

# Joint Legislative Budget Committee

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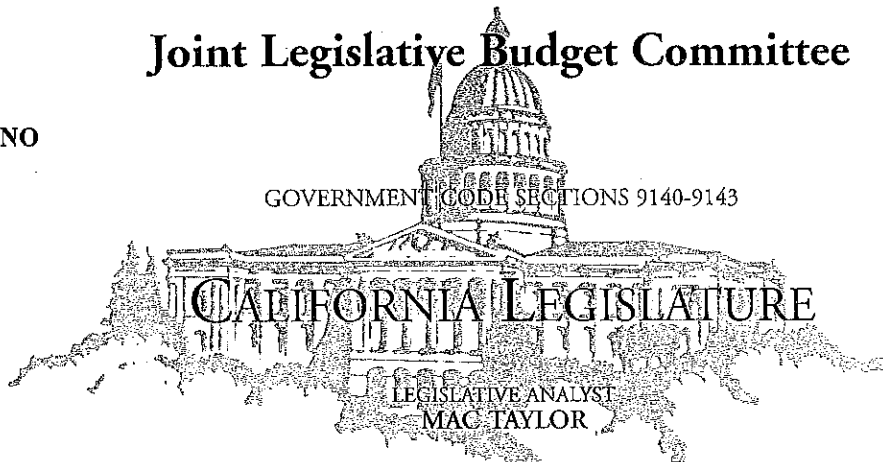
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VACANT

May 8, 2014

Ken Alex, Director  
Governor's Office of Planning and Research  
State of California  
1400 Tenth Street  
Sacramento, CA 95814

925 L STREET, SUITE 1000  
SACRAMENTO, CALIFORNIA 95814  
(916) 445-4656

Dear Mr. Alex:

On April 8, 2014, you informed me that Governor Brown has determined that the 8150 Sunset Boulevard project in Los Angeles County is eligible for streamlined judicial review for CEQA compliance under the Jobs and Economic Improvement Act of 2011 (AB 900).

AB 900 (Buchanan), Chapter 354, Statutes of 2011, was intended to encourage California's economic recovery by providing a streamlined CEQA review process for construction projects that qualify as an environmental leadership development project. While projects that meet the criteria set forth in AB 900 are eligible for streamlined CEQA review, it does not alter the requirements a project must meet under CEQA; diminish the ability of project opponents to raise issues or file actions under CEQA; or change the standards a court must consider in reviewing CEQA plans. All the rights and remedies available to parties to challenge a project are expressly protected under AB 900.

The Legislative Analyst's Office (LAO) has reviewed the project on behalf of the Joint Legislative Budget Committee and advises me that the project "aligns with the intent of AB 900". I have attached their analysis for your review.

Based on the information you have provided, and the subsequent review by the LAO, I do not object to your determination that this project meets the criteria set forth in Public Resources Code § 21178 et seq. However, I have received a number of communications in opposition to this project and I am forwarding those to you for your review.

Sincerely,

  
Mark Leno  
Chair

cc: Members of the Joint Legislative Budget Committee

Attachments



May 1, 2014

Hon. Mark Leno, Chair  
Joint Legislative Budget Committee  
Room 5100, State Capitol  
Sacramento, California 95814

Dear Senator Leno:

On April 8, 2014, the Office of Planning and Research notified you of the Governor's determination that the 8150 Sunset Project is eligible for the alternative California Environmental Quality Act (CEQA) review process authorized by Chapter 354, Statutes of 2011 (AB 900, Buchanan). Under AB 900, the Joint Legislative Budget Committee (JLBC) has 30 days to concur or not concur with the Governor's determination. As we discuss below, we think the 8150 Sunset Project aligns with the intent of AB 900, and we recommend that you concur with the Governor's determination.

## **Background**

**Summary of AB 900.** Assembly Bill 900 authorizes the Governor to review and certify submitted development projects for a streamlined judicial review process for CEQA compliance. This process is intended to allow projects to begin construction sooner by requiring that any legal challenge of a project's CEQA certification be referred to the state Court of Appeal and resolved within 175 days. In order to qualify for AB 900's alternative CEQA process, a project must meet a series of criteria outlined in the statute. For example, any project under AB 900 must result in a minimum investment of \$100 million, create high-wage jobs, and not result in net additional greenhouse gas (GHG) emissions, as determined by the California Air Resources Board (ARB). Additionally, a residential and/or commercial project—such as the proposed project—must meet additional requirements. Specifically, it must be located on an infill site, be designed to achieve Leadership in Energy & Environmental Design (LEED) silver certification, be consistent with the relevant regional sustainable communities strategy (SCS), and exceed by at least 10 percent the transportation efficiency for comparable projects.

