop.⁵²

CHAPTER 4.2 Procedural Policy Options

Include the CRA/LA earlier in the ZI process.

In order to get the approval to place residential units on industrially zoned land in the southeast downtown sub-area, applicants must obtain a permit from the Office of Zoning Administration in the Planning Department. Over the last 5 years, this office approved the adaptive reuse of 46 out of the 50 (92%) residential loft conversions in the industrialized Downtown East.⁵³

- How Option Protects Industrial Land: Allows the CI staff to provide ZAs with information regarding the area-wide impact on Southeast downtown industries, especially at a time in the process when they can express themselves more strongly, as opposed to later when they feel constrained to follow in the footsteps of the Planning Department. With this information ZAs will have a more difficult time determining that multiple residential conversions are not displacing viable industrial uses. However, we understand that more information cannot force ZAs to deny a residential conversion application in our sub-area. While we expect this option to conserve more industrial land than current practices do, we cannot guarantee that it will maintain 100% of the industrial land in our area.
- How Long It Protects: As long as CRA/LA and Planning Department staffs maintain good relations.
- Approval Process: Because it is a process internal to the Agency, it does not attract attention from potential opponent. Therefore, we expect low levels of opposition. There may be some opposition from within the Planning Department who may fear greater control from CRA/LA in this land-use decision making process.
- CRA/LA Staff Required: Does not require any formal legislation, but also done completely outside CRA/LA control. May be difficult convince the Planning Department to include CRA/LA earlier in permitting process.
- Length of Time to Implement: Six months to a year to fully incorporate new procedures.

⁵² Interview with Planning Department Staff, 02/15/06

⁵³ From a review of ZA determinations in CD 1, 9, & 14 over the 5 years

Define and adopt explicit standards for recommending land-use policies

As mentioned above, the CRA/LA Board must approve residential conversion permits within the CI project area. The final determinations are made based on whether that the new residential building will be in conformity with the areas Redevelopment Plan. In our research, we found many of the CICACs industrial property owners realize they can make a substantial profit from selling their land to residential developers, even if their industry is currently profitable.⁵⁴ Our interviews with staff show that there is pressure from these stakeholders to promote residential developments throughout the downtown industrial area. When the CRA/LA finally has their opportunity to use the staff's detailed knowledge on the impact of these projects, staff are pressured against openly opposing a conversion.

- How Option Protects Industrial Land: Setting detailed explicit standards to guide CRA/LA staff and Board when making their determinations to facilitate or opposed residential development would effectively guide CI staff to preserve industrial land in the southeast downtown sub-area. However, while this option can guide staff, it does not necessarily force them to deny a residential conversion application. Therefore, while we expect this option to conserve more industrial land than current practices do, we cannot guarantee that it will maintain 100% of the industrial land in our area.
- How Long It Protects: As long as CRA/LA continues to use these standards.
- Approval Process: Administrative procedural changes do not require Board approval.
- CRA/LA Staff Required: The recommendation can be adopted by staff members informally.
- Length of Time to Implement: Most likely 6 months to a year to fully incorporate new procedures.

Lobby Planning Department to organize Zoning Administrators according to regions

ZAs are assigned to review cases on a citywide basis. While this overcomes some of the problems from assigning one individual to a specific region, ZAs do not have a specialized knowledge of the trends and needs of industrial growth or recession in a particular area.

- How Option Protects Industrial Land: By specializing ZAs according to regions the Planning Department could build a context of knowledge to judge the impact of a multiple residential conversions on downtown industries when making their determination. While a better understanding of the trends in the area should help ZAs to find how residential conversions are impacting viable industrial uses, it does not force them to deny a permit. As a result, while we

⁵⁴ Interview with CRA/LA Planner, 02/27/06

expect this option to conserve more industrial land than current practices do, we cannot guarantee that it will maintain 100% of the industrial land in our area.

- How Long It Protects: As long as Planning Department maintains this new organization of ZAs.
- Approval Process: Does not require any formal legislation, but also done completely outside CRA/LA control. May be potentially difficult get the Planning Department to undertake the time consuming process of re-organizing the Office of Zoning Administration.
- CRA/LA Staff Required: A few staff to lobby the Planning Department to make this case
- Length of Time to Implement: Most likely 1-2 years to completely reorganize ZAs.

We summarize the policy options in the table on the following page (Table 5).

TABLE 5
Policy Options Summary

Policy Option		Authorizing Agency	How it Conserves Industrial Land	Length of Time	Approval Process
Regulatory	Redevelopment Plan Amendment	CRA/LA	<ul style="list-style-type: none"> Determines exactly where housing and industrial uses should be located. 	<ul style="list-style-type: none"> Effective for over 10 years. 	<ul style="list-style-type: none"> Needs to be approved by CRA/LA Commission. Can take 18-24 years to develop and get approved.
	Interim Control Ordinance	City Council	<ul style="list-style-type: none"> Places a moratorium on residential conversions. 	<ul style="list-style-type: none"> 1 year with possible 1 year extension. 	<ul style="list-style-type: none"> Must be approved by City Council.
	Community Plan Amendment	Department of City Planning	<ul style="list-style-type: none"> Determines exactly where housing and industrial uses should be located. 	<ul style="list-style-type: none"> Effective for 5 years. 	<ul style="list-style-type: none"> Originates at the request of the Community Planner. Adoption requires approval of both the City Planning Commission and the City Council.
Procedural	Include CRA/LA earlier in the ZI process	CRA/LA and department of City Planning	<ul style="list-style-type: none"> Will provide ZAs with information regarding the area-wide impact on Southeast downtown sub-area. Will allow the CI to include their input earlier in the process when they can express themselves more strongly. 	<ul style="list-style-type: none"> Effective as long as relationships are established and maintained across agencies. 	<ul style="list-style-type: none"> No formal approval process. Implicit approval of City Planning Department due to need for buy in.
	Define and adopt explicit standards for recommending land-use policies	CRA/LA	<ul style="list-style-type: none"> Establishing explicit standards on which CI staff base their determinations would guide them to deny certain residential projects regardless of CICAC influence. 	<ul style="list-style-type: none"> Effective as long as Agency maintains standards. 	<ul style="list-style-type: none"> No formal approval process.
	Lobby that ZAs are reorganized by regions	Planning Commission	<ul style="list-style-type: none"> Build a context of knowledge to judge the impact of a multiple residential conversions on downtown industries when making their determination. 	<ul style="list-style-type: none"> Effective as long as the City Planning Department maintains reorganized ZAs. 	<ul style="list-style-type: none"> No formal approval process. Implicit approval of City Planning Department due to need for buy in.

CHAPTER 5: Analysis

Considering the qualitative nature of the CRA/LA's policy options, a feasibility study was determined to be the most appropriate method of analysis to ascertain the optimal policy option. Generally speaking, a feasibility study eliminates options that are impractical according to defined criteria. For the purposes of this report we evaluated each option with regards to the degree of its effectiveness, and to both its political and technical feasibility. To make our analysis completely transparent, we created a numerical scoring system based on each options set of characteristics as defined by specific aspects of our criteria.

Chapter 5.1 Criteria

To determine the most feasible options, we decided to measure them against criteria that would illuminate their capacity to help the CRA/LA conserve industrial land in our sub-area. Specifically, through discussions with the CRA/LA, regarding their constraints when implementing these options, we identified the following broad definitions of criteria: *Political Feasibility*, *Degree of Effectiveness* and *Technical Feasibility*. Further, we defined specific and unique components of these criteria and weighed each option against them. A summary of the definitions of the criteria and their components follows:

Political feasibility

This criterion illuminated those options impractical to implement due to the nature of their exposure to political opposition. Including political feasibility in our analysis was particularly important to the CRA/LA as they continue to face opposition from residential developers, and community stakeholders regarding their intervention in housing development downtown. Political feasibility will be measured according to the following characteristics:

- Veto Points. Any option requiring approval from a governing board (either elected or appointed) will allow access to political opposition. The number of approval/veto points is inversely related to the probability that the option will be implemented. Therefore, an option with a higher number of veto points will have a lower chance of being adopted and implemented. The range of veto points present among our options range from one to three for legislative options and zero to one for procedural options.
- Level of Political Opposition/Support. Describes the net strength, or weakness, of political opposition to a particular policy option. Because most options garner both supporting and

opposing interests, using this criterion, we determined which force is the most powerful and influential on a particular policy decision. The option with the strongest political opposition is considered least favorable to the CRA/LA

Degree of Effectiveness

This criterion describes *how well* the option protects industrial land and differentiates options according to their capacity to protect industrial land in our sub-area. Our analysis uncovered two distinct aspects that described the degree of effectiveness for each option: the *completeness* and the *period* over which each option conserved industrial land.

- *Completeness of conservation provided.* Defined as the option's ability to conserve industrial land from residential conversions in our sub-area. Estimated by percent of total square feet of industrial land conserved.
- *Period of Conservation.* Defined as the length of time an option conserves industrially zoned land from further residential conversions. Estimated by number of months/years.

Technical feasibility

Given the funding constraints facing the CI Project Area⁵⁵, our client clarified that any viable policy options must not require considerable staff hours. As such, the success of any policy recommendation will depend on its relative ease of implementation and will require as little collaboration with other City departments as possible. Hence, technical feasibility refers to the degree of collaboration necessary, and the amount of staff and time required to implement the policy option.

- *Degree of Collaboration.* We assume that the CRA/LA will be involved with any policy option, whether directly or indirectly. In the case that they are not directly involved in the implementation they will at least monitor the policy process in order to ensure that their overall goals are being met. In some cases the CRA/LA may need to collaborate with other players in the Planning Community to ensure effective implementation. Policy options that focused on internal procedural changes were defined as the least collaborative and would be preferred in terms of technical feasibility. We also realized that even within the CRA/LA itself, management and staff may not always share the same views on how to approach the residential/industrial land-use conflict, and may, therefore, have problems agreeing on a unified solution. The most favorable options, therefore, would be those that could be implemented

⁵⁵ The Central Industrial Redevelopment Area is not currently receiving any Tax Increment Funding due to a pending lawsuit. See Chapter Section 3.2 for more details.

solely by management. Conversely, any policy option that required a relatively high degree of collaboration across multiple agencies would be considered the most unfavorable.

