1) **What Is the Build Better LA Initiative (BBLA)?**

BBLA is a ballot proposal put forth by a coalition of labor unions and housing and worker advocates. BBLA requires developers seeking certain discretionary approvals from the City to provide affordable housing (or meet certain alternatives) and meet construction job standards. BBLA also establishes affordable housing and local jobs assessment requirements in connection with community plan updates, requires construction job standards for Affordable Housing Trust Fund projects, and requires the City Planning Department to develop and implement a Transit Oriented Communities program to incentivize affordable housing development near transit.

2) **Why Do We Need BBLA?**

The City of Los Angeles is in a severe, documented affordable housing crisis. We need all possible tools to address this crisis. Despite this, the City is currently granting significant expansions of the building envelope to developers without providing for any affordable housing. Although State density bonus law requires developers to provide affordable housing and replace any affordable units destroyed in connection with density increases, a number of developers in Los Angeles have avoided these requirements by seeking other discretionary approvals (General Plan amendments, zone changes and height district changes) to achieve the density increase. BBLA closes this loophole and establishes clear affordability parameters for projects that previously were subject to no parameters. In addition, BBLA establishes a TOC incentive program providing for affordable housing around transit, and includes language to ensure community plans advance affordable housing and good jobs objectives. The new parameters set forth in BBLA - which include extremely low-income affordable housing set-asides, one-for-one replacement requirements and construction job standards – will help ensure that low income people who depend on or regularly use public transit in Los Angeles can afford to live close to transit.

3) **Key Provisions**

**Affordable housing and construction jobs standards.** BBLA requires affordable housing and construction jobs standards for projects of ten or more residential units that seek discretionary density increases (BBLA Sections 3 and 5). In order to qualify for a zone change, General Plan amendment, and/or height district change that would allow more housing than permitted under current zoning, a project would be required to: (A) provide new affordable housing (including mandatory Extremely Low Income units and the replacement of all affordable or rent controlled units previously on-site); and (B) meet construction jobs standards.

**Sliding scale affordability set-asides.** The amount of affordable housing a project must provide depends on the density increase. If the density increase is less than 35%, the affordability requirement is determined according to state density bonus law. If the density increase is greater than 35%, the affordability requirement is 11% Very Low Income units (of which 5% must be Extremely Low Income units) or 20% Low Income units (of which 5% must be Extremely Low Income units). If the project is seeking a residential use where none was previously allowed (e.g. an industrial conversion), then the project must provide 16% Very Low Income units (of which 5% must be Extremely Low Income units) or 25% Low Income units (of which 5% must be Extremely Low Income units). Projects providing set-aside units are entitled to the incentives and concessions allowed by State density bonus law.

**One-for-One Replacement.** BBLA adopts the one-for-one replacement requirement contained in State density bonus law to ensure that density bonuses are not given to projects that result in a net loss of affordable units. This includes a requirement to replace all
subsidized units, rent-stabilized units, and units occupied by lower income households that existed on the subject property in the 5 years prior to the application submittal. Consistent with State density bonus law, the replacement units can be counted towards the required set-aside. BBLA doesn’t affect any rights that tenants currently have. It neither diminishes nor expands any existing right of return provisions contained in state law. It does, however, establish a one-for-one replacement requirement that did not exist previously. This requirement may have the effect of steering developers away from demolishing RSO housing.

Alternatives to on-site affordability. In lieu of providing units on-site, a developer must comply with one of three alternative options. In all cases, affordable rental units must be covenanted for at least 55 years, and affordable for-sale units must comply with the equity re-share requirements1 contained in State density bonus law.

a. In lieu fee. An in lieu fee is calculated first by taking the base number of affordable units that otherwise would be required on-site and multiplying that number by 1.1, and then multiplying that number by an Affordability Gap calculated by the City. The Affordability Gap is the difference between the total development cost per unit and the permanent financing amount per unit, in the case of rental units. The Affordability Gap is the difference between the market median sales price and the restricted sales price, in the case of for-sale units.

b. Off site. Units may be constructed off-site, but the required number of units increases the farther away the proposed units are from the original project. In all cases, the units must be constructed within 3 miles of the original project.

c. Acquisition of At-Risk Units. At-Risk affordable units may be acquired and converted to non-profit, Community Land Trust, and/or tenant ownership, but the required number of units increase the farther away the proposed units are from the original project. In all cases, the units must be constructed within 2 miles of the original project.

Construction Jobs Standards. Projects subject to BBLA must ensure that at least sixty percent of the construction workforce are graduates of state-approved apprenticeship training programs or workers with equivalent hours of on-the-job experience; and the construction workforce will be required to be paid a prevailing wage. There must also be a good faith effort to ensure that thirty percent of the construction work hours are performed by City of LA residents, of which ten percent should be “transitional workers” from economically disadvantaged backgrounds such as veterans, formerly homeless, chronically unemployed, have a criminal record, single parent, receiving public assistance, or emancipated from foster care system.