**Description of Proposed Project.** The proposed 8150 Sunset Project is a mixed-use infill project. The project is proposed for a 2.56 acre site in the Hollywood area within the city of Los Angeles that is currently developed with roughly 80,000 square feet of commercial space. The proposed project would demolish this existing development and replace it with roughly 222,000 square feet of residential space (249 units) and 111,000 square feet of commercial space. The lead agency for the project is the city of Los Angeles and the estimated total project cost is \$200 million.

**Legislative Analyst's Office**  
California Legislature  
Mac Taylor • Legislative Analyst  
925 L Street, Suite 1000 • Sacramento CA 95814  
(916) 445-4656 • FAX 324-4281

## **Analyst's Comments**

The Governor certified that the 8150 Sunset Project meets AB 900's requirements and has provided supporting information to the JLBC. After reviewing these materials, we find that the project clearly meets many of the criteria set out in AB 900. Specifically, the supporting documents demonstrate that the project will result in greater than the minimum \$100 million investment, has received a determination from ARB that it will not result in any net additional GHG emissions, is on an infill site, and will be designed to achieve LEED silver certification.

We note, however, that some of the criteria in AB 900—job creation, SCS consistency, and transportation efficiency—are not clearly defined in the statute. As a result, while we believe the project is consistent with these requirements based on our interpretation of AB 900, it is possible that different reviewers could reach different conclusions. Thus, we discuss our understanding of these criteria and their application to this project below.

**Job Creation.** One condition of eligibility for the alternative CEQA process under AB 900 is that the “project creates high-wage, highly skilled jobs that pay prevailing wages and living wages and provide construction jobs and permanent jobs for Californians.” This provision contains some requirements that the proposed project clearly meets. For example, the project will create construction jobs and the applicant has committed to paying prevailing wages. There is uncertainty, however, regarding how to interpret the requirement that the project generate permanent jobs. The applicant indicates that it expects the project to create over 300 jobs. However, it is difficult to verify this projection or determine with any certainty how many of these jobs would have existed without the project—for instance, within the existing development at the site or at nearby businesses. For that reason, consistent with our office's past practice, we interpret the statute to mean that the project must provide space for new permanent jobs (rather than the jobs themselves). Under that interpretation, we find that the project meets AB 900's permanent job requirements by creating roughly 30,000 square feet of additional commercial space (above the 80,000 square feet of commercial space that currently exists on the site).

**SCS.** Another condition of eligibility for the alternative CEQA process is that the project be consistent with the SCS covering the relevant region. In this case, the applicable SCS is the Southern California Association of Government's Regional Transportation Plan/SCS (SCAG's RTP/SCS). Since AB 900 does not specify how to determine consistency with the policies identified in the SCS, we interpret the statute as requiring that the project provide a reasonable justification for its consistency. The SCAG's RTP/SCS emphasizes goals and policies that encourage energy efficiency and promote land use and growth patterns that facilitate transit and non-motorized transportation. This project proposes an energy efficient design, includes transportation demand (TDM) programs to reduce vehicle trips, concentrates growth in an urban setting, and is located in an area with relatively robust transit service—characteristics that we believe are in keeping with the goals and policies of SCAG's RTP/SCS.

**Transportation Efficiency.** An additional condition for CEQA streamlining under AB 900 is that the project meet a 10 percent greater standard for transportation efficiency, meaning that the average number of vehicle trips by employees and visitors must be 10 percent less than that of a comparable facility. Assembly Bill 900 does not specify what data to use in measuring whether a project meets this level of transportation efficiency improvement or define the type of projects

that should be the basis of comparison. Accordingly, consistent with our office's past practice, we interpret this requirement to mean that the project must present a reasonable plan for achieving greater transportation efficiency than similar developments. The applicant indicates that, due to the project's location within a high-density and heavily developed area, the project is expected to benefit from high levels of "pass through traffic," which would reduce the vehicle trips it generates. Also, the applicant proposes various TDM programs, which are aimed at further reducing vehicle trips. Together, the applicant anticipates that these aspects of the project would enable it to reduce vehicle trips by roughly one-third compared to a mixed-use project in a suburban location without TDM. While not conclusive, we believe this represents a reasonable plan to reduce vehicle trips relative to other similar projects and thus aligns with AB 900's intent for greater transportation efficiency.

**Conclusion**

In view of the above, we think the 8150 Sunset Project aligns with the intent of AB 900 and therefore recommend you concur with the Governor's determination.

If you have any questions about this analysis, please contact Helen Kerstein of my staff at (916) 319-8364 or [Helen.Kerstein@LAO.CA.GOV](mailto:Helen.Kerstein@LAO.CA.GOV).

Sincerely,



Anthony Simbol  
Deputy Legislative Analyst

cc: Members of the Joint Legislative Budget Committee