- *Number of CRA/LA Staff Required.* Defined as the number of staff members required during the entire policy process. A feasible policy option will require as little staff time as necessary.
- *Time Required for Completion of Policy Process.* Defined as the overall time required to complete the policy process. Generally speaking, time intensive options will be less desirable due to the length of time necessary to see the option move along the policy process.

Overall, judging each policy option against these criteria, we can eliminate those alternatives politically difficult, those with limited effectiveness and those that are time-consuming or difficult to implement.

Chapter 5.2 Scoring the Options

To help identify the options that fare best against our criteria, we assigned each a numerical score according to how well it met the components of the criteria described above. From this score we ranked each option against one another to see those that provided the best alternatives to conserve industrial land in our sub-area. We felt that assigning a numerical score to each criterion would provide the clearest and most transparent method for demonstrating our analytical process. By scoring each option according to the above criteria we make explicit the assumptions behind our claims to each policy option's political feasibility, effectiveness and technical feasibility. Furthermore, because the Southeast downtown sub-area represents only one of the many locations the Agency hopes to study in the future, this system was designed for the CRA/LA to use as an evaluative tool concerning industrial land in areas outside our sub-area.

Generally, each option will be scored against the different criteria components discussed above, from the perspective of how they help the CRA/LA achieve its goal. Each will be scored on a range of 1 – 5 with a score of 5 representing the most favorable outcome for the Agency and 1 representing the least favorable. Each option will receive a score based on the following thematic scale, and each component of criteria will have a specifically defined score.

- **Most Favorable = 5 points**
- **Favorable = 4 points**
- **Moderately Favorable = 3 points**
- **Unfavorable = 2 points**
- **Most Unfavorable = 1 point**

NOTE: This is an ordinal scale. The scoring system was not designed to distinguish options quantitatively. It was designed to provide a clear and concise comparison of the options. In this sense, while a score of 5 is better than a score of 1, it is *not* to be interpreted as five times more favorable. While subjective, this ranking system provides a completely transparent presentation of our team’s decision making process. Moreover the recommended policy options represent our team’s professional opinion and are the product of our best professional judgment.

Chapter 5.3 Scoring Definitions

Political feasibility

Veto Points

For our analysis, we scored options needing to pass several veto points lower than those not requiring formal approval. The range of scores we used for this criterion was set by examining the typical approval processes for land use decisions in the City. For example, we gave the highest score to the options that required a procedural change enacted by management without the need for Board approval (5 points). On the opposite end, we gave the lowest score to the legislative option that required approvals from the maximum numbers of political players in land-use decision making – the CRA/LA Board, the Planning Commission, the City Council and the Mayor (1 point). Our research determined that most land use policies required at least 2 levels of approval, usually from the CRA/LA Board and from another agency. Therefore, a policy requiring approval from two parties was thus considered to be a neutral option (3 points) as it was close to standard operating procedure.

Level of Political Opposition/Support

We determined the point scale for this criteria category according to a logical breakdown of different combinations of both strong and weak support /opposition. Obviously the options most favorable to the CRA/LA are those that have the strongest support and the weakest opposition. In contrast, those policy options least favorable to the Agency are those with the weakest support and the strongest opposition. The following table (Table 6) summarizes the points awarded to options according to varying levels of vulnerability to political opposition.

TABLE 6

POLITICAL FEASIBILITY		
Score	Description	
	Ease of Passage (based on # of Veto Points)	Strength of Political Opposition
Most Favorable 5	Operational change, no need for approval	Support is strong and concentrated and/or Opposition is non-existent not applicable
Favorable 4	Policy adoption requires approval from CRA Commission	Support is moderate; opposition is weak and diffuse.
Neutral 3	Requires approval from 2 entities	Support is weak, opposition is weak.
Unfavorable 2	Requires approval from 3 entities.	Support is weak; opposition is moderate.
Most Unfavorable 1	Requires approval of 4 or more entities.	Support is non-existent; opposition is strong and concentrated.

Effectiveness

Completeness of Conservation

Completeness of each option was measured by the estimated percentage of remaining square feet of industrial land conserved by the policy option. Currently, the CRA/LA reports a 27% loss of industrial land in its redevelopment areas and considers this rate an already unacceptable level. Using this rate as the base for defining our scale, any option that maintains this loss or, alternatively, that conserves roughly 70% of industrial land would be considered an unfavorable option for the Agency (2 points). Those options that actually led to greater loss of industrial land, or at least failed to maintain the current rate of diminishing industrial land was considered the most unfavorable alternative (1 point).

Conversely, for obvious reasons, a policy option that provides conservation of 100% of industrial land would indicate complete effectiveness and would define the top range of our scale (5 points). However, the Agency understands that maintaining 100% of the sub-area's industrial land may not be a realistic outcome. Therefore, a 90-99% conservation of industrial land still provided a favorable policy option for the Agency (4 points). Neutral to the Agency is the loss of 80-89% of the

industrial land in the sub-area as the option still saves more land than typical to the City as a whole, but does not save as much land as other more favorable options (3 points).

Period of Conservation

We also measured effectiveness by the period of time industrial land was conserved by the option. The period of conservation for the six policy options ranged from as long as 10+ years to as short as 1 year (with a possible one year extensions). Because of this range, the most favorable options would be those effective for the longest period of time (over 10 years, 5 points) and the least favorable options those effective for the least period of time (less than 1 year, 1 point).

Procedural options also had an open-ended effective period. However, since their effectiveness was based on a relationship between agencies and not necessarily a concrete measure, such as a zoning statute, their period of effectiveness was also assumed to be slightly less favorable than legislative options. Hence, they were awarded a “favorable” score of 4. The neutral point was considered to be between 2 and 4 years since the CRA/LA communicated that they would prefer a longer conservation period in order to develop appropriate industrial development strategies, but would not be opposed to a solution that presented at least 2 years of conservation.⁵⁶ Table 7 below summarizes the scores awarded to each category of the Degree of Effectiveness criterion.

TABLE 7

DEGREE OF EFFECTIVENESS		
Score	Description	
	Completeness	Length of Time
Most Favorable 5	Conserves 100% of total remaining square feet of industrial land	10 + Years
Favorable 4	Conserves 90 - 99% of total remaining square feet of industrial land	5 – 9 Years
Neutral 3	Conserves 80 – 89% remaining square feet of industrial land	2 - 4 Years
Unfavorable 2	Conserves 70 – 79% of remaining industrial land	1 - 2 Years
Most Unfavorable 1	Conserves less than 70% of total remaining industrial land	Less than 1 Year

⁵⁶ Interview with CRA/LA Staff, 02/15/06

Technical feasibility

Parties Involved in Implementation

An option requiring only CRA/LA management would provide the most favorable option to the Agency since management could implement it without having to work with staff members who may not always share the same perceptions on the residential/industrial land-use conflict. Policy options that recommend internal procedural changes were slightly less favorable since they require at least one agency to implement (4 points).

According to the CRA/LA staff, mode land use decisions involve working with at least one other agency.⁵⁷ Since this degree of collaboration roughly approximates standard operating procedure, it was scored as a neutral characteristic (3 points). Involving additional agencies in the implementation process decreases technical feasibility since it requires collaboration across agencies to ensure effective implementation. The score for each additional agency involved decreased accordingly. Table 8 summarizes the description associated with the technical feasibility of each option according to their criteria score.

Number of CRA/LA Staff Required

A preferred policy option will require as little staff time as necessary. We have set our scale to run the range of staffing available by the CI staff. Currently the staff is small, consisting of 2 planners and funding constraints do not allow for any expansion. Therefore, we considered a policy option requiring 2 staff members neutral as it required the status quo already within the Redevelopment Project Area. Any option that required 1 staff member was favorable (4 points) since it only requires one staff person. A legislative change that requires no implementation would represent the high end of the scale and would be considered most favorable (5 points).

Conversely the unfavorable and most unfavorable options for the CRA/LA would require increasing amounts of staff levels already in the CI Project Area. Requiring up to 5 staff members (at least 3 from other departments) would be unfavorable and options requiring even more would be the most unfavorable. Table 8 summarizes the points awarded to options according to varying levels staffing requirements.

Time Required for Completion of Policy Process

Finally, the overall time required to complete the policy process provided the last criterion we used to judge the favorability of a policy option. Time intensive options were less desirable due to the length of time necessary to see the option complete the policy process. For example, a process such as amending a redevelopment plan is generally a two to three year process but is the most time

⁵⁷ Interview with CRA/LA Staff

intensive processes of all policy options evaluated. Over two years, therefore, represents the most unfavorable option using our scoring and would receive a score of one.

According to CRA/LA staff, a policy option that can be created, adopted and implemented within 6 months, is considered to highly favorable is scored accordingly, with a value of 5. A neutral option is represented by, one year, the “average” amount of time typically necessary to implement a land-use policy.

TABLE 8

TECHNICAL FEASIBILITY			
Score	Description		
	Parties involved in implementation	CRA Staff Required for Implementation	Time Required for Completion of Policy Process
Most Favorable 5	Requires only CRA/LA management to Implement, no internal collaboration necessary	Management only – No staff persons	Entire policy process (from creation to approval) to implementation requires less than 6 months
Favorable 4	Implementation involves CRA Only. Can be an internal change in operation or require no collaboration to implement.	1 staff person	Policy process requires 6-11 months
Neutral 3	CRA + 1 Will require CRA participation and collaboration with one outside parties. ⁵⁸	2 staff persons (Entire CRA/LA Central Industrial staff)	Policy process requires 1 year.
Unfavorable 2	CRA + 2 Will require CRA participation and 2 outside parties.	3- 5 staff persons Policy option requires the work of other CRA/LA departments	Policy process requires 13 months to 2 years.
Most Unfavorable 1	CRA + 3 Will require CRA participation and 3 outside parties. Highly unattractive options.	6-9 staff persons Policy option requires entire Central Industrial staff and up to at least ½ of the CRA/LA's entire planning staff	Policy process is considerable; Over 2 years

⁵⁸ We assume that the CRA will be involved with any policy option. They will at least want to monitor policy and in some cases may even need to collaborate with other players in the Planning Community to ensure effective implementation.

