City of West Hollywood

Public Benefits Economic Evaluation Tool

Request for Proposals

Proposals Due: Monday, October 19, 2015 at 5pm

9/22/2015
Table of Contents

1. Project Purpose and Context .................................................................2

2. Scope of Work ....................................................................................3
   Tasks (1-4) ................................................................................................................2
   Project Timeline ........................................................................................................3
   Project Budget ...........................................................................................................3
   Project Data & Materials ..........................................................................................3

3. Proposal Submission & Evaluation ....................................................4
   Key Dates ...................................................................................................................4
   Proposal Questions ....................................................................................................4
   Submission Requirements ..........................................................................................4
   Proposal Evaluation ....................................................................................................5
   Proposal Preparation Instructions .............................................................................5
   Proposal Delivery ........................................................................................................5

4. Selected Consultant Rules ......................................................................6
1. Project Purpose and Context

The City of West Hollywood invites qualified Consultants to respond to a Request for Proposals (RFP) for a **Public Benefits Economic Evaluation Tool**. The City seeks an economic consultant with real estate development and financial modeling expertise, as well as experience working with cities and developers.

The Economic Evaluation Tool will be a critical part of the City’s new Public Benefits Framework (Framework). The Framework is intended to provide the City with a structure to evaluate potential public benefits as part of a proposed development, which requests change(s) to the Zoning Ordinance, amendment(s) to the General Plan, and/or a Development Agreement. The two key components of the Framework will include:

1. **Part A**: a method to quantify the economic value of requested zoning change(s) for a proposed project; and
2. **Part B**: a defined set or “menu” of desirable community benefits with related costs.

The scope of work outlined in this RFP is to develop Part A of the Framework. It should be noted that the economic evaluation tool is intended to evaluate *unique* projects that are *of value* to the City and require changes to development standards to implement the applicant’s vision. The economic evaluation tool is not intended to be a quid pro quo for development that is beyond the scale or intensity of what is currently allowed in the City of West Hollywood.

2. Scope of Work

The scope of work is broken into three tasks:

1. meetings with staff and stakeholders,
2. concept memo to outline key factors for an economic evaluation tool, and
3. economic evaluation tool with two case studies, which are described in greater detail below.

Because there are multiple ways to evaluate the economic value of changes to development standards, the City plans to hire up to three different consultant teams to complete the scope of work outlined in the RFP. The intent of hiring up to three consultant teams is to compare and assess a variety of methods to evaluate real estate proposals to develop the most appropriate tool for West Hollywood to adopt as a standard practice. The City may ultimately select a hybrid of the proposed models.

**Task 1: Meetings**

At a minimum, the Consultant should include time for the following meetings:

1. Project set-up meeting with City Staff
2. Evaluation method discussion with City Staff
3. Presentation of Economic Evaluation Tool to City staff
4. Presentation of Economic Evaluation Tool to stakeholder group

*Deliverables: attendance at four (4) meetings, meeting minutes*
Task 2: Evaluation Method Memo
The Consultant will submit a memo to City Staff explaining the approach, methodology, and strengths and weaknesses for their proposed Economic Evaluation Tool. The Memo should –
- explain why their proposed evaluation method is the most suitable for West Hollywood,
- outline the necessary “inputs” or factors in the Excel tool to establish value,
- discuss how the evaluation methodology could be updated over time to respond to changing market dynamics, and
- outline strengths and weaknesses of the proposed approach.

The City will review the memo and meet with the Consultant to discuss any changes or refinements.

Deliverables: Economic Evaluation Memo

Task 3: Economic Evaluation Model and Case Studies
Based on input received from the City, the Consultant Team will develop an Excel template that can be used to determine the economic value of proposed zoning changes. The City will provide the Consultant with two projects to be used as case studies to “run” the model and assess the value of proposed zoning changes and/or bonuses. The Consultant will present the model to the City, along with an updated Memo that summarizes the model’s strengths, weaknesses, and any key considerations for implementation based on the case studies. Following a discussion with the City, the City may request final changes and/or refinements.

