



May 2, 2023
City Council President Paul Krekorian
200 N. Spring Street
Los Angeles, CA 90012

RE: DTLA2040 Community Plan (Council File 22-0617)

Dear Council President Krekorian,

On behalf of all LA Fashion District stakeholders, we urge City Council to reconsider the proposed PLUM amendments and their negative impact on our community. As a non-profit organization representing the interest of over 1,000 property owners, 4,000 businesses, and 6,000 residents, we are deeply concerned about the consequences of the PLUM committee amendments on the DTLA2040 community plan and the LA Fashion District.

We are disappointed that the PLUM committee ignored the economic feasibility analysis provided by City Planning, experts from HR&A, and testimony from stakeholders who have an interest in preserving the ecosystem of sectors and industries that exist/are emerging in the Fashion District and who want to allow our community to bare its weight in response to the housing and homelessness crisis. The proposed amendments will have several negative implications for the Fashion District. Making it more difficult for developers to build new housing and commercial projects, discouraging investment in the area, and would result in fewer job opportunities and a reduced housing supply. This will be particularly harmful to low-income families and workers of all industries in our district.

The proposed regulations by the PLUM committee include a 1.0-floor area ratio (FAR) requirement of light industrial space and the need for freight elevators, loading docks, and loading bays for new developments in the IX2/IX3 Use Districts; both these provisions will have severe impacts on any future Fashion District developments. These requirements will impede housing development, ultimately harming the Fashion District's economy and its ability to create a projected 12,000 new housing units, including 1,000-2,000 rent-restricted affordable units.

According to the analysis prepared by HR&A, development in the Fashion District is already economically challenging. **For a project with an industrial space set-aside to be viable, rents would need to increase by 15-18%, or construction costs would need to decrease by 18-22%. This is more than double the change needed for a project without the set-aside. Additionally, there is already an 18% vacancy rate for existing manufacturing space in the area, which is high compared to the regional 3.5% industrial vacancy rate, indicating an oversupply of such space in the Fashion District that is already modestly priced at a monthly average of \$2/sq ft.**

The Fashion District is a vital economic engine for the City of Los Angeles, contributing billions of dollars in tax revenue annually across all industries and providing thousands of jobs. The PLUM amendments would undermine this success by creating unnecessary barriers to development and investment. This would make it more difficult for our community to grow and succeed, limiting the economic opportunities available to our neighborhood. It will further guarantee that neither the housing nor the preservation of industry goal, set by City Planning, is met.

To protect the vitality of the Fashion District, the City Council should:

Increase the base FAR to 6:1 in Form District HM1, HB1, DM1, DM3, and Use Districts CX3 and IX2/IX3. The delta between base and bonus in our district is too great, especially when DTLA2040 proposes mandatory inclusionary housing AND a production FAR requirement for new developments. In the short term, projects in the Hybrid Industrial area will find it infeasible to address both. Thus, an increase in base FAR is needed to address possible mandates.

Do not exclude Creative Office as a qualifying use for the "work" portion of new Live/Work units and allow it to count toward the required FAR in Use Districts IX2/IX3/IX4 Productive Space. The Fashion Industry has been moving towards marrying production space with office. The most significant indicator is Adidas and Spark's entry into the community, bringing 800+ employees. Both are now tenants in a CX3 area that allows for the coexistence of office and production in the same space/unit, opting out of the IX2/IX3 Use Zones. In addition, given the transition to working from home during COVID-19, which has continued, we must reinstitute "office" for live/work units to allow for changes in the workforce.

Remove CUP requirements and prohibitions on conversion projects (housing, live/work units, hotels, social service facilities, etc.) in the IX2 and IX3 Use Districts for buildings that have sat vacant or underutilized at a threshold of 60% for 2+ years.

The adaptive reuse ordinance was instated to address buildings plagued by high vacancy rates that could be reused to address the needs of communities. That has never been truer than in the Fashion District. Buildings with extended vacancies (no longer viable) have become housing and bridge home shelters. In the IX2/IX3 areas, where there are many restrictions on conversion/adaptive reuse, the overall vacancy

rate (per square foot) is a crushing 22%, and of that space, 27% has been vacant for 1000+ days. The City is in a housing crisis and experiencing highly unfavorable market conditions. The HR&A experts have indicated that the feasibility of new projects will be unlikely in the short term, so we cannot allow vacant spaces to sit unused for an extended term.