Overall, judging each policy option against these criteria, we eliminated those alternatives with limited effectiveness, those that are politically difficult and those that are time-consuming or difficult to implement. Moreover, by assigning numerical values to these characteristics, we can highlight the differences between each option, and rank them against each other in a clear, effective manner.

Chapter 5.4 Scoring of Each Option

Because we realized that the total score for each policy option was less important than how each score ranked against the others, we developed a matrix that presented all that alternatives together in one table. This matrix evaluated each policy option in two stages; first by its political feasibility and second by its combined score from effectiveness and technical feasibility. To ensure the process eliminated politically unfeasible options, we assigned a benchmark that would remove any option that did not score at least a 3 in any of the political feasibility categories. Using our scoring system, we designated 3 as the minimum since it represented a characteristic that was at least considered “neutral.” As such, any option receiving a score *lower* than 3 on any component of criteria would be considered politically unfeasible and would be eliminated. We understand that procedural change would inherently score higher than legislative policy options as their implementation does not require passing through a veto point (some did require an implicit veto point and were given a score of 4). However, this bias only highlighted the importance for strategies the Agency could pursue that avoided the highly contentious opposition regarding this issue. The following paragraphs summarize the scoring of the set of policy options according to each benchmark. For a detailed explanation of the scoring of each option, please see Appendix 5.

STAGE 1 - Political Feasibility

We began our analysis with an examination of the options’ scores regarding political feasibility (Table 9). We felt that this was the appropriate criteria to focus on first since political opposition would play a primary role in the adoption process given the contentious nature of land-use decisions in the City of Los Angeles. Further we felt that any option, regardless of the degree of effectiveness or technical feasibility, would ultimately be infeasible if it could not be implemented due to strong political opposition. Using our matrix, we found that a Redevelopment Plan Amendment and an Interim Control Ordinance (ICO) would not provide politically feasible options for the Agency to pursue. Therefore, they were excluded from the second stage of our analysis. In contrast, a Community Plan Amendment, a reorganization of ZAs, a procedural change in the residential conversion process, and a procedural change inside the CRA/LA define and adopt

explicit standards to guide staff members provided politically feasible options, with the latter two being the most politically feasible. These four policy options were evaluated in the second stage of our analysis.

TABLE 9
Political Feasibility – STAGE ONE

Policy Option		Political Criteria	
		# of Veto Points	Level of Opposition
Regulatory	Redevelopment Plan Amendment	2	3
	Interim Control Ordinance	2	1
	Community Plan Amendment	3	3
Procedural	Residential Conversion Approval Process Change	5	4
	Define & Adopt Explicit Standards for CI Staff	5	4
	Reorganize ZI's by Region	5	3

STAGE TWO - Effectiveness & Technical Feasibility – Secondary Benchmarks

Next we examined the remaining policies against both the Effectiveness and Technical Feasibility Criteria. We decided to add the scores up for these remaining criteria and then rank the policy options according to which of the two had the highest score. While the total score does not indicate the exact difference of the most favorable options over the others, the fact that some policy options received higher scores in the end indicates that they tended to be more favorable when compared against all the criteria in this analysis. Scoring and analyzing the remaining four options we found that Residential Permit approval process changes and setting explicit standards to guide CI staff provided the two most favorable options for the CRA/LA in preserving industrial land in our sub-area (Table 10). However, they both had scores of 20. Given the ordinal nature of our scale, we could not infer any difference in the overall feasibility of these two options, only that they both provided extremely more feasible and effective options of the entire six evaluated.

Table 10
Effectiveness & Technical Feasibility – STAGE TWO

Policy Option		Degree of Effectiveness		Technical Criteria			Total Score
		Completeness of Conservation	Period of Conservation	Parties Responsible	# Staff required	Time required	
Regulatory	Redevelopment Plan Amendment	4	5 ELIMINATED	2	4	3	
	Interim Control Ordinance	5	3 ELIMINATED	3	4	4	
	Community Plan Amendment	4	4	3	4	2	17
Procedural	Residential Conversion Permit Approval Process	4	5	3	4	4	<u>20</u>
	Define & Adopt Standards	4	5	4	4	3	<u>20</u>
	Reorganize ZI's by Region	3	5	3	4	1	16

CHAPTER 5.5 Selection Preferred Policy Options

Our analysis rated each option according to the following criteria: Effectiveness, Political and Technical Feasibility. A summary of the results of our analysis is presented below.

Options Eliminated in Stage One

- Redevelopment Plan Amendments: This option proved to be too time consuming and politically infeasible to be considered preferred policy choices
- Interim Control Ordinance: Despite a relatively high degree of effectiveness, this option was eliminated primarily since it is one of the most politically infeasible options we examined. However, we do realize that this option provides the only highly effective policy the Agency can pursue in a short time frame, if residential demand in the area proves to be quickly encroaching. While our initial research on the residential demand in the Southeast downtown sub-area did not indicate the need for this option (for our findings of the residential demand in our sub-area see Appendix 6), we understand that our projections of residential demand are estimates at best. Therefore, while this option does provide an extremely politically difficult option, and therefore

not included as one of our main recommendations, in case of emergency we provide the CRA/LA with an implementation strategy for an ICO in Appendix 7.

Options Eliminated in Stage Two

- Community Plan Amendments: While the CRA/LA would be neutral to the number of veto points and opposition faced when doing a community plan amendment, the fact that this option occurred outside the Agency made it less favorable when compared to other policy options. Similarly, the fact that this option took roughly two years to implement made it less auspicious to the CRA/LA.
- Reorganize Zoning Administrators: Again, lobby to reorganize the ZA by regions provided a neutral option for the CRA/LA. We excluded this option mainly because it would require an extremely long time to reorganize an entire department, especially when that department was outside the direct control of the CRA/LA. When compared with other policy options this fact resulted in its lower score.

Preferred Policy Options

- Define and adopt explicit standards for recommending land-use decisions: This is a preferred option because it helps to clarify the allowances for residential land in the Central Industrial Redevelopment Project Area. It can also serve as a guide to give to the Planning Department to communicate the priorities of the CRA/LA regarding land use decisions in the Southeast downtown Area.
- Residential conversion permit approval process change: This is also a preferred option since it displays relatively high degrees of effectiveness and both political and technical feasibility. It also has long term benefits other than protecting industrial land. It presents an opportunity for the CRA/LA to increase its collaborative efforts with a major player in the planning community.

CHAPTER 6: Recommendations

Based on our evaluations from Chapter 5, we provide the following recommendations to conserve the industrial land in the southeast downtown sub-area:

- Establish explicit standards on which Central Industrial staff can base their findings
- Include the CRA/LA earlier in the Zoning Investigator Process

CHAPTER 6.1: Define and adopt explicit standards for land-use decisions

The CRA/LA is the final authority regarding land-use decisions in the Southeast sub-area and can therefore approve or deny any residential conversions on industrially zoned land. However, due to timing constraints caused by a lack of collaboration, the CRA/LA CI staff has felt pressure to act in accordance with the Planning Department decisions. Further, the staff claims the inability to recommend against residential conversion because of CICAC opposition whose members generally support the conversion of industrial buildings to housing.

In order to overcome these obstacles **we recommend that the CRA/LA define and adopt explicit standards when making their determinations to facilitate or oppose a residential conversion project.** We also suggest that, whenever possible, the Agency assign numerical values to these standards to rationalize the process

We propose two main benefits for defining and adopting these explicit standards. First, this procedural change removes the subjectivity caused by some of the conflicting goals currently stated in the CI Redevelopment Plan (as noted above this plan mentions a need both for more housing and for the expansion of industrial uses). By explicitly stating the standards for denying or approving a residential conversion decision, it firmly guides the decisions made by CI staff to be in line with CRA/LA management.

Second, it insulates the staff from political influence by providing a set of guidelines they must follow. They can point to the list as something with which they must comply, regardless of CICAC members. Ultimately, adopting them will better guide staff towards making decisions consistent with the overall goals of the Agency.

The following implementation section describes a list of potential categories from which standards can be derived. This is not an exhaustive list of possible standards but it does emphasize the worth of industrial land and properties so that the Agency can strengthen its argument for preserving these areas.

Implementation

To derive these standards, we propose the CRA/LA draw from the categories already detailed in its report to City Council.⁵⁹ This report was presented during the Redevelopment Project Area approval process to describe the physical and economic blight in the proposed CI Redevelopment Project Area. The CRA/LA should use the conditions described in this report as categories from which to develop standards to define whether a property, or sub-area, is appropriate for residential conversion. Moreover, since these categories have already received public approval when the CRA/LA gave its initial report to City Council, we believe that developing explicit standards from these categories will also receive similar acceptance.

Size and Quality of the Industrial Building

The CRA/LA should assign specific standards towards which buildings are off-limits to residential conversions. In particular, the Agency should assign standards regarding the age of the facility, the buildings size, the number of doors, the number of windows and the average ceiling height.⁶⁰

We found that the most attractive candidates for residential conversions tend to be the larger, multi-story buildings with windows.⁶¹ Fifteen percent of industrial buildings in the CI project area match this description. Therefore, it is imperative that the Agency preserve these rare facilities, especially as they are typically the ones capable of carrying out the complex manufacturing and assembly operations necessary to ensure the continued viability of industrial use in the area.⁶²

Amenities

Furthermore, the Agency should determine a standard for the amenities required by a residential conversions project (such as adequate parking and truck loading facilities). Already in the report to City Council, the CRA/LA indicated that inadequate parking, lack of truck loading facilities, and small parcel sizes contribute to the blighted nature of industries in the area.⁶³ We propose the CRA/LA indicate the amount of parking required per unit when approving or denying a residential conversion.

⁵⁹ The Agency report to council is simply the collection of findings and documents relevant to the project area sent to the City Council, which includes the Environmental Impact Report and the text of the Redevelopment Plan.