Deliverables: Economic Evaluation Excel Model (Draft & Final), Revised Economic Evaluation Memo

Task 4: Additional Services
Please submit schedule of hourly rates for the Consultant team, should the City require additional meetings and/or further revisions to economic evaluation model to complete the project. This could include presentations to Planning Commission and City Council.

Project Timeline:
The City is proposing a 4-month schedule to complete the tasks and deliverables. A tentative project schedule is outlined below.

<table>
<thead>
<tr>
<th>Month</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 2015</td>
<td>Project Set-up Meeting, Begin Scope of Work</td>
</tr>
<tr>
<td>December</td>
<td>Evaluation Methodology Memo, Meeting to Discuss</td>
</tr>
<tr>
<td>January 2016</td>
<td>Evaluation Model with Case Studies, Meeting to Discuss</td>
</tr>
<tr>
<td>February</td>
<td>Submit Final Model and Memo</td>
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</tbody>
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Project Budget:
The City would like the Consultant to provide a fee to complete the tasks described above, outlining the hours and fee for each task, as well as the hourly rates for Consultant team members should additional meetings be needed to complete the process. The budget shall not exceed $20,000 for the scope of work outlined above.
REQUEST FOR PROPOSALS

Request for Proposals

Project Data & Materials:
- General Plan 2035 and Climate Action Plan - http://www.weho.org/generalplan
- Staff Report to Planning Commission (4/16/15) regarding Public Benefits Framework
- Staff Report to City Council (7/20/15) regarding Public Benefits Framework (Attached)

3. Proposal Submission & Evaluation

Key Dates
- RFP Released: Tuesday, September 22, 2015
  Questions related to RFP Due: Monday, October 5, 2015 by 5pm
  Response to questions posted to web: Wednesday, October 7, 2015
- Proposals Due: Monday, October 19, 2015 by 5pm
  Interviews/ Selection: Week of October 26, 2015
  Approval of Contract: Monday, November 16, 2015

Proposal Questions
- There will be no pre-bid meeting for this proposal. Any questions regarding this RFP should be emailed to Georgia Sheridan at gsheridan@weho.org or faxed to (323) 848-6357.
- All submitted questions and responses will be posted on the City website http://www.weho.org after the close of the question period.
- No questions regarding this RFP will be answered over the phone. Proposers that contact City personnel or City Council members after the City releases the RFP and throughout the evaluation period may have their proposals disqualified from consideration.

Submission Requirements
In an effort to promote waste reduction and resource conservation, submittal shall not contain plastic bindings, plastic pages, or laminated pages. Double sided proposals are preferred. Please avoid superfluous use of paper (such as separate title sheets, or chapter dividers and unnecessary attachments or documents not specifically requested).

The proposal must be no longer than 15 pages (not including staff resumes) and include the following:
- **A. Cover Letter**: Summarize why the Consultant is the best firm to complete the scope.
- **B. Consultant Qualifications**: Provide a brief overview of the Consultant’s qualifications in working with cities and developers, and a description of any special services, expertise, or abilities that the Consultant can provide in the performance of the services described herein.
- **C. Consultant Experience**: Describe experience related to working on projects of similar scope and complexity. Provide references for up to three (3) relevant projects.
D. Project Team: Provide an organization chart that identifies the key members of the project team, their title, and assigned role within the project team. Briefly summarize the major responsibilities of each team member. Include resumes for all team members.

e. Approach and Work Plan: Provide a written narrative describing the Consultant’s approach and work plan for completing the scope of work. On a per task basis, the narrative should identify the designated team member(s) responsible for completing the work, deliverables, number of staff to attend meetings, and the timeframe for completion.

F. Fees: Submit a fee proposal for the scope of work; outline the number of hours and fees associated with each task and provide a list of hourly rates for all team members.

Proposal Evaluation
Submitted proposals shall be evaluated using the following key criteria:

- Demonstrated ability to deliver high quality, innovative work
- Consultant experience with real estate development analysis, proformas and economic analysis
- Ability to write deliver clear and concise written reports and organized and intuitive proforma template
- Completeness and clarity of proposal
- References

The highest ranking Consultants may be asked to come in for an interview. The City intends to hire up to three qualified firms to complete the work and then will select the most appropriate model as the standard template for the City. Firm(s) may be requested to complete additional services at hourly rates to finalize the selected standard template for the Economic Evaluation Tool.

