

April 20, 2011

Dear Green LA Members:

There have been two bills (one local and one State) introduced that propose to modify or reduce parking requirements. One is the “Proposed Modified Parking Requirement District” by the Los Angeles City Planning Department and the other is AB 710, State legislation proposed by Assemblymember Skinner. Public Counsel is deeply concerned about both pieces of legislation in their current forms -- because neither of the bills is part of a comprehensive affordable housing strategy. Neither bill considers the detrimental impact that reducing parking alone will have on existing and future incentive-based approaches to affordable housing production and preservation.

Severe Shortage of Affordable Housing in LA: As you know, there is a huge shortage of homes affordable to working people in Los Angeles. To afford the average rent in the City a family needs to make \$58,000 per year. Nearly half of all LA workers make under \$25,000 per year; more than three-quarters make under \$50,000 annually. The gap is even larger between the incomes of current residents around transit stops and the salaries needed to afford the new apartments being built there. The average household income of those currently living around transit stops in LA is under \$30,000 and the average household size is over 3 people (that is, families with children). The new apartments being built around transit are for single people and couples making over \$80,000 per year, and the apartments are not covered by the city’s rent-stabilization ordinance.

Reduced Parking Standards Undermine Existing Efforts to Incentivize/Mandate Affordable Housing: Important ways for families to bridge this gap can include renting a rent-stabilized apartment, where the rent only increases, for example, 3% annually during the time the family is in it, or getting into an “affordable apartment.” Such affordable apartments get built either by market-rate developers that include some affordable units in their buildings (usually in exchange for being able to provide less parking or to build more apartments than the zoning would otherwise allow) or by nonprofit developers that build 100% affordable developments. Currently, per state and city law, a developer must agree to make a minimum of 5% of the apartments in a development affordable in order to be eligible for the parking reduction. Many market-rate developers in LA have decided to include 5% of the apartments on site as affordable in order to get this parking reduction. AB 710’s parking reduction will undermine this incentive.

Reduced Parking Standards Detrimentally Impact Our Ability to Preserve Existing Affordable Housing:

Many tenant advocates feel 5% is too little affordable housing in exchange for a parking reduction. A small set-aside in exchange for the valuable parking reduction can actually give an added incentive to market-rate developers to demolish rent-controlled apartments and replace them with luxury apartments and condos. During the last housing boom, the city lost over 13,000 rent-controlled apartment (displacing over 13,000 families) mainly to demolitions and conversions to luxury condos. In short, parking reductions should not be given if the prior or current use of the property was/is residential affordable housing.

Reduced Parking Standards Need to Be Connected to Affordable Housing Requirements: Parking requirements in the zoning code are the most important determinants of the number of apartments a developer will be able to build on a site. The ideal is to have one level of on-grade parking and housing over it. If a developer has to do a level of underground parking, the cost becomes much more expensive per apartment, and in many areas the geography of LA doesn't allow a developer to dig two levels underground.

With reduced parking requirements, a market-rate developer can build and charge rent for many more apartments on the same-size plot of land – and thus make much more profit. Instead of the developers pocketing the extra profit as a windfall, we should be asking them to provide some affordable housing in return as a public benefit. If we don't ask for any affordability, then we undermine the current 5% set-aside requirement. But if we don't ask for more than a 5% set-aside for a parking reduction, then we are passing up an opportunity to incentivize much-needed affordable housing development – at a time when shrinking public resources has made it much harder for the government to pay for it directly. If we fail to limit the incentive to developments that don't take out rent-stabilized housing, then we will likely see huge displacement of people around transit, where much of this new development will go.

Ensuring Affordable Housing Options Around Transit Is Important for Maintaining Ridership of the New Transit System: Millions of public dollars have been and continue to be invested in funding for transportation. Developments near transit benefit from their proximity to reliable and convenient public transportation. We need to re-think what we should require from developers before giving away a near-transit incentive. A recent nationwide study of the neighborhoods around new rail transit lines by the Dukakis Center at Northeastern University found that the predominant pattern – especially around light-rail lines – was for household incomes and car ownership around the transit stops to increase and for transit ridership around the stops to increase at a slower rate, or even to decrease more rapidly, than in the metropolitan area as a whole. This was because core transit riders are priced out of neighborhoods in favor of higher-income, car owning residents who are less likely to use public transit for commuting. The study concludes that transit improvements need to be managed to prevent this from happening, and one way to do that is to require affordable housing and the protection of current rent-controlled apartments in conjunction with any development incentives. See “Maintaining Diversity in America’s Transit-Rich Neighborhoods: Tools for Equitable Neighborhood Change, Dukakis Center for Urban & Regional Policy” (2010), <http://www.dukakiscenter.org/storage/TRNEquityFull.pdf>.

Conclusion: Both pieces of parking reduction legislation are problematic in their current form. Any parking reduction policy needs to be part of a comprehensive policy that analyzes the impact of parking reductions on affordable housing. Parking reduction policies can help incentivize new affordable housing, but they cannot serve that function if they are given away before establishment of a comprehensive policy, or if they undermine existing affordable housing incentives policies. Further, a parking reduction alone, disconnected from a comprehensive preservation and production policy, can spur demolition and conversion of existing affordable units, without ensuring these units will be replaced. Public Counsel is not opposed to parking reduction – except where it may have detrimental impacts on the clients that we serve. We believe that these two pieces of legislation in their current forms put at risk existing affordable units and undermine existing affordable housing incentives.

If you have further questions, please contact Serena Lin at 213-385-2977, X212, slin@publiccounsel.org or Shashi Hanuman at 213-385-2977, X136, shanuman@publiccounsel.org.