Remove or reduce to 0.5 FAR requirement for Productive Space in Use District IX2/IX3; remove the elevators and loading docks requirement.

The LA Fashion District has been experiencing a manufacturing exodus since the late 1990s. While industry regulations have sought rightful equity in manufacturing, this catalyzed many companies to move out of City, State, and Country. Buildings dedicated to manufacturing and wholesale currently have a vacancy rate of 18%, indicating an oversupply. Additionally, HR&A has stated that “new residential construction subject to the requirement is unlikely to occur on a larger scale absent significant changes in market conditions...” making “it challenging to achieve policy objectives related to housing production and industrial preservation.” The Council should continue pursuing the targeted programmatic recommendations by Councilmembers de Leon and Hernandez; These motions will better support the garment manufacturing industry and jobs than zoning regulations.

Remove mandatory inclusionary housing requirements and continue incentivizing affordable housing production through the Community Benefits Program. As long as the Hybrid Industrial area is a 3:1 base FAR, it cannot bear mandatory inclusionary housing AND employment space obligations. Per HR&A, it is entirely unfeasible. The City Council must decide whether projects in Hybrid Industrial should reserve space for an industry when there is already an oversupply or provide the ability to create housing during a citywide shortage.

Do not prohibit Entertainment Venues in new construction or existing buildings containing industrial use in the IX2/IX3 Use Districts that have sat vacant or underutilized at a threshold of 60% for 2+ years. As previously stated, buildings that experience high long-term vacancy rates should be allowed to meet a community’s use demands, including entertainment venues. COVID-19 demonstrated that access to live music is just as vital to the mental fitness of a community as public space. Prohibiting industries in the Fashion District prevents our community from developing a healthy and vibrant neighborhood.

We understand the need to balance growth and development with the community’s concerns. Still, we believe that the PLUM amendments go too far in limiting growth and investment in the Fashion District. DTLA2040 has the potential to provide 12,000 units of housing with 1000-2000 rent-restricted affordable units in the Fashion District and DTLA. We urge City Council to implement a community plan that will encourage development and investment so that housing/preservation goals can be met. The plan must be flexible, inclusive, and equitable to all industries and stakeholders in our neighborhood. Please

consider the needs and concerns of our community. You can help ensure the Fashion District remains a vital and dynamic part of the City's fabric for years.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Rodriguez', written over a light gray rectangular background.