Proposal Preparation Instructions
The proposer should mail, courier, or hand deliver five (5) sealed proposals to the City of West Hollywood no later than **October 19, 2015 at 5pm**. Proposals received after this time and date may be returned. Postmarks will not be accepted as proof of receipt. No oral, telephonic, faxed, emailed, or telegraphic proposals or modifications of proposals will be considered.

Proposal Delivery
Proposals shall be in enclosed in envelopes plainly marked with the following information –
- Proposal: Public Benefits Economic Evaluation Tool
- Name of Consultant
- Address
- Name, Telephone Number & Email of contact person

The submittal shall be addressed as follows:
- City of West Hollywood
- Attn: City Clerk
- 8300 Santa Monica Blvd
- West Hollywood, CA 90069
- Proposal: Public Benefits Economic Evaluation Tool
4. Selected Consultant Rules
The selected Consultant shall be able to meet the following requirements in order to enter into a contract with the City of West Hollywood:

1. INDEMNIFICATION
   1.1. Consultant agrees to indemnify and hold the CITY harmless from any damage, liability or cost (including reasonable attorney fees and costs of defense) to the extent caused by Consultant’s negligent wrongful acts, errors, or omissions in the performance of professional services under this agreement.

   1.2. CITY agrees to indemnify and hold Consultant harmless from any damage, liability or cost (including reasonable attorney fees and costs of defense) to the extent caused by the CITY’S negligent wrongful acts, errors, or omissions in the performance of professional services under this agreement.

2. INSURANCE REQUIREMENTS
   2.1. CERTIFICATES OF INSURANCE. The Consultant shall provide certificates of insurance with original endorsements to the CITY as evidence of the insurance coverage required herein. Certificates of such insurance shall be filed with the CITY on or before commencement of performance of this Agreement. Current certification of insurance shall be kept on file with the CITY at all times during the term of this Agreement. The Consultant shall provide written evidence of current automobile coverage to comply with the automobile insurance requirement. The Consultant, at the Consultant’s own cost and expense, shall procure and maintain, for the duration of the contract, the following insurance policies:

   2.1.1. WORKERS’ COMPENSATION COVERAGE.
   The Consultant shall maintain Workers’ Compensation Insurance and Employer’s Liability Insurance for its employees in accordance with the laws of the State of California. In addition, the Consultant shall require any and every subcontractor to similarly maintain Workers’ Compensation Insurance and Employer’s Liability Insurance in accordance with the laws of the State of California for all of the subcontractor’s employees. Any notice of cancellation or non-renewal of all Workers’ Compensation policies must be received by the CITY at least thirty (30) days prior to such change. The insurer shall agree to waive all rights of subrogation against the CITY, its officers, agents, employees, and volunteers for losses arising from work performed by the Consultant for City.
   This provision shall not apply if the Consultant has no employees performing work under this Agreement. If the Consultant has no employees for the purposes of this Agreement, the Consultant shall sign the “Certificate of Exemption from Workers’ Compensation Insurance” which is attached hereto and incorporated herein by reference as “Exhibit B.”

   2.1.2. GENERAL LIABILITY COVERAGE. The Consultant shall maintain commercial general liability insurance in an amount of not less than one million dollars ($1,000,000) per occurrence for bodily injury, personal injury, and property damage.
   If a commercial general liability insurance form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit.

   2.1.3. AUTOMOBILE LIABILITY COVERAGE. The Consultant shall maintain automobile liability insurance covering bodily injury and property damage for all activities of the Consultant arising out
of or in connection with the work to be performed under this Agreement, including coverage for owned, hired, and non-owned vehicles, in an amount of not less than three hundred thousand dollars ($300,000) combined single limit for each occurrence.