⁶⁰ CRA/LA. November 2002. "Proposed Central Industrial Redevelopment Project: Report to Council", section J, p. 4

⁶¹ From review of historic residential conversion in downtown

⁶² CRA/LA. November 2002. "Proposed Central Industrial Redevelopment Project: Report to Council", section L, pp., 12-18

⁶³ *Ibid*, section J, pp. 6-9

Vacancy rate and persistence of vacancy

The CRA/LA should preserve buildings that are more or less occupied for five years prior to a residential conversion application. This period would preserve those buildings that have been occupied for much of their productive life, but recently vacated, especially in cases when the vacancy results from an owner looking to “flip” his or her property to housing. In addition, using this standard would better allow for the long, multi-year process economic development in a project area. By setting a longer time period, before an empty building can be converted to housing, the CRA/LA can allow enough time for its economic development strategies to improve the area to the point where industries would fill that vacancy.

Economic value and economic impact assessment

Before approving residential conversion, the CRA/LA should weight the economic value of that conversion against the economic impact of “lost” employment opportunities and losing salaried workers.

Using current assessed values and its property taxes payments is one way to determine the economic value of the property. However, economic value calculated this narrowly seriously distorts the priority of the redevelopment plan which is to preserve industrial land. The economic impact in the form of job losses and the tax revenues from the loss of an industrial firm must be taken into account as well.

In summary, to encourage unencumbered professional recommendations by staff against residential conversions, the Agency should clarify its procedures and operations. To do this, the CRA/LA should translate their established, categories that describe industrial buildings, industrial amenities, vacancy rates, and economic assessments into functional standards that can guide staff determinations of residential conversion projects. Furthermore, this option can become an even more effective policy if these standards are shared with the Zoning Administrators and Zoning Investigators by encouraging a common standard that both City planning agencies can use.

CHAPTER 6.2 Include the CRA/LA earlier in the Zoning Investigation Process

All of the residential conversions of industrial buildings require the developer obtain a permit from the Office of Zoning Administration in the Planning Department. As noted above, CRA/LA staff is not included in this process until 24 days before the public hearing; on average 53 days after the case has been filed at the Planning Department public counter. While CRA/LA staff members are trained to examine the effects of activities project area-wide, this late notification, limits their ability to work with the ZI to inform the ZA on the overall impact of multiple residential conversions on the areas total industrial land.

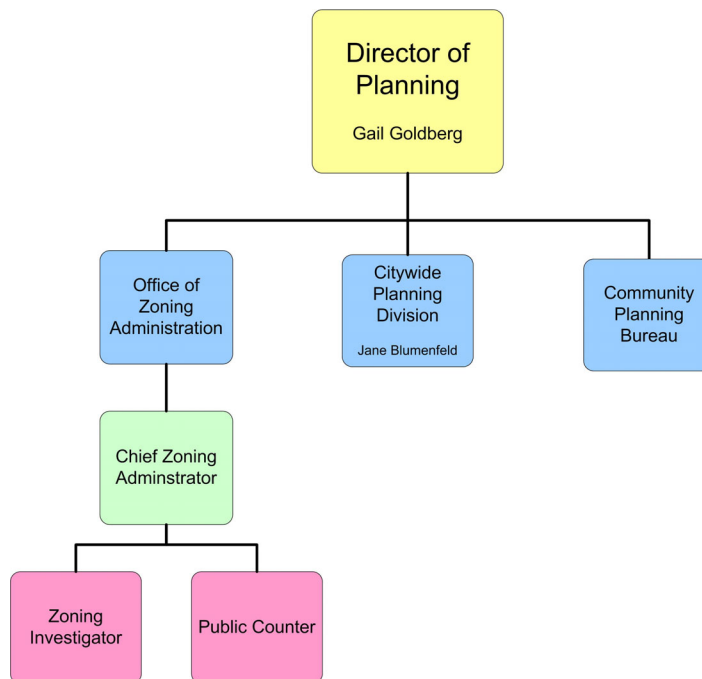
We recommend, therefore, that the public counter at Office of Zoning Administration inform the CRA/LA when a developer files for a project approval within a project area. This ensures that the Agency receives notification about the project as soon as the ZIs begin their background research. This gives CI staff more time to conduct their analysis of the project so they can provide a substantive report to the responsible ZI regarding the impact that the project will have on the CI Redevelopment Plan and the industries in the area.. As result, the ZI report will provide the ZA with a bigger picture of the residential impact on Downtown Industries, making it more difficult to deny the fact that multiple residential conversions do not displace viable industrial uses.

Furthermore, with an earlier notification, the CRA/LA can include their input when they can express themselves more assertively, as opposed to later, when they feel constrained to follow in the footsteps of the Planning Department. Through this improved collaboration with the Planning Department, they can signal to developers that residential conversions are not supported in southeast downtown, potentially saving the applicant money and time. Lastly, this procedural change requires no legislative actions that are vulnerable to public opposition, and can, therefore, be implemented much easier than other options.

Implementation

In order to implement this recommendation, the Agency must work alongside management from within the Planning Department. In particular, if the CRA/LA wants to receive notification from the public counter regarding a residential conversions project in the CI project area, they must speak with the Chief Zoning Administrator who oversees the public counter, and who approves any change to the permit review process. Potentially, the CRA/LA may find it difficult to get this approval especially if the Chief Zoning Administrator does not necessarily have the motivation to spend the time to amend a system that he feels is working adequately. The Chief Zoning Administrator, however, meets once a week with the remainder of the Planning Department Management Team which is managed and facilitated by the Planning Director (Figure 3). During this meeting, the Planning Director has the ultimate authority and could request that Chief Zoning Administrator send notice to the CRA/LA earlier in the permitting process to ensure more effective cooperation between the Planning Bodies of the City of Los Angeles.

Figure 3
Simple Planning Department Organizational Chart



Therefore, in order to include the CRA/LA earlier in the Zoning Investigation process we advise that you address this issue with the new Planning Department Director Gail Goldberg and Planning Department Citywide Division Manager Jane Blumenfeld (also part of the management team who could add a voice of support to the CRA/LA request). From past meetings, we found that the CRA/LA has already begun to collaborate with Jane Blumenfeld and the former planning Director Mark Winogrand. In the past, the conversations with these individuals have been positive, and it appears that both the CRA/LA and the Planning Department management are committed to providing collaborative solutions to preserving industrial land in the southeast sub-area of Downtown.⁶⁴ Gail Goldberg, then, could direct the Chief Zoning Administrator to send a notice to the CRA/LA when the developer comes to the public counter with his or her proposal for a residential conversion in Central Industrial Project Area.

Relevant Issues

There are two important issues regarding the implementation of this recommendation that we ask you take into consideration. First, the political atmosphere surrounding this issue remains particularly positive. Newly appointed Planning Director Gail Goldberg has made resolving residential/industrial land conflict a priority, evidenced by the fact that one of her first actions since

⁶⁴ Interview with CRA/LA Staff, 02/17/06

taking office in early March, was to hold a public hearing addressing this very issue.⁶⁵ This suggests that the CRA/LA should move quickly to offer collaborative solutions towards resolving this residential/industrial land-use conflict.

Second, despite the positive attitude of the director of the Planning Department, we advise that the CRA/LA proceed very carefully when pursuing procedural changes within the Office of Zoning Administration. There may be some turf battles with this Office in the Planning Department who would not want to see another outside party have more influence in the ZA decision making process. We suggest, therefore, that the CRA/LA frame the request to be included earlier in the process as both a way to provide the CRA/LA with enough time to provide more detailed public testimony and a means to increase the overall partnership between the two planning bodies in Los Angeles City. Framing the request in this manner will make the discussions with the Planning Department more constructive and collaborative as opposed to critical of the Planning Department process.

⁶⁵ Planning Commission Meeting 03/16/2006

CONCLUSION

The IDPI demonstrated a profound economic cost to the City if industrial land continues to disappear. In the extraordinarily “hot” downtown real-estate market, industrial uses are continuously under threat by market factors that actively encourage residential conversions. While this trend may be appropriate in some areas of downtown, residential development should be regulated with more forethought when it results in the loss of industrial land.

This study examines not only legislative mechanisms, but also the current procedures and practices governing land-use decisions. Our analysis shows that the CRA/LA makes a good faith effort to prevent the encroachment of residential uses in our sub-area. However, the current land-use permit processes, both in the Planning Department and internal to the CRA/LA, are not sufficient to keep industries safe from conversions. The cause of these procedural problems is the nature of public agency staff to interpret vague statutes and uncertain decisions in ways seemingly contradictory to the agencies stated policies. We recommend, therefore, both reforming the permit process in both the Zoning Administration Office and within the CRA/LA to ensure City will continue to maintain an industrial base into the future.

Although the findings in this study were made with respect to the Southeast downtown sub-area, our recommendations, with minor changes, can also help preserve industrial land in other areas as well. Furthermore, the general methods used in this report provide can help preserve other valuable land-uses (such as historic preservation, and affordable housing) that are vulnerable to market rate housing.

Our policy recommendations aim to be as non-intrusive to existing politics as possible and that makes it an effective first step for the Agency. Eventually, the Agency should proceed to study and identify which economic development policies can eliminate blight in the project area.

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APPENDICES

<u>APPENDIX 1: INDUSTRIAL DEVELOPMENT STRATEGIES</u>	56
<u>APPENDIX 2: CRA/LA CENTRAL INDUSTRIAL PROJECT AREA</u>	58
<u>APPENDIX 3: RESIDENTIAL CONVERSION PERMIT PROCESS</u>	60
<u>APPENDIX 4: ZAD PERMIT LOCATIONS</u>	62
<u>APPENDIX 5: CRITERIA MATRIX SCORING DETAILS</u>	63
<u>APPENDIX 6: RESIDENTIAL DEMAND STUDY</u>	69
<u>APPENDIX 7: INTERIM CONTROL ORDINANCE STRATEGY</u>	72

APPENDIX 1: Industrial Development Strategies

In addition to regulatory land-use mechanisms and procedural changes, industrial development strategies provide another means to achieve the Agency's ultimate goal of preserving industrial jobs within the City.

To that end, we reviewed the characteristics behind the largest active industry in the sub-area (the wholesale produce industry) and recommend industrial development strategies to improve its continued presence in the area. While the entirety of this report is not included in the main body of this report, we provide an executive summary of our findings.