Anthony Rodriguez
Executive Director
LA Fashion District BID

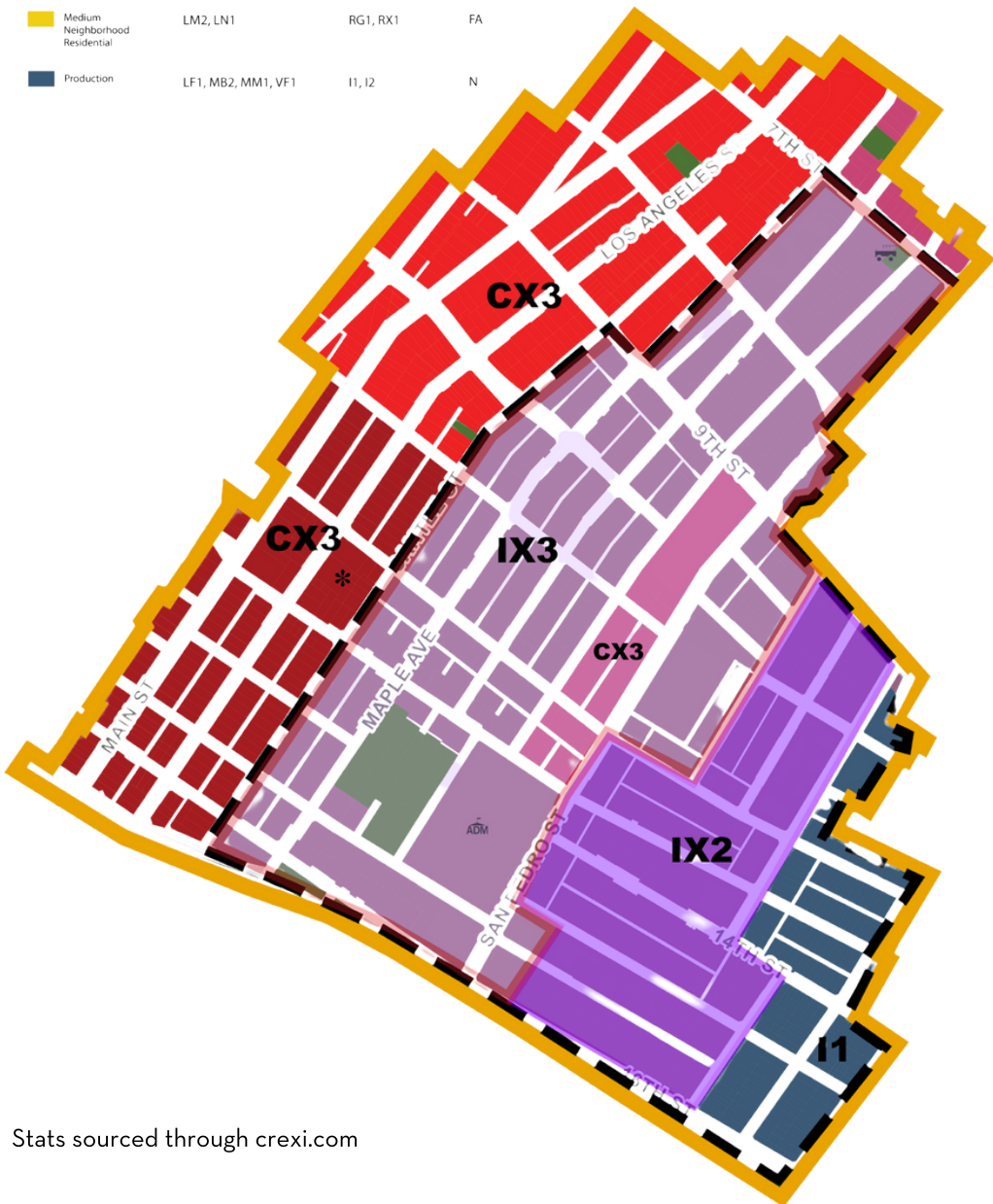
Cc: Office of Mayor Karen Bass
City Council
Office of City Attorney Hydee Felstein Soto



IX2/IX3 INSIGHTS

PROPOSED LAND USE

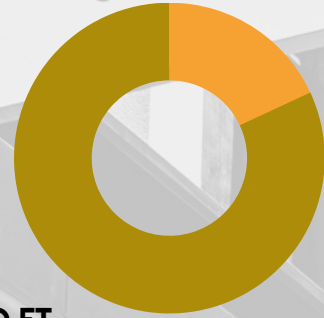
GENERAL PLAN DESIGNATION	FORM	CORRESPONDING USE	DENSITY	SPECIAL DISTRICT
Transit Core	HB1, HB2, HB3, HB4, HB5	CX2, CX3, CX4	FA	ADP-RIQLASD
Traditional Core	DM3, DM4, HM1, HM2	CX2, CX3, CX4	FA	
Community Center	DM1, DM2, DM5, LM2, MB4	CX1, CX2, CX3	FA	
Hybrid Industrial	LM1, MB2, MB3, MB4, MM1	IX3, IX4	FA	GW(ICA), UC(ICA), UI(ICA), UV(ICA)
Markets	DM1, MB1, MB4	IX1, IX2, IX3	FA	
Village	LM2, MN1	CX1, CX2, RX1	FA	
Open Space	LF1, VF1	A1, OS1	1L, N	GW(ICA)
Public Facilities	DM1, DM2, DM4, HB2, HB3, HB4, HB5, HM1, HM2, LF1, LM2, LN1, MB1, MB3, MB4, MF1, MM1, MN1	P2	FA, N	ADP-RIO
Public Facilities - Freeways				FWY
Medium Neighborhood Residential	LM2, LN1	RG1, RX1	FA	
Production	LF1, MB2, MM1, VF1	I1, I2	N	