2.1.4. PROFESSIONAL LIABILITY COVERAGE. The Consultant shall maintain professional errors and omissions liability insurance for protection against claims alleging negligent acts, errors, or omissions which may arise from the Consultant’s operations under this Agreement, whether such operations be by the Consultant or by its employees, subcontractors, or subconsultants. The amount of this insurance shall not be less than one million dollars ($1,000,000).

2.2. ENDORSEMENTS. Each general liability and automobile liability insurance policy shall be issued by insurers possessing a Best’s rating of no less than A-. and shall be endorsed with the specific language of Section 8.2.2.1. below.

2.2.1. “The CITY, its elected or appointed officers, officials, employees, agents, and volunteers are to be covered as additional insured with respect to liability arising out of work performed by or on behalf of the Consultant, including materials, parts, or equipment furnished in connection with such work or operations.”

2.2.2. This policy shall be considered primary insurance as respects the CITY, its elected or appointed officers, officials, employees, agents, and volunteers. Any insurance maintained by the CITY, including any self-insured retention the CITY may have, shall be considered excess insurance only and shall not contribute with this policy.

2.2.3. This insurance shall act for each insured and additional insured as though a separate policy had been written for each, except with respect to the limits of liability of the insuring company.

2.2.4. Consultant acknowledges that the insurance coverage and policy limits set forth in this section constitute the minimum amounts of coverage required. Any insurance proceeds available to the CITY in excess of the limits and coverage required in this agreement and which is applicable to a given loss, will be available to the CITY.

2.2.5. The insurer waives all rights of subrogation against the CITY, its elected or appointed officers, officials, employees, or agents.

2.2.6. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its elected or appointed officers, officials, employees, agents, or volunteers.

2.2.7. The insurance provided by this policy shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) days’ written notice has been received by the CITY.

2.2.8. Consultant agrees to provide immediate notice to CITY of any claim or loss against Consultant arising out of the work performed under this agreement. CITY assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve CITY.
2.3. DEDUCTIBLES AND SELF INSURED RETENTIONS. Any deductibles or self-insured retentions must be declared to and approved by the CITY. At the CITY’s option the Consultant shall demonstrate financial capability for payment of such deductibles or self-insured retentions.

2.4. FAILURE TO PROCURE INSURANCE. Failure on the part of the Consultant to procure or maintain required insurance shall constitute a material breach of contract under which the CITY may terminate the Agreement.

3. NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY. The Consultant represents and agrees that it does not and will not discriminate against any employee or applicant for employment because of race, religion, color, medical condition, sex, sexual orientation and/or gender identity, national origin, political affiliation or opinion, or pregnancy or pregnancy-related condition.

4. LIVING WAGE ORDINANCE. The Consultant shall abide by the provisions of the West Hollywood Living Wage Ordinance No. 97-505. During the term of this Agreement, the Consultant shall keep on file sufficient evidence of its employee compensation to enable verification of compliance with the West Hollywood Living Wage Ordinance.

5. EQUAL BENEFITS ORDINANCE. The Consultant shall abide by the provisions of the West Hollywood Equal Benefits Ordinance No. 03-662. During the term of this Agreement, the Consultant shall keep on file sufficient evidence of its employee compensation and any applicable benefits package, as those benefits relate to the coverage of the domestic partners of contractor’s employees, which shall include; bereavement leave; family medical leave; and health insurance benefits; to enable verification of compliance with the West Hollywood Equal Benefits Ordinance.

6. RESTRICTIONS: Arab League Boycott of Israel. The Consultant hereby affirms it does not honor the Arab League Boycott of Israel.

7. RECORDS AND AUDITS. The Consultant shall maintain accounts and records, including personnel, property, and financial records, adequate to identify and account for all costs pertaining to this Agreement and such other records as may be deemed necessary by the CITY or any authorized representative, and will be retained for three years after the expiration of this Agreement. All such records shall be made available for inspection or audit by the CITY at any time during regular business hours.