Adjustments/Waivers. An individual project applicant may seek a waiver or adjustment from BBLA requirements in extremely limited circumstances by showing a deprivation of constitutional rights. City Council may adjust the overall percentage affordability requirements contained in Section 5 of the BBLA upon a showing of substantial evidence that such adjustments are necessary to maximize affordable housing while still ensuring reasonable rates of return for developers. This provision creates a high hurdle, but preserves

1 Equity re-share requirements permit the initial buyer, upon sale, to recoup the value of any improvements, the cost of the downpayment, and the initial buyer’s proportionate share in appreciation. The City would recoup the value of its initial subsidy and its proportionate share of appreciation, which amount must be used within five years for specific purposes that promote homeownership. Government Code 65915(c)(2).
some level of flexibility consistent with BBLA goals, to address the fact that the only other way to amend BBLA is by ballot initiative.

Principles for Community Plan Updates. Under BBLA’s Section 4, amendments to the City’s Community Plans cannot be made without a comprehensive assessment to ensure that they will not reduce the City’s capacity for the creation and preservation of affordable housing and access to local jobs, or undermine the State density bonus law or other affordable housing incentives. BBLA also requires the City to create and monitor an inventory of existing affordable and rent stabilized units within each community plan area, thereby helping communities better understand and react to changes in local affordable housing stock.

Trust Fund and Construction Job Standards. Under BBLA’s Section 5.B., projects receiving funding from the City’s Affordable Housing Trust Fund must meet BBLA’s Construction Job Standards described above.

New Affordable Housing Incentives for Transit Oriented Communities. Under BBLA’s Section 6, the Planning Department must establish an affordable housing incentive program for projects located within a ½ mile of a Major Transit Stop (defined according to state law). The incentive program would operate as an extension of the State density bonus law by allowing parking reductions and density increases that meet or exceed 35% to projects that provide a minimum set-aside of 7% Extremely Low Income, 11% Very Low Income, or 20% Low Income units, and replace on a one-for-one basis any affordable or rent stabilized units (or units occupied by low-income people) that have existed on the site in the past 5 years. While BBLA gives the Planning Department flexibility to determine different levels of allowable density increase depending on the base zone and density, the program must at minimum require the above affordability set-asides. The percentages are a floor, not a ceiling.

Ten Year Timeline. Each provision of BBLA will remain in effect for ten years, unless amended or repealed by vote of the people. After ten years, the City Council may decide to re-enact BBLA for two successive periods of five years, for a total of ten more years. If Council does not re-enact, the policy will sunset.

4) **BBLA Clarifying Facts**

Tenant Protections Remain In Place. BBLA does not alter any rights that tenants currently have. BBLA neither diminishes nor expands any existing right of return provision in state or local law. It does, however, establish a one-for-one replacement requirement that did not previously exist for projects that are subject to BBLA.

BBLA Projects Will Still Require Full Review. Projects that seek General Plan amendments, zone changes and/or height district changes and meet BBLA standards for affordable housing and construction jobs may utilize the City’s Expedited Processing Section. This program endeavors to bring a project to the first required hearing within 90 days of the application being deemed complete.2 This program does not alter or reduce the number of legally required public hearings that follow, the legally required findings for approval, any applicable CEQA requirements, or any other existing applicable procedure. Further, BBLA has no impact on the procedures in Los Angeles relating to demolition of RSO housing, including

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2 http://planning.lacity.org/processes/expeditedservicebrochure.pdf
Ellis Act implementation procedures. It does not expedite demolition, which is a separate process under City law. What it does do is say that if RSO housing is destroyed on a property that is seeking BBLA approvals, it must be replaced on a one-for-one basis.

**Incentive vs. Mandate.** BBLA applies to projects seeking legislative land use changes or choosing to participate in affordable housing incentive programs. It is an incentive-based program. A developer that does not seek a general plan amendment, zone change, height district change or other method to increase density is not subject to BBLA.

**Interaction with Other Ballot Measures.** The Neighborhood Integrity Initiative (NII)³ is a proposed ballot initiative that restricts the City’s ability to approve certain development projects in Los Angeles. Proponents are currently collecting signatures in hopes of qualifying for the March, 2017 ballot. If BBLA is enacted and the NII is subsequently enacted, a consistency analysis would be required to determine the effect of the passage of both initiatives.

**BBLA and Community Plan Updates.** BBLA complements the City’s proposal to update the Community Plans. BBLA includes provisions to ensure that Community Plan updates do not reduce the capacity for creation and preservation of affordable housing, access to good, local jobs, and do not undermine affordable housing incentive programs. The Mayor is proposing that the Community Plan update process be completed over ten years. BBLA will apply to development happening now.

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³ The NII: (1) prohibits any General Plan amendment from being granted for individual development projects; (2) prohibits any General Plan amendment, zone change or height district change that increases density or intensity of use or reduces open space, agriculture or industrial land for a period of 2 years or until the Framework Element and community plan is updated, whichever is sooner (exempting 100% affordable housing developments); (3) requires the systematic review and amendment of all elements of the General Plan; (4) prohibits developers from preparing Environmental Impact Reports; and (5) prohibits any reduction in parking requirements by more than one-third. The NII contains a section that repeals any ordinances that are inconsistent with the NII.