OVERALL AREA VACANCY RATE

22%

VACANT SQ FT
2047551



TOTAL SQ FT
9284931

VACANCY RATE OF DEDICATED MANUFACTURING & WHOLESALE TRADE SPACE

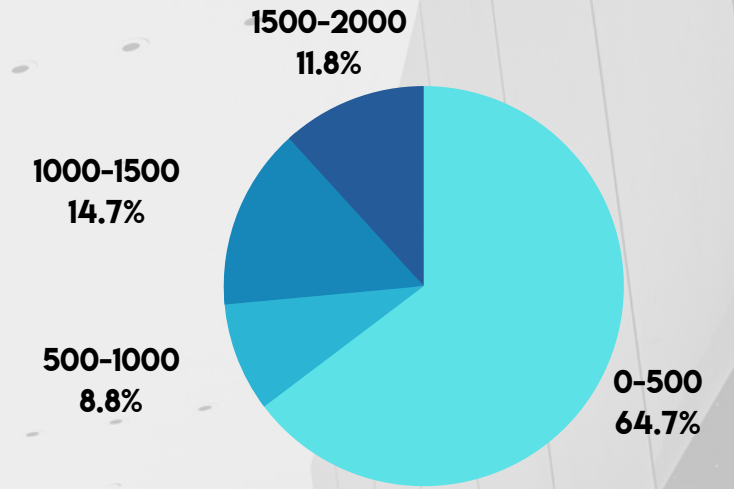
18%

VACANT SQ FT
685075

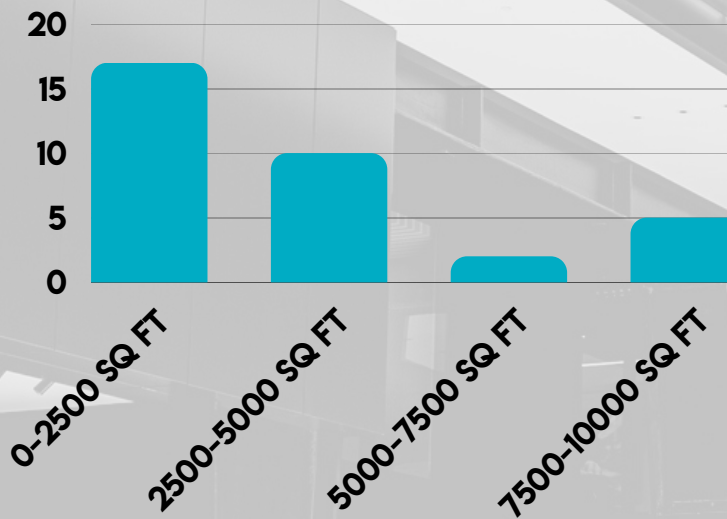


