

**STUDY SESSION OF THE WEST HOLLYWOOD CITY COUNCIL
REGARDING ECONOMIC DEVELOPMENT**

MINUTES

**MONDAY, FEBRUARY 28, 2000
WEST HOLLYWOOD PARK**

CALL TO ORDER: Mayor Heilman called the meeting to order at 6:12 P.M.

PLEDGE OF ALLEGIANCE: Agatha Szatmary led the Pledge.

ROLL CALL:

PRESENT: Councilmembers -- Martin, Prang, Mayor Heilman.
Councilmembers -- Koretz arrived at 7:50 PM.

ABSENT: Councilmembers -- Guarriello.

ALSO PRESENT: Acting Interim City Manager Reynolds, City Clerk Thompson and
Administrative Staff Assistant Bursztin.

APPROVAL OF THE AGENDA:

ACTION: Approve the Monday, February 28, 2000 Agenda as presented.
Approved by a consensus of the City Council.

City Clerk Thompson asked the City Council to bring their calendars to the March 6, 2000 City Council Regular Meeting to select an alternate date for City Manager candidate interviews for March 24, 2000. Information will be provided by the Public Information Division.

PUBLIC COMMENT:

STEVE SMITH, WEST HOLLYWOOD, spoke about the costs between building housing, rehabilitation housing and providing vouchers.

DICK SHEPPARD, WEST HOLLYWOOD, spoke about affordable housing with regards to the Palm View Apartments.

BACKGROUND: Affordable Housing, Market Rate Housing, Rent Stabilization

Allyne Winderman, Manager of Economic Development and Housing, provided background information as outlined in the staff report dated February 28, 2000 and thanked staff for their work. She noted a correction in the briefing book with the correction of "housing built before 1979." She also introduced the following speakers who addressed the City Council:

Sally Richmond, Manager of Policy & Protection Section of Housing – City of Los Angeles, spoke about regional issues such as the housing shortage in Los Angeles County and the City of Los Angeles. She explained that Section 8 has a Waiting List consisting of 150,000 households that may be on the list up to ten years. She explained that there exists a problem that when a household's name

comes up and receives the voucher. She stated that when the household proceeds to look for an apartment, they are met with resistance. She also stated that the recipient of the voucher has up to four months to acquire the housing or the voucher expires and that this period of time is difficult due to housing facilities reluctance to take on Section 8 Housing. She stated that the relatively new phenomenon of homelessness adds to the Housing problem in Los Angeles. She detailed that the expense of cleaning up industrial sites due to toxic problems also adds to the difficulty of housing. She outlined the trend in the early 1990's that showed fewer new rental housing units due to a resistance in County to allow new rental housing. She also stated that existing affordable housing is being lost due to restrictions of bond finance deals. She explained that the City of Los Angeles has a 60-member task force to deal with such issues. She further explained that there is no strength in State Laws and that there is a need for additional lobbying to allow affordable housing in affluent neighborhoods.

Stanley Treitel, United Housing and Community Services Corporation, provided an update on the Fairfax Project for Affordable Housing for Seniors. He explained that there are presently 2,000 names on waiting list. He spoke about residential care facilities including the new concept of assisted living facilities and that these should be affordable to the West Hollywood Community. He suggested Mixed Use Housing as a possible solution for elderly.

Ann Ehrenthal, West Hollywood Community Housing Corporation Project and Programs, provided an update on the activities of the West Hollywood Community Housing Corporation and the realities of what is out there concerning affordable housing. She applauded Leadership of the City. She explained that there are critical infrastructure issues that face the City such as the preservation and creation of affordable housing for those who are disadvantaged. She stated that the total development cost per unit is \$132,000 and City provides 1/3 of the total project cost. She stated that the City being the first lender enables leveraging of other sources for the remainder 2/3 of the development costs. She detailed the cost of building new and rehabilitating older stock is increasing. She explained that the real estate and rental market is much like it was in 1984 when a growing number of people faced increasing rents and acquisition costs. In addition she explained that Section 8 contract renewals are decreasing and facilities are not accepting new contracts. She suggested that the City acquire existing older housing stock to provide affordable housing.

David Fergeson, Thomas Safran & Associates, provided an overview on the developers decision-making process for affordable housing based on marketinbgmarket rates such as the project located at La Brea Avenue and Franklin Avenue. He also explained that density is a matrix of unit size and a concern for communities. He explained that developers look at density, Fire Department requirements, disabled access requirements and parking when developing a project. He suggested that the City continue and expand in-lieu

fees. He also explained that open space is difficult in a small City such as West Hollywood.

