

**DEPARTMENT OF
CITY PLANNING**

COMMISSION OFFICE
(213) 978-1300

CITY PLANNING COMMISSION

SAMANTHA MILLMAN
PRESIDENT

CAROLINE CHOE
VICE-PRESIDENT

MARIA CABILDO
ILISSA GOLD
MONIQUE LAWSHE
HELEN LEUNG
KAREN MACK
JACOB NOONAN
ELIZABETH ZAMORA

CITY OF LOS ANGELES
CALIFORNIA



KAREN BASS
MAYOR

EXECUTIVE OFFICES
200 N. Spring Street, Room 525
Los Angeles, CA 90012-4801
(213) 978-1271

VINCENT P. BERTONI, AICP
DIRECTOR

SHANA M.M. BONSTIN
DEPUTY DIRECTOR

ARTHI L. VARMA, AICP
DEPUTY DIRECTOR

LISA M. WEBBER
DEPUTY DIRECTOR

September 19, 2023

Los Angeles City Council
c/ o Office of the City Clerk
City Hall, Room 395
Los Angeles, California 90012

Attention: PLUM Committee

Dear Honorable Members:

Report on Potential Effects to housing production in the Downtown Community Plan Area within the Fashion District's IX3 Zone, Amending Motion 54C; CF-22-0617-Sx

On May 3, 2023, the City Council approved the Downtown Los Angeles (DTLA) Community Plan Update. The approval included an [amending motion](#) (Motion 54C) that was introduced by Councilmember Price (Council District 9) and was approved by City Council. The motion directed Los Angeles City Planning, in consultation with the City Attorney, to prepare a report with recommendations within 60 days, assessing the potential effects on housing production within the portion of the Downtown Fashion District that is within the IX3 Use District. Leading up to the City Council's adoption of the Downtown Community Plan, there was a great deal of stakeholder input regarding the preservation and bolstering of the Downtown garment industry, and this report seeks to convey recommendations that would balance the City's desire to protect manufacturing uses within this context, while ensuring that the Fashion District can simultaneously produce new housing and affordable housing uses in the future.

Background

The City Planning Commission (CPC) recommended approval of the Downtown Los Angeles Community Plan (the Downtown Plan) at its meeting that took place on September 23, 2021. Within the CPC's recommended draft of the Downtown Plan were a number of unique zoning Use Districts that seek to allow housing uses within areas of Downtown that have historically been zoned exclusively for industrial, manufacturing, and commercial uses (i.e. M1, M2, and M3

zones). These unique Industrial Mixed Use, or “IX” Use Districts allow for a mix of manufacturing uses, such as is allowed today, while allowing for housing uses in qualified circumstances. Under the CPC’s recommended draft of the Downtown Plan, the IX3 Use District, applied to a large segment of the Fashion District, requires that housing projects are provided in conjunction with a minimum of 1 FAR towards job-producing manufacturing uses (Productive Space). At that time, the Productive Space may have included Office, General Light Manufacturing, and Artistic & Artisanal uses.

The CPC, at its meeting on September 23, 2021, directed City Planning to conduct further studies on the Fashion District to determine if allowing for mixed-uses in the Fashion District will create upward price pressures in rents to the garment industry. HR&A Advisors, Inc. (HR&A) conducted a near-term market analysis to study the impact of new development in the Fashion District. Below is a summary of the study findings:

- Fashion District houses a thriving economy and plays a significant role in US manufacturing
- Sustaining the existing ecosystem is critical for the continued success and growth of the fashion industry
- Allowing for housing could lead to conversion of existing manufacturing buildings potentially displacing existing fashion related businesses
- Increased construction costs make new Fashion District housing development infeasible for newly acquired sites. As a result, increased pressure on conversions is anticipated in the near term
- The 1 FAR of productive space requirement for residential buildings in addition to a plan-wide mandate for onsite affordable housing units (i.e. inclusionary zoning) makes housing in the fashion district particularly infeasible for newly acquired sites. Reducing this requirement to 0.5 could improve feasibility for housing projects in this neighborhood, especially lower-scale 7-8 story “podium” style construction is likely to be more financially feasible in the near term.