The following assessment of the industry was completed through interviews of wholesale produce merchants, a site visit to three Los Angeles wholesale produce markets and analysis of secondary quantitative data related to wholesale produce. In order to determine the vitality of the wholesale produce industry, we examined several key economic indicators. These indicators included product type, firm size, credit reports, employment levels, labor data, research and technology, locations, international trade, and government incentives. From these indicators we conducted analysis regarding the threats, opportunities, weaknesses and strengths of the wholesale produce industry. Specifically we identified the following in our analysis:

- **Threats:** consolidations between growers and retailers, residential encroachments, and a general lack of enforcement of labor laws
- **Opportunities:** Niche Markets
- **Weaknesses:** Slowly adaptive industry, and many outdated facilities
- **Strengths:** Geographical location and its historic presence in downtown

As a result of our economic assessment and analysis, we developed **three** industrial development strategies the CRA/LA could pursue, given their State mandated abilities. While these activities will only address some of the issues presently faced by the wholesale produce industry, they include the only programs the Agency can complete in isolation. Other strategies would require collaboration with other City departments like the Community Development department, or the Mayor's Office of Economic Development, and these programs should also be looked at in the future. We provide the following list of industrial development strategies:

1) Wholesale Produce Market Improvements

The majority of the wholesale produce industry is concentrated around four wholesale produce markets in the Southeast portion of downtown. While a significant amount of business takes place outside these markets, these centers continue to serve as a magnet to draw retailers who prefer to get their bulk produce from merchants in a centralized area. As a result, other wholesale

produce firms locate themselves nearby to these markets to gain from the magnetic qualities created by these four large centers. Therefore, because these markets provide such an important role in the wholesale produce industry downtown, the CRA/LA should invest in upgrading or improving one of these facilities to ensure their continued economic vitality.

2) Target Specific Businesses Outside the Market to Assist

From a review of the industrial buildings previously converted over the last five years in the downtown industrial area, it appears that residential developers tend to target large multi-story buildings. Therefore, from a database of wholesale produce merchants in downtown, we identified which buildings would most likely be targeted by residential developers. The following buildings included those multi-story properties that the Los Angeles Zoning Information and Map Access System (ZIMAS) indicated had building sq. ft larger than their parcel sq. ft:

- 1200 E. 8th St.
- 1124 San Julian St.
- 1925 E. Olympic Blvd
- 800 McGarrey St.

3) Roadway Improvements

The wholesale produce industry is heavily dependent on trucking as the main source of transportation that links growers with the market and the market with buyers. Freight trucks provide the chief mode of transportation for the shipment of produce accounting for over 90% of all produce shipments in California.⁶⁶ Therefore, ensuring that roads connecting highway exits to wholesale produce merchants are in good condition would help the continued economic vitality of the industry downtown.

⁶⁶ Commodity Flow Survey, <http://www.census.gov/econ/www/se0700.html>, Accessed on 2/4/06.

APPENDIX 2: CRA/LA Central Industrial Project Area

The CI Project Area was adopted in 2002 and covers an area of 738 acres primarily in the southern and eastern parts of downtown. This project area includes striking neighborhoods like the Skid Row district, one of the largest concentrations of homeless populations in the country, and the Artist in Residence District, an industrial area the City has no problem with developing as a community of live-work residents.

Map of Central Industrial Redevelopment Project Area



Source: CRA/LA 2006

The majority of CI redevelopment plan specifies the need for significant industrial development strategies. These strategies include infrastructure upgrades, building rehabilitations, and location marketing. Furthermore, it can use its authority under the CCRL to acquire property, assemble land, and provide loans to industries. However, the CI project area is not currently generating any resources in the form of tax-increment funds and, as a result, cannot finance all of its industrial development strategies. Therefore, current agency operations within the area are largely funded through resources from the Bunker Hill Project Area.⁶⁷

However the plan does make allowances for housing in special circumstances. In particular, one goal of the plan is to provide a “sound housing stock...including artist-in-residence and live-

⁶⁷ Interview with CRA/LA planner, 02/27/06

work residences.” It further states its objectives in achieving this goal such as rehabilitation of buildings for conversion; provision of assistance to encourage affordable artist-focused spaces; and housing for all income levels.⁶⁸

Previously, most of this area was found within a larger project area of Central Business District adopted in 1975. The breakup created two other project areas: a smaller reconstituted Central Business District and City Center. Because the tax-increment revenues from the CBD reached its cap in 2000, it was thought that creating these three new redevelopment project areas (CI, City Center, & CBD Amended) would help in generating continuous revenue for the agency over the long run.⁶⁹

⁶⁸ CRA/LA. “Redevelopment Plan for the Central Industrial Project”. November 15, 2002. p. 3.

⁶⁹ CRA/LA website. “About the Project Area: Central Business District”. <http://www.crala.org/internet-site/Projects/CBD/about.cfm>. Accessed 3/4/2006.

APPENDIX 3: Residential Conversion Permit Process

After paying a filing fee, and receiving a case number, developers are assigned a staff member at the Public Counter Review Desk who examines the accuracy and content of the application. If deemed complete, the manager overseeing the operations of the public counter will then forward the written application to a Zoning Investigator (ZI) in the Planning Department who will provide a more in depth report regarding the proposed project. In general, ZIs receive three applications a week to review and report on. In order to reduce commute times between site visits, these applications tend to be for projects located in the same general vicinity of one another. However, rather than specializing in projects from a particular area, each week ZIs will be rotated to conduct research on applications from a new area.⁷⁰

Zoning Investigators are responsible for researching and reporting on any information related to the proposed residential project. From our review of ZI reports over the last five years, we found that they followed a fairly standard format.⁷¹ In these reports, the ZIs examine whether the Planning Department has made any relevant approvals or denials for past projects at the same address. They also visit the site to provide information regarding the existing use of the building, if a residential conversion, and the relevant uses of buildings within a 500 foot radius of the project. Included in their final report is also an analysis of the project's conformity with the relevant Community Plan and Redevelopment Plan as well as an analysis of the project's impact on traffic, parking, and the environment.

The final report from the ZI is then submitted to one of the seven Zoning Administrators (ZA) in the Planning Department. ZAs are responsible for approving or denying any residential project on industrially zoned land. Presently, ZAs are organized to hear permit cases from anywhere in the City. Interviews with the Office of Zoning Administration suggest that one of the main reasons for organizing ZAs in this manner is to protect the Planning Department from Agency capture. The fear of binding a particular ZA to hear cases from a specific area presents the danger that he or she might rule consistently in favor of approving developers' applications; the result being that certain areas with an "easy" ZA would see an excessive amount of approvals for entitlement permits. ZI reports, then, are distributed on the basis of the current workloads of each of the ZAs. Those ZAs with heavier loads are given easier, smaller cases, regardless of the location, while those ZAs with light loads are given larger, more difficult cases.⁷²

⁷⁰ Interview with Planning Department Staff, 02/06/06

⁷¹ We reviewed 20 out of 50 Zoning Investigator Staff reports for residential/industrial land-use cases between 2000 and 2005

⁷² Interview with Planning Department Staff, 02/10/06

Before making a determination on particular application, ZAs oversee the public hearing in which supporters and opposition provide testimony regarding their thoughts on the potential effect of the residential project. According to LAMC 12.24, all properties within a 500 foot radius of the proposed project must be notified by letter 24 days before the day of the hearing.⁷³ It is at this point where the CRA/LA first hears about any proposed residential project on the industrial land in their project area. They are not notified in any special manner, but instead are sent a letter like every other property owner in the area.⁷⁴

The ZA then makes their determination on whether the applicant's proposed project meets the criteria specified above. If any problems arise with the application, they can ask the developer to change any portion of the project that does not meet the standards set out in the LAMC. If the application is denied, the developer does have the opportunity to appeal to the relevant Area Planning Commission (APC). The Central Area Planning Commission will oversee any appeals made in the southeast downtown sub-area.⁷⁵

Because the southeast downtown sub-area is also located in the CRA/LA CI Project Area, the CRA/LA Board must also review and approve the proposed residential project to ensure that it is in conformity with the area's Redevelopment Plan. CRA/LA Staff from the Central Industrial Project Area develop a report to the Board, indicating their recommendations to approve or deny the residential project. Board members receive this report during a public meeting where they also receive public testimony. At the conclusion of public testimony, the Board takes a vote to approve or deny the proposed residential project.⁷⁶ Therefore, for the southeast downtown sub-area the CRA/LA Board is the last decision maker.