TOTAL SQ FT
3237782

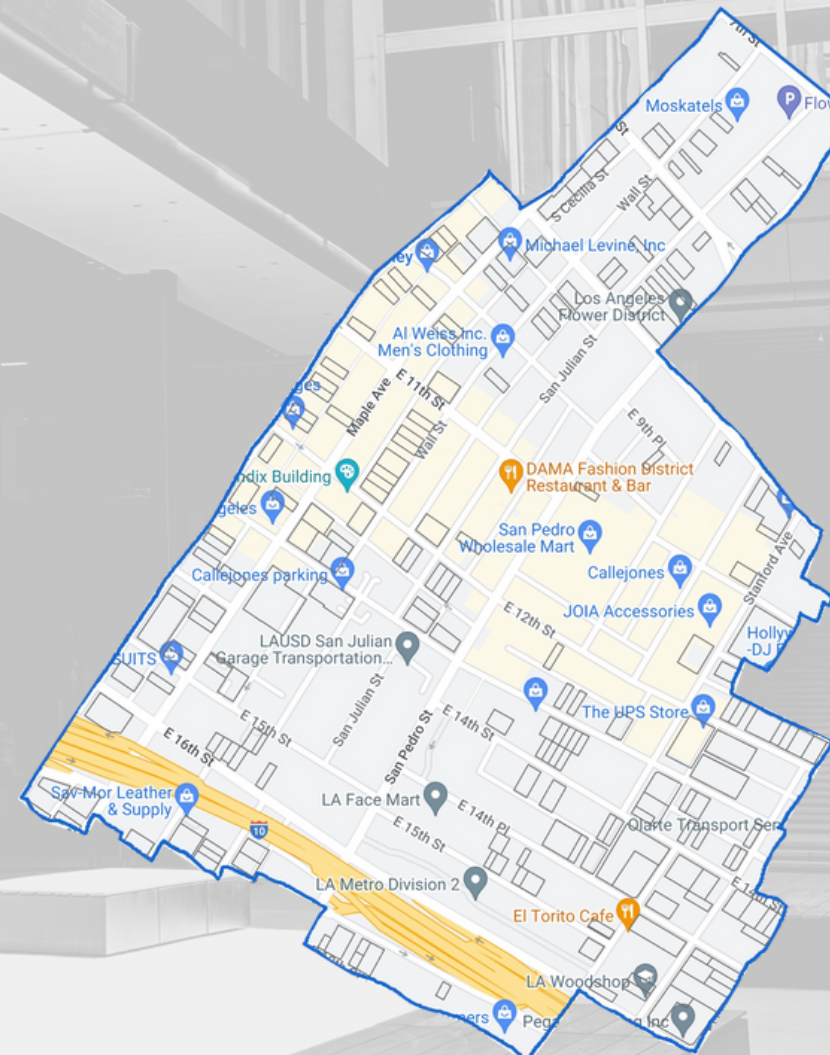
DAYS ON MARKET



AVERAGE SQ FT OF VACANCIES



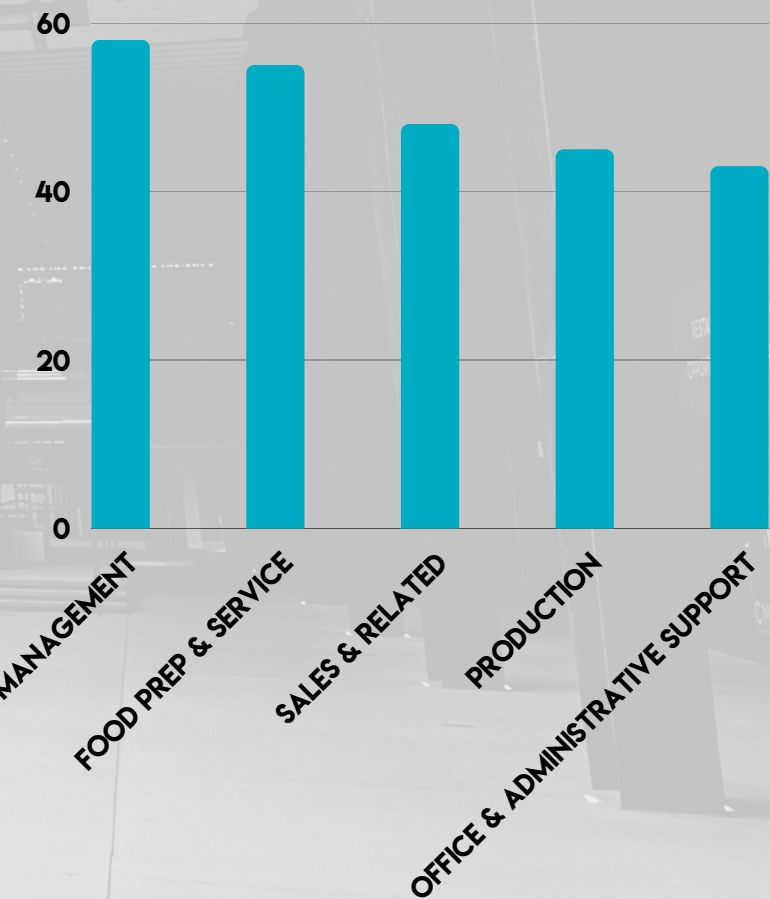
MANUFACTURING & WHOLESALE BUILDINGS



NO. OF EMPLOYEES

13.1K

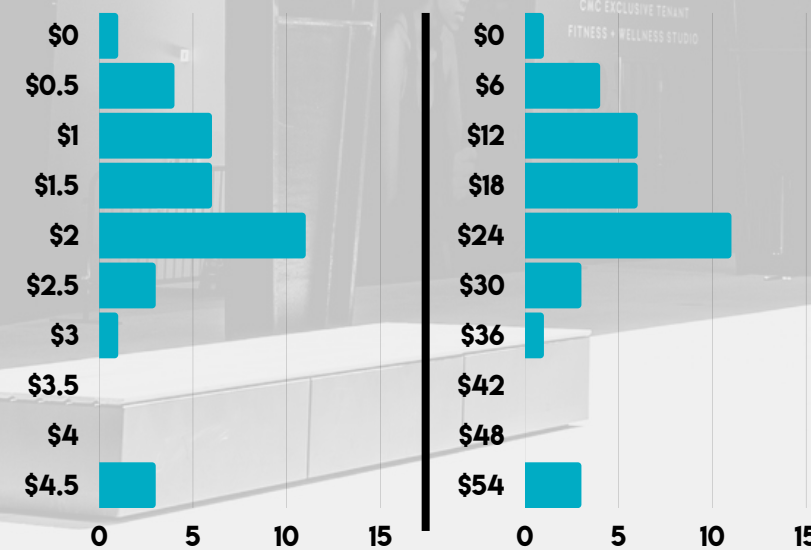