8. OWNERSHIP OF DOCUMENTS. It is understood and agreed that the CITY shall own all documents and other work product of the Consultant, except the Consultant’s notes and work papers, which pertain to the work performed under this Agreement. The CITY shall have the sole right to use such materials in its discretion and without further compensation to the Consultant, but any re-use of such documents by the CITY on any other project without prior written consent of the Consultant shall be at the sole risk of the CITY. The Consultant shall at its sole expense provide all such documents to the CITY.
ATTACHMENT:
Staff Report to City Council (7/20/15) regarding Public Benefits Framework
STATEMENT ON THE SUBJECT:

The City Council will provide input on a proposed Public Benefits Framework intended to provide a defined, transparent process for considering public benefits as part of any future development that requests development standards and/or land uses that are not currently allowed in the Zoning Code and/or General Plan.

RECOMMENDATION:

1. Receive and comment on the proposed Public Benefits Framework, and
2. Direct staff to work with a team of consultants and the community to develop a Public Benefits Framework.

BACKGROUND ANALYSIS:

Over the years, the City has reviewed projects that propose changes to the Zoning Ordinance and General Plan. Some of these requests have included Development Agreements where a "public" or "community" benefit is negotiated as part of the project. Others have not. While the concept of public benefits is included in the General Plan and Municipal Code in several places, there is no clear definition for what qualifies as a public benefit, nor a standard process for determining the type or scale of benefit.

The current process (or lack thereof) for reviewing public benefits as part of a Development Agreement, General Plan Amendment, or other development bonus is not clear and can result in the following: the community feels a lack of transparency, the developer is torn between divergent requests for a community benefit, the Planning Commission is left out of the conversation, and City Council is faced with a confusing set of options and no standard metric for evaluating the trade-offs. In sum, the status quo serves no one well.

Goals of Public Benefits Framework
As such, staff proposes that the City develop a Public Benefits Framework (Framework), which will provide the community, Planning Commission, and City Council
with a structure to evaluate potential public benefits as part of a proposed development, which requests change(s) to the Zoning Ordinance, amendment(s) to the General Plan, the application of the Avenues Bonus, and/or a Development Agreement.

It should be noted that the Public Benefits Framework is intended to evaluate unique projects that are of value to the City and require changes to development standards to implement the vision. The Public Benefits Framework is not intended to be a quid pro quo for development. The intent of the Framework is to:

- increase transparency for the community,
- simplify and streamline the project review process,
- tie the value of community benefits to the value of requested zoning change(s),
- add a role for the Planning Commission, and
- provide better options within a project for City Council to consider.

In the long term, the Framework will serve as a tool to realize community priorities as established by the City's General Plan, Climate Action Plan, and other adopted City plans.

The two key components of the Framework will include:

1. a method to quantify the economic value of requested zoning change(s) for a proposed project; and
2. a defined set or "menu" of desirable community benefits.

**Step 1: Economic Valuation**

The first step of the Public Benefits Framework is to establish the economic value of requested zoning change(s) as a project evaluation metric for decision-makers. The economic valuation process creates a context for the scale of benefit that should be considered. The value of the economic gain to the developer should be consistent with the value of the public benefit provided to the City. Without this baseline, negotiations between the City and the developer typically begin far apart, requiring a lengthy process of debate. Often, the decision-makers are never given a clear metric to understand the value of the proposed public benefit and the value of the requested changes to current development standards.

It is important to note that for some projects, there may be no public benefit that will be seen as an appropriate exchange for certain land use changes. As the name implies, the Public Benefits Framework is a framework for City discussion, not a set of criteria that, if met, guarantees project approval.

The formula to determine the economic value of proposed zoning changes is not yet defined. Should City Council direct staff to work on a Public Benefits Framework, staff would select a group of experts in the development field to recommend a set of metrics (i.e. inputs) and an economic evaluation template. Staff would also develop an outreach program to assure that the development community, and broader public can provide input on the evaluation template before staff returns to the Planning Commission and City Council with a recommendation.
Step 2: Menu of Community Benefits
The second step of the Public Benefits Framework is to create a menu of potential public benefits to focus discussion on the foremost priorities of the community, as defined by the General Plan, Climate Action Plan, and other adopted City plans. This menu would be created through a community discussion. It would provide clear direction to applicants as to the kinds of benefits the community will expect, and ensures that they are something of significant value to the broader City.