The above findings indicated that conversions of existing manufacturing buildings to housing would have had the biggest impact on the viability of garment manufacturing within the Fashion District. In response to the recommendations of HR&A’s report, the Director of Planning provided a memo to PLUM dated September 27, 2022. Within that memo, City Planning proposed the following modifications to various Fashion District zoning regulations to prevent displacement of existing garment businesses, while ensuring a viable pathway for housing projects:

- Prohibit hotels and housing in all existing buildings in IX3 and allow housing and lodging only in new construction to prevent existing manufacturing businesses from being converted to either residential or hotels

- Allow office only as an incidental use, which means that a manufacturing use cannot be converted to a fully office use, but can be part of another permitted use
- Reduce Productive Space requirement for housing projects from 1 FAR to 0.5 FAR to improve their feasibility
- Specify that Office would not be a qualifying use towards the Productive Space FAR requirement described above to prioritize creation of manufacturing uses
- Establish an Employment Incentive Subarea within the Downtown CPIO that allows for increased FAR for housing development projects that provide at least 50% of their floor area for specified manufacturing uses.

The PLUM Committee at its meeting on April 24, 2023 approved the above recommendations, except for the reduction in Productive Space requirement for housing projects from 1 FAR to 0.5 FAR. In addition, the PLUM Committee recommended the preservation of all loading bays and freight elevators in all existing buildings that have garment manufacturing uses, or are adjacent to garment manufacturing uses, as well as all new construction, regardless of the building occupant uses. The above amendments were made primarily in response to requests from the Garment Worker Center, who were adamant that a minimum of 1 FAR towards productive space is necessary to promote manufacturing uses and support the continued success of the garment industry in this part of Downtown.

Housing Feasibility in IX3

During the consideration of the Downtown Community Plan by the PLUM committee at its meeting on April 24, 2023, the committee approved an inclusionary housing mandate. The inclusionary requirements will apply to all housing projects within the plan area, including the Fashion District. As described, HR&A study found that due to escalating construction costs, residential development for newly acquired sites is not feasible under the proposed zoning recommendations until economic conditions recover (i.e. new construction of residential units in the Fashion District). The inclusionary mandate in addition to the 1 FAR Productive Space requirement would make housing projects even more infeasible in the Fashion District. The economic feasibility challenges for new residential construction are especially pronounced for high rise construction, which generally involve the use of steel and concrete construction technologies, and a more expensive workforce to construct. Five-to-eight story “podium” style construction, which relies upon wood frame construction technology, would be less economically constrained. The 1 FAR Productive Space obligation would be especially challenging in podium style housing development, whereas larger scale high rise development may be able to more readily accommodate that amount of Productive Space in the future, should construction costs stabilize.

Concerns about the feasibility of housing production within the Fashion District’s IX3 area are especially pronounced given the overall capacity for increased housing production within this area. Today, most of the IX3 area is zoned M2-2D, which allows for industrial and commercial uses at 3 FAR. Under the Downtown Plan, housing would become an allowed use, and a

maximum of 8 FAR would be allowed. This substantial increase in housing capacity could reasonably allow for up to 12,000 new housing units to be realized over the life of the Downtown Plan, among which 1,000 to 2,000 would likely be covenanted affordable housing units given the graduated inclusionary system provided within the Downtown Plan.

Increasing opportunities for housing in the City's center with access to transit and other resources is a key goal of the plan. The plan is creating opportunities for people to live close to where they work and near various civic resources, including an extensive bus and rail infrastructure, and contribute to absorbing the severe housing needs of the City. The Plan tries to balance this need for housing and the need to preserve manufacturing uses in the Fashion District. By prohibiting conversions of existing buildings into housing, the plan intends to preserve existing manufacturing businesses, while allowing for new housing. Additionally, by requiring a prescribed amount of manufacturing space in new residential developments, the Plan ensures expanded employment opportunities in this area.

Accordingly, City Planning recommended in its September 27, 2022 memo that the Productive Space obligation be reduced to 0.5 FAR, to make it more feasible in smaller-scale podium style projects. During the process to adopt the Downtown Plan at PLUM and City Council, concerns were expressed that the 0.5 FAR obligation for Productive Space may not yield the type of manufacturing spaces that would contribute to the overall production needs within the Fashion District.

Recommendation - Productive Space FAR

In effort to facilitate a meaningful net increase in Productive Space within the IX3 area, while still facilitating economically feasible housing production, City Planning is recommending a Productive Space obligation for housing projects that scales according to project size. It is recommended that housing development projects be required to provide 15% of their floor area for Productive Space, with a minimum obligation of 0.5 FAR, and a maximum obligation of 1 FAR. The Table 1 below demonstrates the types of Productive Space that would be yielded in a multitude of hypothetical project types.