Boyd Willard, Developer from Angels Landing, spoke about his West Hollywood Development Experience and about air, space and design. He found it difficult to work with the City and that developers are being perceived as the "bad guys" by not caring about the environment and being for profit. He explained that developers can stimulate an environment and that the City needs a variety of low-income housing. He suggested that the City look for opportunities for cluster housing for specialized groups with specialized needs – older and younger. He stated that cluster housing provides great sociological potential. He also stated that the City should create housing that appeals to the artistic community that West Hollywood is famous for.

Michael Lehrer, Architect and Investor, spoke about his West Hollywood Development Experience in the development of six condos's located at 8223 Norton Avenue. He stated that it took a very long time to make sense of the City requirements and what is financially sensible in terms of development. He stated that the City offers incentives to make projects work such as the courtyard incentive which is helpful in the beginning of the project. He stated that it is difficult to flush out internal and external contradictions with regards to State and City Codes. He stated that his project was enthusiastically received by the Planning Commission and that they are currently resubmitting plans to Wildan and Associates, Inc. He spoke about this project being risky as a business venture and presents itself as an interesting prototype. He also stated that the reconstruction of Santa Monica Boulevard would add real value to entire area.

Tom Garofsky (SP), Kosmont & Associates, Inc. - Financial Feasibility Firm, provided an overview of his assessment on getting additional market rate housing and how it could be developed within the City. He recognized that the amount of new housing is affected by the real estate cycle, vacant land and the relationship of the City's policies and fees and how they interact with development. He spoke about the recommendations of the Standards Study of the West Hollywood Residential Development as outlined in the report provided at the meeting dated December, 1999 which include: 1) Eliminate portion of in lieu housing fee schedule penalizing projects over two units; 2) Reduce Parks/Recreation fee by at least 50%; 3) Reduce common open space requirements, or allow front/side yard setbacks to count toward open space; and, 4) Allow tandem parking for two-bedroom units.

RECESS: The City Council recessed at 7:32 P.M. and reconvened at 7:46 P.M.

Councilmember Koretz arrived at 7:50 P.M.

Hal Cronkite, Director of Rent Stabilization, discussed improved renters' rights and the affordability of housing in West Hollywood. He also spoke about vacancy decontrol and new rent levels running about \$875 for one bedroom,

\$1225 for two bedrooms and \$1680 for three bedrooms. He stated that Section 8 Housing is dropping steadily since 1996 losing approximately 20% and that State Legislation may have curved that decline. He also stated that 23% of Section 8 vouchers are going unused due to housing facilities not accepting them. He also explained that median income affordability dropped from 92% to 78% and recommended that funding be extended to the Business License Tax to residential rental properties and that it could bring about \$150,000 a year.

Mayor Pro Tempore Prang inquired if this would be double taxation for property owners and would like to see the difference between a fee and a tax discussed to maintain fairness.

Mayor Heilman stated that more discussion was needed as well as input from the City Attorney. He suggested that staff investigate if there are any businesses that are subject to the Business License Tax and other fees.

City Clerk Thompson clarified that such businesses exist such as nightclubs and any other businesses regulated by Community Development Department and the Business License Division.

Don Swift, Los Angeles Housing Authority stated that there are a lot of changes happening in the Section 8 Program and that the impact has yet to be determined. He stated that families are put atop of the list and there is an extension of the typical 120 days due to the difficulty of finding residential locations that would accept vouchers.

Mayor Heilman asked if a person could call and see where they are on the waiting list and how long would it take to get through on the 800 number. He stated that there have been concerns about the management of Section 8 Projects and if the local community could get involved. He also discussed the Kings Road Project.

Don Swift, Los Angeles Housing Authority stated that due to the large volume of calls received on their 800 number that he could not answer Mayor Heilman's question specifically. He stated that vouchers being administered by local authorities.

REVIEW OF GENERAL PLAN GOALS: Production of Housing, Production of Affordable Housing, Provision of Housing for Special Needs Populations, Preservation of Existing Housing Stock, Maintain Affordability of Housing, Housing Discrimination, Regional Housing Policy, Evaluation of Programs.

Manager of Economic Development & Housing Winderman read the General Plan Goals and the City Council reviewed the goals to see if they are still appropriate. No major changes but some preliminary feedback based on presentations.

AGATHA SZATMARY, WEST HOLLYWOOD, spoke about rent levels.

STEVE ROSE, WEST HOLLYWOOD, spoke about the City possibly assisting renters into becoming homeowners.