Based on the priorities of the City's major adopted plans, the menu of community benefits could include the following items:

1. Additional Affordable Housing or Specific Housing Products (i.e. moderate-rate housing, assisted living, independent living)
2. Parking Resources & Mobility Management (i.e. dedicated public parking included in the project, parking priced consistent with public parking resources, parking wayfinding, transit services, etc.)
3. Public Open Space (e.g. parks, plazas, parklets, paseos)
4. Preparation or build-out of City Plans (e.g. the Design District Streetscape Master Plan, the Pedestrian & Bicycle Mobility Plan)
5. Community and Cultural Facilities (i.e. dedicated space within a project for community uses, non-profits, galleries, and/or performing arts)
6. Other Community Benefits approved by City Council.

The last item on the menu is included is an effort to provide flexibility for a unique community benefit that could be of great value to the community. It is anticipated that these would be atypical.

Precedence and Community Support
A Public Benefits Plan is not a new concept, and is used by many cities across the country to help guide the development process. While programs vary from city to city, the common thread among them is to reduce the burden that more intense development may impose on a city by providing community benefits that serve a city's core needs.

"Community Benefits and Incentives" (August 2012), a report by Dyett & Bhatia prepared for the City of Santa Monica, states that incentive programs should be "predictable, equitable, and easy to administer." Staff would use these three goals (predictability, equity, and ease) as benchmarks for a future Public Benefits Framework in West Hollywood.

Within the Westside cities area, public benefit programs vary in size, scale, and financial complexity. Santa Monica has one of the most detailed programs in the region with a citywide program based on a 3-tier zoning system. All applicants requesting height or
FAR (floor area ratio) beyond the tier 1 (baseline) zoning must provide a community benefit that is of greater value than the estimated value of the zoning increase. Projects that request the maximum zoning (tier 3) are required to do a Development Agreement and provide a significant public benefit of greater value that the zoning increase. Culver City's public benefits program is less detailed and only applies to key areas of the city (e.g. Downtown and TOD overlay zones). For a “beyond right” zoning change, applicants must include a community benefit of at least 50% of the estimated value of the zoning increase. If West Hollywood is to develop a formal policy, staff would seek to balance the need for sufficient program details with flexibility and ease of administration.

A Public Benefits Framework would create a more transparent development process for the City, helping community members, commission members, and elected officials make informed decisions when evaluating projects for approval. This policy would help eliminate the perception of “closed door” negotiations between applicants and the City, and clarify expectations for new development in the City.

Planning Commission Input
Staff presented the concept of a Public Benefits Framework to Planning Commission on April 16, 2015 for discussion. In general, the Commissioners were supportive of the concept as a tool to provide greater context and transparency during the project review process. Commissioners noted that in the past they have been asked to review projects with Development Agreements that include unspecified public benefits. The lack of transparency and economic metric for understanding the value of proposed zoning changes frustrates both the community and the Planning Commission. The Commission supports staff efforts to improve transparency and provide greater context for decision-making. The Commissioners commented that the Public Benefits Framework must include a discussion with the community on what types of benefits the City should encourage.

Public Comment and Correspondence
Staff presented and discussed the concept for a Community Benefits Framework with the West Hollywood Chamber of Commerce (Chamber) members at a special meeting on April 1, 2015. The Chamber members were generally supportive of efforts to standardize the public benefits discussion as part of the development process. Members of the Chamber requested more information on the methodology for determining the value of requested zoning changes. Chamber members advocated that the Public Benefits Framework clearly differentiate between required impact fees, mitigation measures, and community benefits for future development as these items often are confused in discussions with the community. The City received no written correspondence.

At the April 16, 2015 Planning Commission meeting, there were several comments from the public regarding the Public Benefits Framework. These comments addressed the following points –

- Development of a Framework should include community input on the vision for public benefits
• Framework should not be used as a “pay to play” system, but reserved for specific projects that make a better City
• Framework should address water conservation and public parking
• Framework should include a recourse policy for projects that do not provide the benefit as specified in agreement.