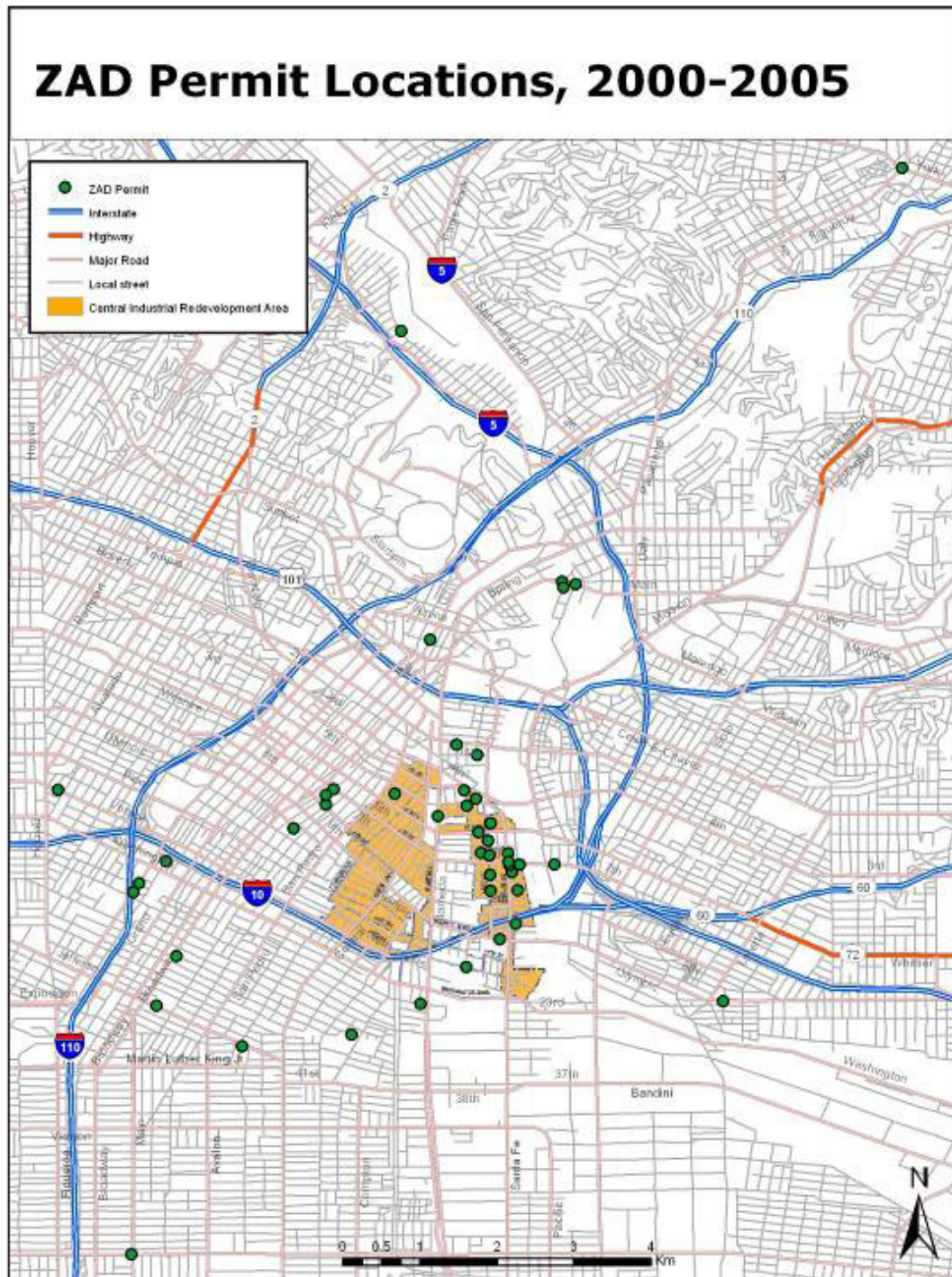
⁷³ LAMC Sec 12.24

⁷⁴ Interview with CRA/LA Staff, 02/13/06

⁷⁵ LAMC Sec 12.24

⁷⁶ Central Industrial Redevelopment Plan

APPENDIX 4: ZAD Permit Locations



APPENDIX 5: Criteria Matrix Scoring Details

Scoring*		Political Feasibility		Effectiveness		Technical Feasibility		
		# of Veto Points	Vulnerability to Opposition Influence	Completeness	Length of Preservation	# of Responsible Parties	# of Staff Required	Time required
IMPROVES	Most Favorable = 5	Operational change, no need for approval	Support is strong and concentrated and/or Opposition is non-existent not applicable	100% preservation of existing industrial land use in subarea.	10+ Years	CRA/LA Management Only	Management Only, no staff required	Less than 6 months
	Favorable = 4	Policy adoption requires approval from CRA/LA Commission	Support is moderate; opposition is weak and diffuse	99 - 90% preservation of existing industrial land	5 - 9Years	CRA Only	1 staff person	6 - 11 months
	Neutral = 3	2 levels of approval	Support is weak, Opposition is weak.	80% - 790% preservation	2-4 Years	CRA+ 1 Outside Party	2 staff persons (Entire CRA/LA Central Industrial Staff)	1 year
HINDERS	Unfavorable = 2	3 levels of approval	Support is weak; opposition is moderate	70% to 90% preservation	1 Year	CRA +2 Outside Parties	3- 5 staff persons, requires the work of other CRA/LA departments	13 Months to 2 years.
	Most Unfavorable = 1	4 or more	Support is non-existent; Opposition is strong and concentrated	less than 70% effectiveness	Less than 1 Year	CRA +3 Outside Parties	6-9 staff persons Policy option requires entire CI staff and up to at least 1/2 of the CRA/LA's entire planning staff	Over 2 years

EFFECTIVENESS AND TECHNICAL FEASIBILITY – STAGE TWO

REGULATORY CHANGES

Redevelopment Plan Amendment

Stage One

Political Feasibility

- **Number of Veto Points (2);** Amendment would require the approvals of the CRA/LA Board, Planning Department Board, and City Council.
- **Level of Opposition (3);** Opposition and support towards a Redevelopment Plan Amendment does not appear more concentrated and vocal on one side or the other. From our research, it appears the CRA/LA is the most opposed to this option as it requires significant staff resources to complete.

Stage Two

Effectiveness

**While we provided scores for effectiveness, we did not consider this option as it did not prove politically feasible to begin with*

- **Completeness (4);** Amending the language of the plan could clarify the balance between residential and industrial land use in the Redevelopment area. While this option will increase the amount of industrial land saved, we do believe that it cannot guarantee the conservation of 100% of square feet of industrial land. Therefore, it was given the next highest score (4).
- **Length of Preservation (5);** Amendments are effective for over 10 years.

Technical Feasibility

**While we provided scores for effectiveness, we did not consider this option as it did not prove politically feasible to begin with*

- **Number of Responsible Parties (2);** successful passage requires collaboration with the Planning Commission and the City Council (Specifically, PLUM Committee).
- **Number of Staff Required (2);** requires significant staff to create and implement.
- **Time required (3);** difficult to tell. At the shortest, could take 18-24 months to develop and implement.

TOTAL POINTS = Policy Option removed from analysis after stage one, no total score

Interim Control Ordinance

Stage One

Political Feasibility

- **Number of Veto Points (2);** Amendment ultimately requires City Council approval.
- **Vulnerability to Opposition (1);** Vulnerable at City Council level, which exposes approval process to opposition. Extreme language generally tends to mobilize strong opposition.

Stage Two

Effectiveness

***While we provided scores for effectiveness, we did not consider this option as it did not prove politically feasible to begin with*

- **Completeness (5);** an ICO can act as a moratorium against the residential conversion of industrial buildings. This provides the most complete policy option as, by law, it preserves 100% of industrial land.
- **Length of Preservation (3);** generally effective for up to 2 years.

Technical Feasibility

**While we provide scores for technical feasibility, we did not consider this option as it did not provide politically feasible to begin with*

- **Number of Responsible Parties (3);** requires working with City Council for passage. However, is a temporary ordinance and does not require resources for implementation.
- **Number of Staff Required (4);** Doesn't require significant CRA/LA staff time, at least one to monitor the development of the ICO.
- **Time required (4);** process generally takes 6 months to a year

TOTAL POINTS = Policy Option removed from analysis after stage one, no total score

Community Plan Amendment

Stage One

Political Feasibility

- **Number of Veto Points (4);** adopting a community plan amendment must get the approval of both the City Planning commission and the City Council.
- **Level of Opposition (5);** Opposition and support towards a community plan amendment does not appear more concentrated or vocal on one side or the other

Stage Two

Effectiveness

- **Completeness (4);** amending the language of the Central City Community Plan to clarify the balance between residential and industrial use in the area would give ZA's guidance to make determinations regarding preserving industrial land. However, because ZA's would still have some discretion, we cannot guarantee this option would preserve 100% of industrial land.
- **Length of Preservation (4);** Effective for five years when Planning Department next updates Community Plan

Technical Feasibility

- **Number of Responsible Parties (3);** originates at the request of the Community Planner overseeing that particular area. As suggested above, successful adoption requires collaboration with Planning Department.
- **Number of Staff Required (4);** requires at least one CRA/LA staff to monitor and provide input to Planning Department.
- **Time required (2);** A community plan amendment typically takes two years to develop.

STAGE TWO TOTAL POINTS = 17

PROCEDURAL CHANGES

Residential Conversion Permit Approval Process Change

Stage One

Political Feasibility

- **Number of Veto Points (5);** requires no formal approval. Internal process change.
- **Level of Opposition/Support (4);** internal process change will not likely attract external opposition. Therefore, opposition from external parties will not be vocal on this change.

Stage Two

Effectiveness

- **Completeness (3);** Intervening at primary source of residential conversion would undoubtedly be effective in preserving industrial land. While some conversions may still pass, this option allows the CRA to voice its concerns early on and develop collaborative relationships with Zoning Administrators. However, because ZA's would still have some discretion, we cannot guarantee this option would preserve 100% of industrial land
- **Length of Preservation (5);** Effective as long as CRA/LA maintains relationships.

Technical Feasibility

- **Number of Responsible Parties (3);** Requires CRA/LA working directly with the Planning Department.
- **Number of Staff Required (4);** requires very little CRA/LA staff time. Initially one or two key staff members to start process. A selection of staff to continue process.
- **Time required (4);** this option could take up to 6 months to fully implement.

STAGE TWO TOTAL POINTS = 19

Define & Adopt Explicit Standards for CI Staff

Stage One

Political Feasibility

- **Number of Veto Points (4);** requires no formal approval. Internal process change.
- **Level of Opposition/Support (5);** internal process change will not likely attract external opposition. Therefore, opposition from external parties will not be vocal on this change.

Stage Two

Effectiveness

- **Completeness (3);** this option should effectively guide CRA/LA staff to make the finding that industrial buildings in our sub-area are not suitable for residential conversion. However, while we expect the conservation of 90% - 99% of industrial land, we cannot guarantee the conservation of 100% of industrial land.
- **Length of Preservation (5);** Effective as long as CRA/LA maintains relationships.

Technical Feasibility

- **Number of Responsible Parties (5);** Can be implemented completely within the CRA/LA, between management and staff
- **Number of Staff Required (4);** requires very little CRA/LA staff time. Initially one or two key staff members to start process. A selection of staff to continue process.
- **Time required (3);** This option could take up to 1 year to fully implement as management must first develop the standards to be used to preserve industrial land in our sub-area

STAGE TWO TOTAL POINTS = 20

Reorganize ZAs by Region

Stage One

Political Feasibility

- **Number of Veto Points (5);** requires no formal approval. Internal process change.
- **Level of Opposition/Support (3);** internal process change will not likely attract external opposition. Therefore, opposition from external parties will not be vocal on this change. However, due to the extensive work within the Planning Department to pursue this option, while not strong opposition, we do expect there to be some resistance to this change.