Project Site Area (Square Feet)	Project FAR	Project Size (Square Feet)	Productive Space Requirement
8,000	3	24,000	4,000
	4.5	36,000	5,400
	6	48,000	7,200
	8	64,000	8,000
16,000	3	48,000	8,000
	4.5	72,000	10,800
	6	96,000	14,400
	8	128,000	16,000
32,000	3	96,000	16,000
	4.5	144,000	21,600
	6	192,000	28,800
	8	256,000	32,000
64,000	3	192,000	32,000
	4.5	288,000	43,200
	6	384,000	57,600
	8	512,000	64,000
128,000	3	384,000	64,000
	4.5	576,000	86,400
	6	768,000	115,200
	8	1,024,000	128,000

Table 1: Project Size to Productive Space Ratio

HR&A's analysis of the Fashion District noted that the size of existing production spaces can vary significantly depending upon the volume of operations, with some smaller spaces existing at around 800 square feet, to 10,000 square feet or larger for higher volume operations. As delineated above, the recommended Productive Space requirement of the IX3 zone would yield spaces that range from 4,000 to 5,000 square feet within smaller housing development projects, to over 100,000 square feet in larger high-rise, or campus type development projects. It is also important to emphasize that the Productive Space requirement is intended to facilitate a net increase in overall productive space within the Fashion District, and works in tandem with a prohibition on converting existing productive spaces to housing or hotel uses. The specific technical amendments that can be made by the City Council to incorporate scaled Productive Space obligation are included at the end of this memo.

The following modifications to Exhibit E of PLUM Transmittal (CPC Recommendation Draft of new Zoning Code) are presented for Council’s consideration. Additions to the ordinance are indicated by underlined text and deletions are indicated by ~~strikethrough~~.

Sec. 5B.7.3. INDUSTRIAL-MIXED 3 (IX3)

B. Allowed Uses & Limitations

Use	Permission	Use Standard	Specification
RESIDENTIAL	*	Use Separation (min)	
		Heavy Industrial Relief	50' C1
Dwelling	PS *	(see Residential) In conjunction with:	<ul style="list-style-type: none"> • Manufacturing, Light: General • Manufacturing, Light: Artistic & Artisanal • Manufacturing, Light: Garment & Accessory
		Relief	C2
		<u>Supplemental procedures</u>	<u>Sec. 5B.7.2.D.8.</u>
		Floor area (min)	<u>15% of total floor area, or .5 FAR, whichever is greater, up to a maximum of 1.0 FAR required</u>
		Exception	100% Restricted affordable units
		<u>Special use program</u>	<u>Sec. 5C.4.5.</u>

The update to the Dwelling use permission reflects an amendment that is discussed in the report titled, “Potential Modifications to the IX1 Use District to Better Facilitate Community Facilities within Portions of the Skid Row Neighborhood”, dated September 19, 2023. The inclusion of a relief option to the in conjunction with standards reflects an amendment that is discussed in the report titled, “Report on productive space with retail and front office uses in the IX3 Use District”.

Freight Elevators and Loading Dock Requirements

The PLUM committee also incorporated into the IX3 Use District a request made by Council District 14-de Leon that addresses loading areas and freight elevators. The request set forth in a letter submitted by Council District 14 reads as follows:

Require the preservation of freight elevators, loading docks, and loading bays within and directly surrounding buildings currently occupied by garment manufacturing businesses; and require these amenities for new construction in order to ensure efficient business operations for new garment manufacturing.

It is widely understood that features such as loading bays, loading docks, and freight elevators are valuable amenities within manufacturing areas. HR&A's analysis of the Fashion District conveyed "Manufacturing studios have specific spatial and building requirements. To ensure uninterrupted flow of materials and machinery, manufacturing studios must be in buildings with at least one freight elevator and an adequate loading zone at street level." Nevertheless, the language that was incorporated into the IX3 regulations warrants clarifications with respect to how it can be applied across the multitude of future project activities.

First, there is no reliable data available to ascertain which buildings do and do not have garment manufacturing businesses, and such information would be necessary in order for City Departments to implement the requirement set forth above. Furthermore, it would be arbitrary to require that freight elevators and loading areas be preserved in buildings that surround garment manufacturing uses.