TOP 5 EMPLOYMENT CATEGORIES



ASKING RATE / SQ FT

MONTHLY

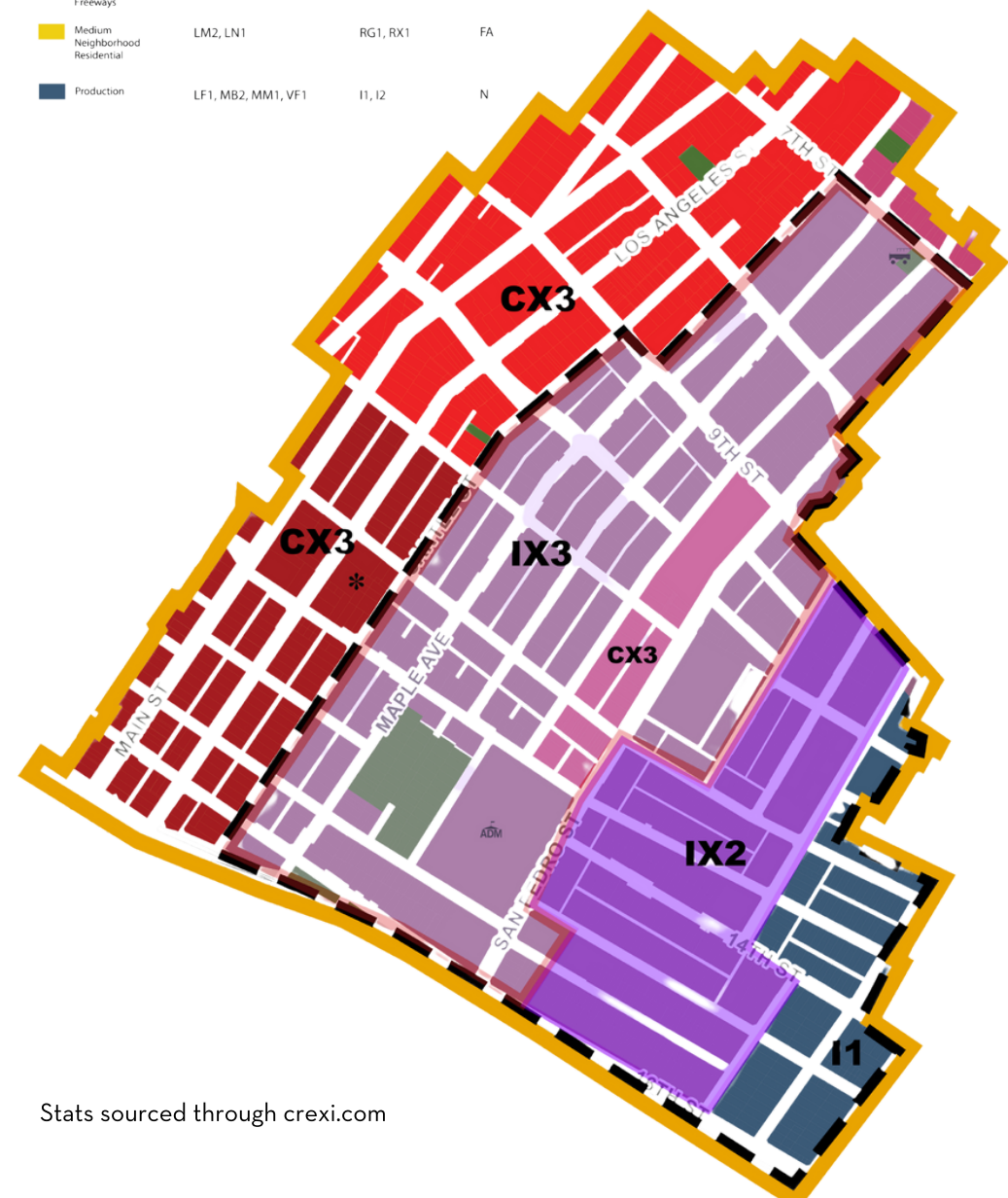
ANNUALLY



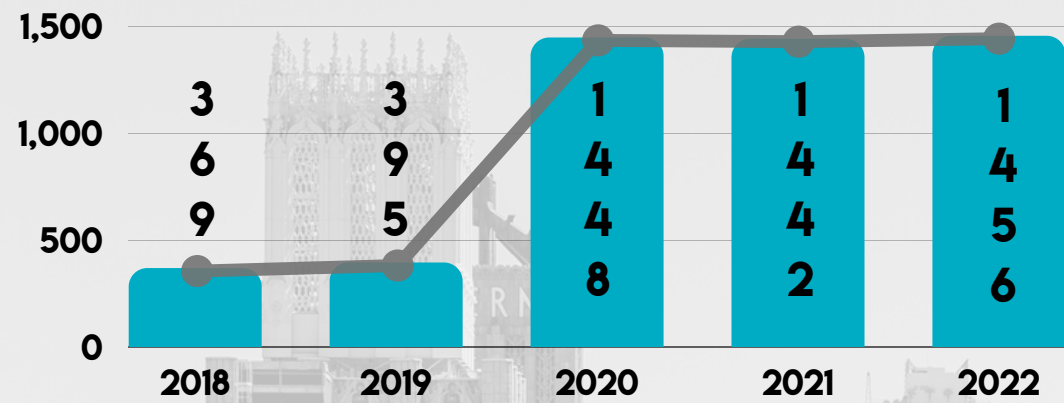


IX2/ IX3 HOUSING INSIGHTS

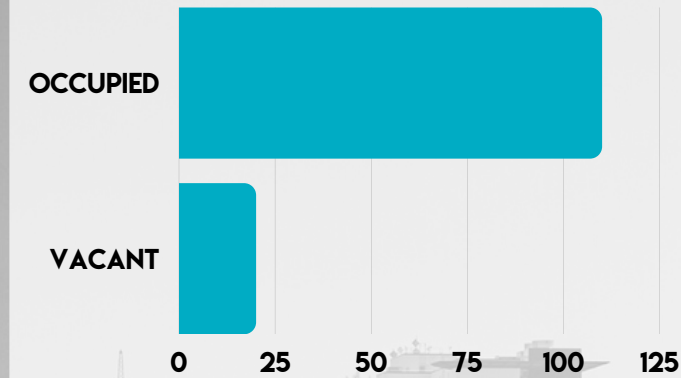
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Public Facilities - Freeways				FWY
Medium Neighborhood Residential	LM2, LN1	RG1, RX1	FA	
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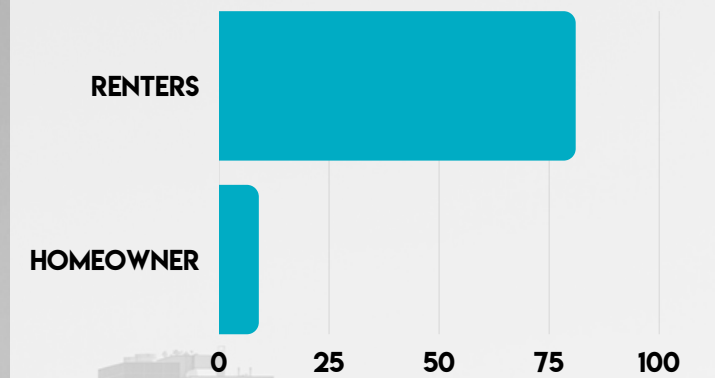
POPULATION ↑ 294% COMPARED TO 369 2018