Stage Two

Effectiveness

- **Completeness (3);** while this option should improve the outcome of preserving industrial land, we do know what the benefits will be of reorganizing ZAs according to Region. In other words, the Planning Department can reorganize them, but it still does not require them to develop an expertise of the impact of residential conversions in an area. Therefore, compared with the other procedural changes, this option is less complete.

- **Length of Preservation (5);** Effective as long as Planning Department continues to organize ZAs by Region.

Technical Feasibility

- **Number of Responsible Parties (3);** Requires collaboration with Planning Department staff, especially as this reorganization is completely outside the direct control of the CRA/LA
- **Number of Staff Required (4);** requires very little CRA/LA staff time. Would require one staff to lobby Planning Department, but as the Agency is not directly involved in this reorganization, this option would require few staff..
- **Time required (1);** This option could take up to 1 year to fully implement as the Planning Department practices must adjust to the new configuration of ZAs.

STAGE TWO TOTAL POINTS = 15

APPENDIX 6: Residential Demand Study

Estimating future residential demand with a high degree of certainty is very difficult, especially when it comes to projecting the demand for a specific sub area within a large geography like Los Angeles. Recently, the UCLA Forecast and the LUSK Center have predicted a gradual cooling of the housing market, with expectation of a “soft landing” for the Los Angeles Housing Market. By “soft landing” they predict the cooling off of the Los Angeles housing market will slowly decrease over the next few years. While the current housing demand in Los Angeles is far from disappearing, our research also indicates a slight leveling of the housing demand in Los Angeles that could result in a less intense demand for residential conversions. Our findings are based on the following factors:

Los Angeles Building Permits

The Los Angeles Economic Development Corporation (LAEDC) in its 2006 Housing Forecast estimates that the total building permits issued in Los Angeles will go down by 5.6 percent from 25,538 units in 2005 to 24,100 units in 2006⁷⁷

Over Supply of Housing

According to Downtown Center Business Improvement Districts, the availability of housing within a two mile radius of the sub area is going to double from the existing 18,226 units in 2005 to 37,790 units by 2008. In accordance with several such historic cycles, this increasing supply and declining demand is strong supporting evidence of the beginning of a multi-year downward phase of the real estate cycle. According to an analysis of U.S. real

estate cycle by Fred Foldvary, an Economist at the Santa Clara University, previous cycles have lasted 18 years where the real estate values and construction peak one or two years before a decrease in the housing demand.⁷⁸ The historical evidence is consistent with the theory that speculative booms in real-estate prices and construction act as an impetus for the downturn itself. Table A- 1

Table A-1. Real Estate Housing Cycles

Peaks in Construction	Start of Housing Depression	Years Until Next Peak
-	1819	-
1836	1837	-
1856	1857	20
1871	1873	15
1892	1893	21
1909	1918	17
1925	1929	16
1972	1973	47
1978	1980	6
1986	1990	8

⁷⁷ LAEDC 2006 Forecast http://www.laedc.org/reports/Forecast_2006-02.pdf

⁷⁸ <http://www.foldvary.net/works/rebc.html>

shows the previous cycles ⁷⁹ Based on this table it can be estimated that the next depression phase will begin around 2008 and last until 2018.

Size of Industrial Buildings in Southeast Downtown

As residential conversions of old office buildings spread through most of the Central City, several residential conversions projects are underway in the Industrial and Artist districts.

However, as of this date, there has been no conversion of industrial buildings in our sub area. From 2000 to 2005 none of the 46 approved Adaptive Reuse Ordinance projects were located in the southeast downtown sub-area. In fact, it appears that over the last five years the trend of residential conversions in the Downtown Industrial Area has occurred south of 7th St and East of Alameda St . The Blue ellipse indicating the directional distribution of permits shows the movement of residential permits in a southward direction east of Alameda St.

We believe that this trend is a



⁷⁹ <http://www.foldvary.net/works/rebc.html>

result of the fact that developers are more attracted towards converting the larger multi-story industrial buildings east of Alameda Street, than converting the much smaller one-story industrial buildings in the southeast downtown sub-area. Larger buildings will allow for a greater number of units, providing developers with the economic incentive to invest in the renovations needed to reuse an industrial building for housing. Over the last five years, the median building square footage for the industrial buildings converted to residential units was 16,513 (with an average of 34,541 sq ft.). They typical median square feet for the industrial buildings in the southeast downtown-sub area tend to be less than 10,000 sq ft. Therefore, we expect that developers will first target the industrial buildings in areas east of Alameda St, with the smaller buildings in our sub-area targeted second. This indicates that, most likely, there will not exist an immediate demand for residential conversions in southeast downtown, but more likely in the mid to long term.

APPENDIX 7: Interim Control Ordinance Strategy

While we understand this option is extremely difficult to implement given the current political pressure against ICOs, this option provides the only mechanism that can be implemented immediately. In case the Agency finds that the demand for residential conversions is actually stronger than projected, an ICO provides a worst case scenario option. While an ICO does not speak to long term policies, by stopping residential conversions in this sub-area, the CRA/LA can develop industrial development strategies to protect the viability of industries against future residential conversions. We provide the following strategy to implement an ICO given the CRA/LA finds an immediate residential demand.

Limited Control over ICO Development

First, because this law is initiated by a City Councilmember the CRA/LA has no formal control over the ICOs timing and development process. However, when called upon, CRA/LA staff, alongside staff from the Planning Department, can still provide recommendations and information to the City Council. In the past, PLUM has typically asked the planning agencies to provide a report detailing their recommendations towards a proposed ICO. For example, in September 2005, the Planning Department was asked to supply recommendations to PLUM regarding an ICO in Warner Center meant to limit residential development for the sake of preserving industrial jobs.⁸⁰ These recommendations were then considered before City Council in the final language of the ICO.

Political Environment

Second, while CRA/LA staff time costs are not an issue when pursuing this strategy, the political environment plays a crucial role in the success or failure of passing an ICO. Of all ICOs adopted after the year 2000, we found three that address similar residential/industrial planning concerns as those considered in the southeast downtown sub-area. When examining these ICOs, we found that all passed unanimously through the City Council with over two-thirds supporting votes, no opposing votes, and at times only a handful of abstention votes. From this precedence we believe that an ICO stopping residential conversions of industrial buildings in the southeast downtown sub-area will meet with similar success. There still exists the potential for opposition from various interests groups whenever City Council rules on a new ordinance. We include strategies to diffuse this political opposition in the following implementation section.

⁸⁰ City Council File 05-0240

**REVIEW OF RELEVANT ICOs
(2000 – 2005)**

File Number	CD	Description	Date Received	Result A-N-ABS	Council Members	Vote
05-0240	3	WARNER CENTER SPECIFIC PLAN ICO ITEM NO. (49) Residential development has greatly out paced the predicted commercial and industrial development. This unprecedented growth in the number of residential units will undermine the jobs housing balance which is the heart of the plan and further increase traffic congestion. Therefore it is necessary to immediately implement an interim control ordinance to curtail this growth until the appropriate studies and amendments are made to implement Phase II of the Specific Plan. ICO shall not allow building permits to be issued for residential projects once the 3,000 unit threshold is passed.	2/9/2005	13 - 0 - 2	CARDENAS	YES
					GARCETTI	YES
					GREUEL	YES
					HAHN	YES
					HUIZAR	YES
					LABONGE	YES
					PADILLA	YES
					PARKS	YES
					PERRY	YES
					REYES	ABS
					ROSENDAHL	YES
					SMITH	YES
					WEISS	ABS
					WESSON	YES
					ZINE	YES
03-0318-S1	1, 13	FLETCHER SQUARE/COMMUNITY DESIGN OVERLAY DISTRICTS. (CDO) Districts to protect and enhance the major neighborhood commercial centers within the Plan area. While progress has been made toward finalizing the CDO plan, an interim control ordinance regulating the issuance of building permits in the Fletcher Square commercial district would institute interim measures, while the CDO is being finalized, to protect the area from development that is inconsistent with the intent of the pending CDO.	12/21/2005	13 - 0 - 2	CARDENAS	YES
					GARCETTI	YES
					GREUEL	ABS
					HAHN	YES
					HUIZAR	YES
					LABONGE	YES
					PADILLA	ABS
					PARKS	YES
					PERRY	YES
					REYES	YES
					ROSENDAHL	YES
					SMITH	YES
					WEISS	YES
					WESSON	YES
					ZINE	YES
00-2217	1, 4, 13	SILVER LAKE / ECHO PARK COMMUNITY PLAN UPDATE Since the Plan's adoption sixteen years ago, community members have raised concerns about a full range of land use issues which may be addressed through the city planning process, including issues related to density, urban design, open space, economic development, traffic mitigation and resolution of industrial-residential land use conflicts. MOVE that the Department of City Planning be instructed to evaluate and recommend whether the Studies and Specific Plans recommended in the original 1984 Plan as shown in Attachment I should be implemented or eliminated from consideration.	11/8/2000	13 - 0 - 2	CARDENAS	YES
					GARCETTI	YES
					GREUEL	YES
					HAHN	YES
					LABONGE	YES
					LUDLOW	YES
					MISCIKOWSKI	YES
					PADILLA	YES
					PARKS	YES
					PERRY	ABS
					REYES	YES
					SMITH	YES
					VILLARAIGOS	YES
					JACK WEISS	ABS
					DENNIS ZINE	YES

Implementation

In order to adopt an ICO for the southeast downtown sub-area, the ordinance must first be initiated by a City Councilmember and then moved to the Planning and Land-use Management (PLUM) Committee for further review. This process means that while the CRA/LA cannot initiate an ICO itself, the Agency can meet with the relevant Council District Office to encourage them to initiate an ICO in City Council.