Next Steps
If directed by City Council, staff would like to begin the process of developing a draft Public Benefits Framework to vet with the community, Planning Commission, and City Council. The Framework would include two key components: 1) an economic evaluation tool to be created with the help of consultants, and 2) a menu of desirable public benefits to be created with the input from the community. Staff would work with the community and a team of consultants to develop a draft Public Benefits Framework to be reviewed by the Planning Commission and City Council.

CONFORMANCE WITH VISION 2020 AND GOALS OF THE GENERAL PLAN:
This item is consistent with the Vision 2020 Primary Strategic Goal:
• Institutional Integrity.

This item is also consistent with the following Goals of the West Hollywood General Plan:
• G-2: Maintain transparency and integrity in West Hollywood’s decision-making process.
• LU-1: Maintain an urban form and land use pattern than enhances quality of life and meets the community’s vision for its future.

EVALUATION
N/A

ENVIRONMENTAL SUSTAINABILITY AND HEALTH
N/A

OFFICE OF PRIMARY RESPONSIBILITY
Community Development Department

FISCAL IMPACT
None at this time.

ATTACHMENTS
A. April 16, 2015 Planning Commission Staff Report
STATEMENT ON THE SUBJECT
The Planning Commission will provide input on a proposed Community Benefits Framework intended to provide a defined, transparent process for considering community benefits as part of future development that requests height, density and/or intensity beyond that which is currently allowed in the Zoning Code and/or General Plan.

RECOMMENDATION
Staff recommends that the Planning Commission receive and comment on the proposed Community Benefits Framework.

BACKGROUND
Over the years, the City has reviewed projects that propose changes to the Zoning Ordinance and General Plan. Some of these requests have included Development Agreements where a public or “community” benefit is negotiated as part of the project. Others have not. While the concept of community benefits is included in the General Plan and Municipal Code in several places, there is no clear definition or criteria for what qualifies as a community benefit, nor a standard process for requiring one. Specifically, General Plan Goal LU-2.8 includes language that allows the City to require a “significant benefit to the City” when increases in the FAR (Floor Area Ratio) and height are requested in commercial zones.

The current process (or lack thereof) for reviewing community benefits as part of a Development Agreement, General Plan Amendment, or other development bonus is not clear and can result in the following: the community feels a lack of transparency, the developer is torn between divergent requests for a community benefit, the Planning Commission is left out of the conversation, and the City Council is faced with a confusing compilation of potential options and no standard metric for evaluating the trade-offs within the project scope. In sum, the status quo serves no one well.

As such, staff proposes that the City develop a Community Benefits Framework (Framework), which will provide the community, commissions, and elected officials with
a structure to evaluate potential community benefits as part of proposed development that requests change(s) to the Zoning Code, amendment(s) to the General Plan, application of the Avenues Bonus, and/or a Development Agreement. The intent of the Framework is to:

- increase transparency for the community,
- simplify and streamline the process,
- tie the value of community benefits to the value of requested zoning change(s),
- add a role for the Planning Commission, and
- create better options for City Council to consider.

In the long term, the Framework is also a method to realize community priorities as established by the City’s General Plan, Climate Action Plan, and other adopted City plans.

The two key components of the Framework will include:

1. a method to quantify the economic value of requested zoning change(s) for a proposed project; and
2. a defined set or “menu” of desirable community benefits.

**Economic Valuation**

Creating a method to establish the economic value of requested zoning change(s) is critical to understanding the scale of a community benefit to be considered. The value of the community benefit should be consistent with the value of the economic gain to the developer for the benefit to be considered appropriate. Without this baseline, negotiations between the City and the developer typically begin far apart, requiring a lengthy process of debate, where it may never be clear if the value of the proposed community benefit is tied to the value of the land use change. The economic valuation process creates a context for the scale of benefit that should be considered.

It is important to note however, that although a project may offer a community benefit equivalent to the valuation, the community and/or the City Council may feel that it is not an appropriate trade-off for the requested zoning changes. In some cases, it may be true that no amount of community benefit will be seen as an appropriate exchange for certain land use changes. As the name implies, the Community Benefits Framework is a framework for discussion, not a set of criteria that, if met, will guarantee project approval.