Second, a broad requirement for all new buildings within the IX3 area to incorporate loading areas and freight elevators would likely create numerous unintended consequences. Not all new buildings will include manufacturing uses, as the IX3 Use District allows for a broad range of uses, including: schools, medical facilities, retail and commercial services, etc. New buildings that do include floor area for manufacturing uses may do so at ground level, and may not warrant the inclusion of massive freight elevator systems. Even buildings that include multi-level manufacturing spaces may not warrant the inclusion of freight elevator systems. Following are some additional considerations regarding the mandate for freight elevators:

- Space allocation: Freight elevators are typically larger and have higher weight capacities than normal elevators. They need enough space to accommodate bulky and heavy items, such as furniture, equipment, or large shipments. Therefore, architects may need to allocate more space for the freight elevator shaft and its associated machinery.
- Location: The positioning of the freight elevator within the building is important. It should be strategically placed to allow for efficient movement of goods to and from different areas of the building. Architects may need to consider the flow of goods and plan the floor layout accordingly, ensuring that the freight elevator is easily accessible from loading docks, storage areas, or other relevant spaces.

- Structural considerations: Freight elevators often require stronger structural support due to their larger size and weight capacity. Architects need to take this into account during the design process to ensure that the building's structural elements can adequately support the freight elevator and its loads.
- Service access: Unlike normal elevators, freight elevators may require separate service entrances to facilitate the loading and unloading of goods. Architects need to plan for these access points and consider the building's circulation patterns to ensure smooth and efficient movement of goods throughout the building.
- Noise and vibration control: Freight elevators can generate more noise and vibrations compared to passenger elevators due to the transportation of heavy objects. Architects may need to incorporate soundproofing measures or vibration isolation techniques to minimize the impact on nearby spaces, especially if sensitive areas like offices, residential units, or quiet zones are located nearby.

Within the larger Fashion District area (i.e not just those portions of the Fashion District that are within the IX3 Use District) the Downtown Plan includes an Employment Center incentive area as part of the larger Community Benefits Program. Under this incentive system projects that reserve at least 50% of their floor area for specified manufacturing uses may receive FAR incentives. In order to qualify for the incentive, these projects must provide a freight elevator. This provision allows a freight elevator mandate to be applied to projects that are providing a large scale of productive space.

Recommendation - Freight Elevators & Loading Bays

City Planning recommends that the mandate to preserve existing loading docks, loading bays, and freight elevators within the IX3 zone be clarified so as to apply to all existing buildings that currently provide such amenities within the Fashion District Employment Center Subarea of the Downtown CPIO. City Planning further recommends that the mandate to provide loading docks, loading bays, and freight elevators within new buildings be removed from the IX3 Use District. The specific amendments that can be made by the City Council to incorporate scaled Productive Space obligation are included at the end of this memo.

Recommended Downtown Community Plan Implementation Overlay (CPIO) Amendments

The following modifications to Exhibit D.1 of PLUM Transmittal (DTLA CPIO District) are presented for Council's consideration. Additions to the ordinance are indicated by underlined text and deletions are indicated by ~~strikethrough~~.

Section II - III. C. Community Facilities pursuant to LAMC Chapter 1A 9.3.4

4. For sites located in Subarea A.5, Projects that include a loading elevator and in which a minimum of 50% of the total Floor Area, inclusive of any Bonus FAR ~~Floor Area~~, contains Manufacturing, Light Artistic & Artisanal, Manufacturing, Light Garment & Accessories, Manufacturing, Light Wholesale Trade & Warehousing, may

obtain additional Floor Area above the Base FAR and up to 4:1 FAR pursuant to the Employment Incentive Area, LAMC Chapter 1A Section 9.3.4.C.4.

- a. A Housing Development must fully utilize the Local Affordable Housing Incentive Program pursuant to LAMC Chapter 1A 9.3.2 before obtaining Floor Area through this incentive.
- b. Within Subarea A.5, existing buildings consisting of loading bays, and/or Loading Elevators are required to retain these features during major demolition, renovation, facade modification, lot modification, site modification, Maintenance & Repair, or use modification, as defined per Sec. 14.1.15. (Project Activities) of Chapter 1A of the LAMC.

Section I-4. DEFINITIONS

"Project" Within Subarea A, a "Project" shall mean any construction, erection, alteration of, or addition to a structure that would exceed the Base Floor Area and Base Height allowances authorized under the subject site's Form District. Within Subarea A.5, a "Project" shall also mean any removal of a loading bay and/or Loading Elevator.

Sincerely,

VINCENT P. BERTONI, AICP
Director of Planning



Shana MM Bonstin
Deputy Director

VPB:SB:cw:ba:vs