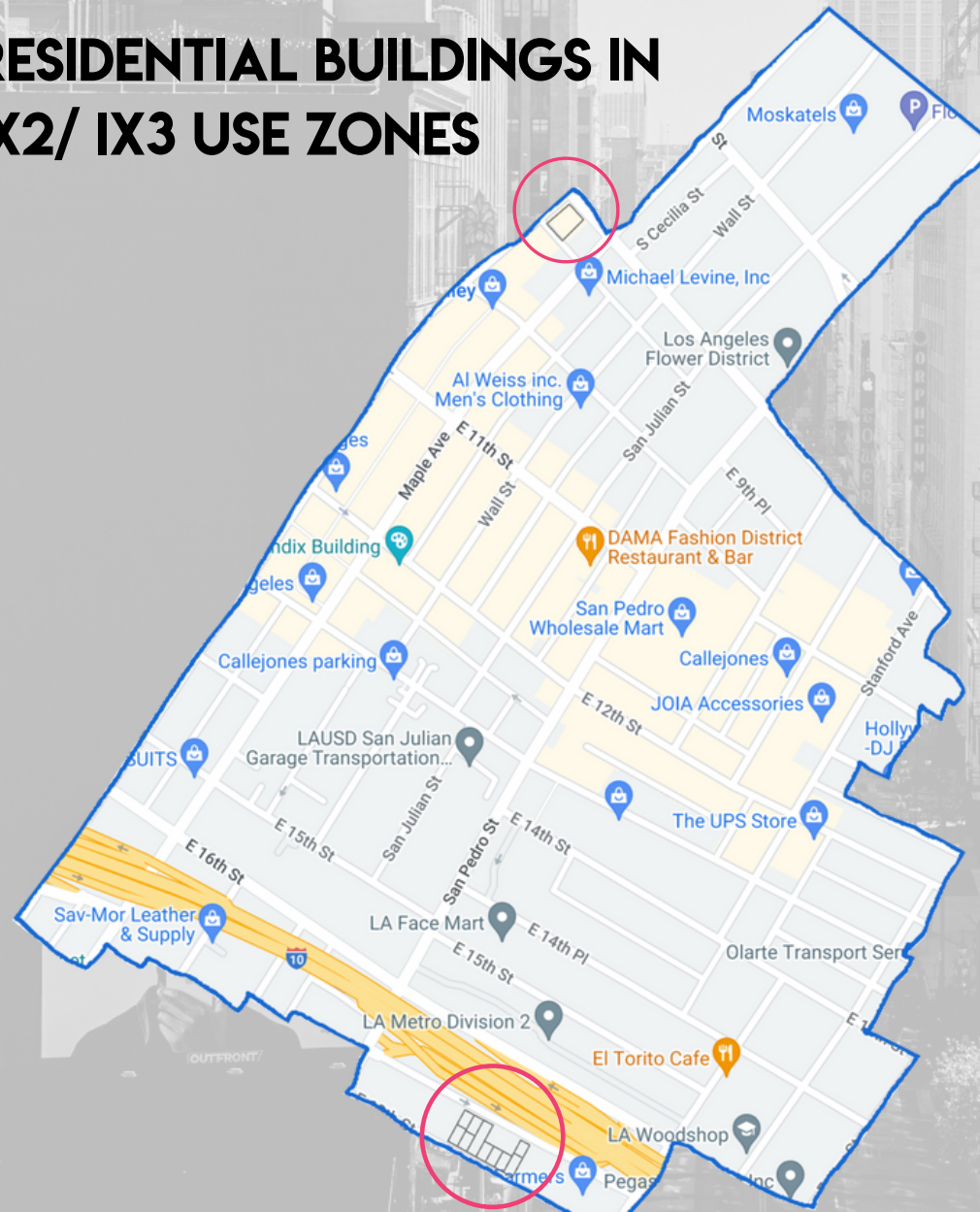
HOUSING OCCUPANCY RATIO 4:1



RENTER TO HOMEOWNER RATIO 8:1

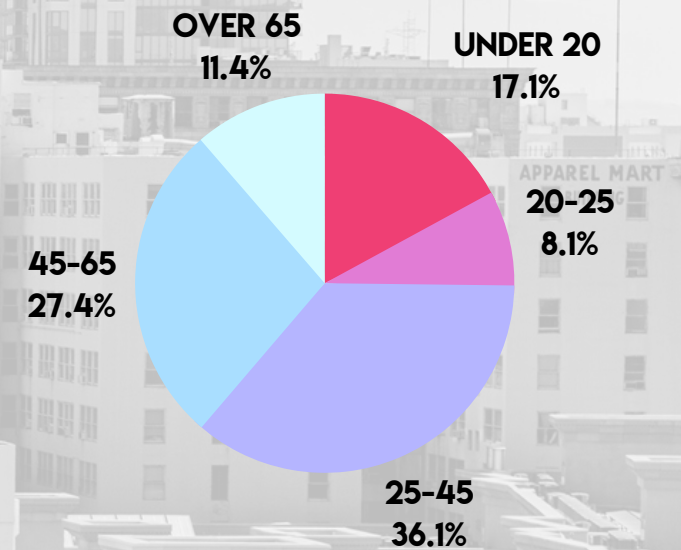


RESIDENTIAL BUILDINGS IN IX2/ IX3 USE ZONES



POPULATION AGE

MEDIAN AGE: 39



HOUSEHOLD INCOME

MEDIAN INCOME: \$87.1K