- **We recommend, that the CRA/LA lobby the office of Ed Reyes (CD 1) and the office of Jose Huizar (CD 14) to initiate an ICO in City Council.**

From our research of relevant ICOs over the last five years, we found that all were initiated by the council member responsible for the district within which the ordinance would take effect.⁸¹ Most likely this is a result of the highly territorial nature of the City Council. Few council members will initiate legislation outside their own district, especially to propose land-use policies that have no impact on their own constituency. However, we also suggest that you involve in any ICO discussion Ed Reyes office as he chairs the PLUM committee and can either expedite or slow the ability for this legislation to pass through the City Council

In order to get Huizar, Reyes and Weiss, the three PLUM committee members to support an ICO stopping further residential conversions in the southeast downtown sub-area we recommend the CRA/LA frame the ICO in the following manner:

- (1) Discuss that an ICO will preserve a current industrial land-use-designation which has ensured the largest concentration of industrial jobs remain in downtown.⁸² This allows easy access to jobs for transit dependent workers living in Council Districts 1 & 14.
- (2) Indicate that the ICO will only apply to xx acres of land in the Southeast Downtown Sub-Area; a small area when compared with the entire Downtown Industrial Region. Note that such an ICO will come in conjunction with relaxed industrial land-use regulations in other areas, giving developers the opportunity to push residential developments outside the southeast downtown sub-area.

Framing the ICO in this way will appeal to Jose Huizar who just took office over Council District 14 in November 2005. Regarding the industrial/residential land-use issue Jose Huizar represents a divided constituency with both those who support further residential conversions of industrial buildings, and those transit dependent workers who benefit from keeping industrial jobs downtown. Explaining that an ICO for the southeast downtown sub-area will preserve industrial jobs without

⁸¹ City Council Files 05-0240, 03-0318 S1, 00-2217

⁸² Mayor's Office of Economic Development. Industrial Development Policy Initiative, Phase I Report: Key Industrial Land-use Findings and Issues, 2004. p. 19.

completely limiting residential development in other industrial areas will allow Huizar to support this land-use ordinance without significant opposition from his constituents.

In addition, Ed Reyes appears to support land-use policies which ensure greater equity amongst the different socio-economic groups in the City. In 2004 he, along with several other City Council members, initiated an Inclusionary Zoning Study to ensure affordable housing be built alongside the number of market rates units throughout the City.⁸³ Framing the issue as beneficiary to low-income transit dependent workers will help get his support for an ICO that limits the development of more market rate residential units in the southeast sub-area. Furthermore, Reyes is currently in his second term as a City Councilmember⁸⁴, and while he maintains a commitment to his constituents, he does not necessarily have to worry if they will punish him at the polls if he chose to support an ICO.

Jack Weiss represents Council District 5, an area fairly removed from the industrial/residential issue facing the southeast downtown sub-area. Because this legislation does not affect his constituents, we believe that he will not provide strong support or opposition to land-use decisions in southeast downtown.

Interest Groups

Passing an ICO requires the legislation pass through the City Council. This provides an arena for interests groups to voice their support or opposition for any proposed land-use ordinance that limits residential development in the southeast downtown sub-area. When the motion to adopt an ICO is heard in front of City Council, the CRA/LA must both mobilize public support as well as diffuse any potential opposition. We note the following interest groups involved in any downtown residential/industrial land-use discussions and provide suggestions as to how best to approach these parties.

Supporters

Mayor's Office

Last year, a Memo from the Mayor's Deputy of Economic Development, urged City Agencies to ensure a balance of jobs and housing, specifically asking the City's planning agencies to be more critical when making zone variance approvals for residential developments on industrial land.⁸⁵ While the Mayor also stressed the need for more housing in Los Angeles at the recent Housing

⁸³ Council File 04-0637

⁸⁴ Council District 1: Ed Reyes Biography. <http://www.lacity.org/council/cd1/cd1bo1.htm>. Last Accessed on 03/03/06

⁸⁵ Ovrum, Bud. Deputy Mayor of Economic Development, Memo to Planning Department, department of Building & Safety, and CRA/LA, December 2005

Summit at UCLA⁸⁶, it is clear from this memo that he supports a smart growth strategy of ensuring that new housing production is balanced with the growth of jobs throughout the City. The CRA/LA should meet with the Deputy Mayor of Economic Development to outline a strategy for approaching City Council members regarding an ICO in the southeast downtown sub-area. Knowing that they already have the Mayor's support will help some Council members vote in favor of the ICO.

Can Go Either Way

Industrial Land Owners

Industrial land owners face the dilemma of either paying growing land prices to support often struggling industries in the Downtown area or sell their properties to residential developers. If the CRA/LA can provide industrial property owners in southeast downtown with future public investment they may provide them with enough incentive to stay in the area and support an ICO that would prevent residential conversions from hurting their industry. The CRA/LA should identify these property owners and meet with them to discuss future industrial development strategies in conjunction with an ICO.

Downtown Los Angeles Neighborhood Council (DLANC)

From recent discussions with the Neighborhood Council's Land-use & Planning Committee it appears that as body, there does not appear to be a significant amount of discussion regarding residential/industrial land-use conflicts in Downtown.⁸⁷ However, from our interview, we did get a sense that they would like to see smart planning in Downtown where residential developments were stopped if they threatened viable industries like the flower or produce markets, but encouraged in areas no longer conducive for industrial uses. In order to get the support of DLACN, the CRA/LA should provide input to PLUM, specifying that the language of the ordinance should include details about the development of several different sub-areas throughout Downtown. Much to the approval of DLACN, an ICO in the southeast sub-area will preserve viable industries like the wholesale produce industry, while other sub-areas will actually encourage residential development.

⁸⁶ Los Angeles Business Journal. *L.A. to Double Affordable Housing Fund*. 10/26/05

⁸⁷ Interview w/ Downtown Los Angeles Neighborhood Council Land-use & Planning Committee, 03/03/06

Opposition

Central City East Association (CCEA)

The CCEA has vocally opposed government intervention in the development of housing on industrially zoned land.⁸⁸ In order to mitigate this opposition, the CRA/LA in coalition with other supporters of an ICO, should remind the CCEA that this area only represents a small portion of the downtown industrial area. There are plenty of other sub-areas where the City will take a less restrictive stance on residential development and some industrial areas where the City might actually try to promote residential development. Giving the CCEA other opportunities for residential development, as opposed to making all industrial land off-limits, will help diffuse the opposition from the CCEA.

Developers

The KOR Group, Paul Solomon, and Richard Muerelo have been the most active developers in the industrial areas downtown. They would, most likely, oppose any limitations on their ability to build housing on industrially zoned land. The CRA/LA can use the same strategy to address developers as we recommended you use to discuss this issue with CCEA. Again, by giving developers other opportunities for residential development may reduce the overall opposition to an ICO in a small sub-area of the Downtown Industrial area.

Information Required by PLUM

Developing specific recommendations for the information to be included in an ICO will provide the CRA/LA with influence over the effectiveness of an ICO, and its success in passing through City Council. There are several important pieces of information crucial to an ICO that must be included if it is to be considered by the City Council.

From a sample of 11 ICOs you asked us to examine, we note that all contained the same substantive information: Date, Purpose of Ordinance, Prohibited actions, Boundaries, Duration of ICO, Extensions, Exceptions, Hardship exemptions, Severability, and Urgency Clause. The following Table provides the details on each of these pieces of information.

88 Maese, Kathryn. LA Downtown News. Uneasy Revolution In the Industrial District: The Arrival of Housing Sparks Headaches No One Ever Expected. 8/29/05, p. 1.

TYPICAL INFORMATION IN AN ICO

Information	Details
Date	Day on which the ordinance becomes effective.
Purpose of Ordinance	Justification & Background (existing conditions) behind the proposed City regulation.
Prohibited actions	The interim control can be applied to the issuance of building permits of possible offending uses within the interim control area
Boundaries	A map of the interim control area is usually provided along with the identification of its Community Plan and the Community Design Overlay District (CDO)
Duration	Frequently 365 days from the effective date of the ordinance
Extensions	The typical length is 180 days, or two 90-day periods not to exceed 180 days. The City Council must approve the extension. The ICO can impose further stipulations that must be pursued with due diligence by the City Council
Exceptions	There are several exemptions that were standard to all reviewed ICOS: <ul style="list-style-type: none"> ➤ To comply with department of Building & Safety (DBS) to rebuild, repair, remove, and demolish unsafe buildings or after natural disasters. ➤ When Plan Fees and Projects have already been accepted by the Los Angeles DBS. The ICO requires that these Plans and Projects must commence work at a particular date in order to be exempted.
Hardship exemptions	The City Council can make a finding of hardship and through legislation grant an exemption accordingly.
Severability	When the ICO, or parts of it, become invalid due to court rulings, the remaining sections remain valid.
Urgency Clause	Restating the findings that led to this action

Of these categories, only information regarding the date, purpose of ordinance, prohibited actions, boundaries, duration of ICO, exceptions and hardship exemptions are necessary to include in a report to PLUM. The severability and urgency clause are “boiler plate” legal language included in all 11 ICOs we reviewed. Based upon these categories and the information needed in a report to PLUM, we suggest you take the following items into consideration:

1) Start ICO later as opposed to earlier.

Unless the residential demand does not level off, we believe that the agency could wait to initiate an ICO. Waiting would give the CRA/LA more time to build a coalition of support, and also delay any political backlash until necessary.

2) Provide substantial justification for the ICO.

Limiting the amount of residential development tends to be a controversial topic, especially with the high housing demands in Los Angeles. The ICO can best be justified by providing background information on:

- the degree to which industrial land has been lost,
- the current problems associated with the loss of this industrial land, and
- the consequences of not adopting an ICO

3) Detail Prohibited Actions.

In order to ensure that no square feet of industrial land is lost in this sub-area, we also recommend that the ICO prohibit all conversion of industrial buildings for market rate housing.

4) Analyze the effects from different duration and extension periods

The duration of the ICO must balance the City's ability to develop long term solutions with the political backlash from interest groups frustrated with lengthy government interventions.

5) Determine the last date for which Project Fees can be used for Development in the Area

Currently, we know of no cases where a developer is seeking to develop residential units in the southeast downtown sub-area. However, as this ICO is developed and moved through PLUM and City Council some residential developers may begin to invest a significant amount of time towards getting land-use permits. These developers may pursue litigation if their efforts are stopped abruptly by the adoption of an ICO.