The formula to determine the economic value has not yet been defined. Staff will work with industry experts to further define this portion of the process if City Council gives direction.

**Menu of Community Benefits**

A menu of potential community benefits serves to focus discussion on the foremost priorities of the community, as defined by the General Plan, Climate Action Plan and other adopted City plans. It provides clear direction to applicants as to the kinds of
benefits the community will expect, and ensures that they are something of significant value to the broader community.

Based on the priorities of the City's major adopted plans, staff proposes that the menu of community benefits include the following items:

1. Affordable and Workforce Housing (i.e. inclusion of affordable and/or workforce housing units as part of the project or funding towards an affordable and/or workforce housing project in the City, in excess of that which is already required by City ordinance)

2. Parking Resources & Management (i.e. dedicated public parking included in the project, parking priced consistent with public parking resources, parking wayfinding, etc.)

3. Public Open Space (e.g. parks, plazas, parklets, paseos)

4. Preparation or build-out of City Plans (e.g. the Design District Streetscape Master Plan, the Pedestrian & Bicycle Mobility Plan)

5. Community and Cultural Facilities (i.e. dedicated space within a project for community uses, non-profits, galleries, and/or performing arts)

6. Other Community Benefits approved by City Council.

The last item on the menu is included in an effort to recognize that there could be circumstances where an opportunity arises for a unique community benefit of great value to the community. It is anticipated that these would be atypical.

Precedence and Community Support
A Community Benefits Plan is not a new concept, and is used by many cities across the country to help guide the development process. While programs vary from city to city, the common thread among them is to reduce the burden that more intense development may impose on a city by providing community benefits that serve a city's core needs. “Community Benefits and Incentives” (August 2012), a report by Dyett & Bhatia prepared for the City of Santa Monica, concludes that incentive programs should be “predictable, equitable, and easy to administer.” Staff plans to use these three goals (predictability, equity, and ease) as benchmarks for the development of Community Benefits Framework in West Hollywood.

Within the westside cities area, community benefit programs vary in size, scale, and financial complexity. Santa Monica has one of the most detailed programs in the region with a citywide program based on a 3-tier zoning system. All applicants requesting height or FAR (floor area ratio) beyond the tier 1 (baseline) zoning must provide a community benefit that is of greater value (100%+) than the estimated value of the zoning increase. Projects that request the maximum zoning change (tier 3 zoning) are required to do a Development Agreement and provide a significant community benefit of
greater value that the zoning increase. Culver City's community benefits program is less
detailed and only applies to key areas of the city (e.g. Downtown and TOD overlay
zones). For a "beyond right" zoning change, applicants must include a community
benefit of at least 50% of the estimated value of the zoning increase. When developing
the West Hollywood Community Benefits Framework into a formal policy, staff seeks to
create a balance of sufficient detail with ease of administration.

**Conclusion**
The Community Benefits Framework will create a more transparent development
process for the City, helping community members, commission members, and elected
officials make informed decisions when evaluating projects for approval. This policy will
help eliminate the perception of "closed door" negotiations between applicants and the
City, and clarify expectations for new development in the City.

**Next Steps**
Staff plans to take the concept for a Community Benefits Framework to City Council in
May for discussion and will include the input received from the Planning Commission.
Once staff has received input from Planning Commission and City Council, staff will
refine and develop the Community Benefits Framework into a formal policy. Staff will
return to Planning Commission with the policy and any related zone text changes for
review in the coming months, prior to going to City Council to request adoption at a
public hearing.

**Public Comment and Correspondence**
Staff presented and discussed the concept for a Community Benefits Framework with
the West Hollywood Chamber of Commerce (Chamber) members at a special meeting
on April 1, 2015. The Chamber members were generally supportive of a framework that
standardizes the community benefits discussion as part of the development process.
Members of the Chamber requested more information on the methodology for
determining the value of requested zoning changes. Chamber members advocated that
the Community Benefits Framework clearly differentiate between required impact fees,
mitigation measures, and community benefits for future development as these items
often are confused in discussions with the community. The City received no written
correspondence.