BARBARA HANMAKER, WEST HOLLYWOOD, spoke about the need for education for residents about their rights since the passage of the Costa Hawking Bill to reduce confusion and the Project Area Committee's involvement in affordable housing

DON BRUHNKE, WEST HOLLYWOOD, spoke about the Rent Stabilization Report and possible steps to increase affordable housing.

JEAN DOBRIN, WEST HOLLYWOOD, spoke about mandating inclusionary housing and new market rate housing.

AMY ANDERSON, WEST HOLLYWOOD, spoke about affordable housing and market rate housing and that the City may need to reevaluate fees but not eliminate them. She also spoke about denser developments.

COUNCILMEMBER DISCUSSION: The City Council held a discussion on Issue Development and the Next Steps necessary to increase affordable housing in West Hollywood.

Councilmember Martin stated that the Planning Commission needs to examine goals and possibly modifying fees. He also stated that a refocus on the commitment to market rate housing is needed and it should be determined if increased density with regards to height, common areas and parking is appropriate for the City. He stated that there is a need to recognize that each unit that the City has today is precious and it may be necessary to revisit the General Plan. He also spoke in support of mixed-use developments.

Mayor Heilman suggested that they give staff the opportunity to further develop the method in which we do housing before it goes to the Planning Commission. He discussed supportive housing, assisted living and board care facilities and that some of these buildings need improvements. He stated that smaller grant programs should be offered to property owners to maintain property. He explained that City funds to be geared to rehab because there isn't additional funding for rehab projects and the City will have to commit more of such housing in the future. He asked for additional information on the Business License Tax before taking a position. He discussed problems with illegal units and the possibility of another amnesty program. He mentioned that current housing standards may need to be modified because the City's rigid standards may be making it more difficult than the state standards. He stated that Developer Fees in general may be acting as a disincentive as may be the case in open space fees. He stressed that he does not fully agree with this but would be open to it being checked into. He discussed identifying another use of affordable housing

funding such as Transient Occupancy Tax. He suggested a possible study session with County office for an affordable housing summit. He stated that he liked the concept of involving the business community. He stated that the City may need to re-enforce lobbying efforts and he discussed mixed-use and housing overlay as ways of increasing affordable housing and market rate housing. He stated that there exists a need to educate the public since so many residents are still unaware of what their rights are. He discussed the need to improve the relationship with HUD to increase management and extending the period in which affordable housing could be obtained. He discussed the tension between renters and homeowners and that maybe the City could assist with down payments to help people build equity.

Mayor Pro Tempore Prang discussed the need to re-think how we do housing in this community and how Rent Stabilization interacts with the Economic Development and Housing Division. He stated that there may exist a need to reorganize internally to meet goals. He stated that he was concerned about impact about the Ellis Act on West Hollywood housing. He stated that he was Intrigued on the Business License Tax but would need additional information before taking a position. He also stated that increased lobbying was needed in Sacramento. He also discussed problems with HUD and maybe on-site management could be a possible solution to the ongoing problem. He discussed a possible summit with outside agencies that would deal with gay and lesbian housing and spoke of a possible task force.

Economic Development and Housing Manager Winderman suggested a possible roundtable discussion.

Councilmember Martin suggested to include the Planning Commission in the roundtable discussion.

Mayor Heilman asked the Economic Development and Housing Manager to power a task force to generate recommendations to bring to Council and the Planning Commission. He suggested that a Joint Meeting of the Council and the Planning Commission and Rent Stabilization be scheduled.

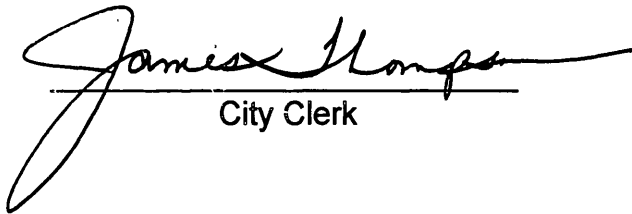
Councilmember Koretz stated the he agreed that there is an inadequate awareness with tenants with regards to what their rights are and that additional outreach would be needed.

ADJOURNMENT: The City Council adjourned at 8:54 P.M. to their Regular Meeting on March 6, 2000 at 7:00 P.M. at West Hollywood Park, 647 N. San Vicente Blvd.

APPROVED BY A MOTION OF THE WEST HOLLYWOOD CITY COUNCIL THIS 6th
DAY OF MARCH, 2000.


MAYOR

ATTEST:


City Clerk