

**APPROVED**

DEC 07 2023

**BOARD OF RECREATION  
AND PARK COMMISSIONERS**

**BOARD REPORT**

**NO.** 23-204

**DATE** December 07, 2023

**C.D.** ALL

**BOARD OF RECREATION AND PARK COMMISSIONERS**

**SUBJECT: PARK FEE ORDINANCE REVISION – AMENDMENT TO LOS ANGELES MUNICIPAL CODE SECTION 12.33.E.5**

B. Aguirre _____	M. Rudnick _____
B. Jones _____	for C. Santo Domingo <u>DF</u>
B. Jackson _____	N. Williams _____

\_\_\_\_\_  
General Manager

Approved   X  

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

**RECOMMENDATIONS**

1. Request the City Attorney to prepare and transmit to the City Council an ordinance amending the Los Angeles Municipal Code (LAMC) Section 12.33.E.5 to replace the Median Home Sales Price for the City of Los Angeles Index as published by CoreLogic (the successor to Dataquick) with the Federal Reserve Economic Data (FRED) "All-Transactions House Price Index for Los Angeles-Long Beach-Glendale, CA (MASD)" index, as further described in this Report;
2. Request the City Council to consider and adopt said ordinance upon the transmission of the draft ordinance by the City Attorney to the City Clerk for City Council consideration;
3. Direct the Board of Recreation and Parks Commissioners' (Board) Secretary to transmit this Report forthwith to the City Clerk; and,
4. Authorize the Department of Recreation and Parks (RAP) staff to make technical corrections as necessary to carry out the intent of this Report.

**SUMMARY**

On September 7, 2016, the City Council approved the new Park Dedication and Fee Update Ordinance (Park Fee Ordinance}, Ordinance No. 184,505, and approved a Resolution relative to a General Plan Amendment to amend the Public Recreation Plan of the Service Systems Element of the City of Los Angeles General Plan.

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The Park Fee Ordinance requires all new residential dwelling units to dedicate land, or pay a fee in-lieu, or provide a combination of land dedication and fee payment, for the purpose of acquiring, expanding, and improving park and recreational facilities for new residents. Certain affordable housing units and accessory dwelling units may be exempt from any requirement to pay a fee.

On December 14, 2016, the Board of Recreation and Parks Commissioners (Board) approved the establishment of a new Park Fees Section of RAP's Schedule of Rates and Fees, which included the initial adjustment of the parks fees and the establishment of an administrative fee, and authorized the establishment of various special fund accounts for the deposit of collected fees (Report No. 16-248).

### PARK FEE ANNUAL ADJUSTMENT PROCEDURE

Per LAMC Section 12.33.E.5 of the Park Fee Ordinance, the park fees are to be adjusted annually using a combination of annual changes in a construction cost index and a land value index. Currently, it states as follows: "Any fee imposed by this Section shall be adjusted on July 1st of each year by a percentage equal to a weighted average of the annual percentage change in: (1) the Construction Cost Index for Los Angeles, as published by Engineering News Record, or its successor publication, for the 12-month period between March in the year in which the adjustment is made and the month of March in the immediately preceding year; and (2) the annual percentage change in the Median Home Sales Price for the City of Los Angeles, as published by Dataquik News, or its successor publication, for the 12-month period between March in the year in which the adjustment is made and the month of March in the immediately preceding year."

On June 1, 2023, the Board approved the Park Fee adjustment that became effective on July 1, 2023 (Report No. 23-112). As noted in Report No. 23-112, CoreLogic (the successor to Dataquik) no longer publishes the median home sales price for the City of Los Angeles. Therefore, RAP staff was unable to include that metric in its calculation of the Park Fee adjustment for the year starting July 1, 2023. As noted in the report, in anticipation of the 2024 Park Fee adjustment, RAP staff was to identify an alternative data provider who can deliver the percentage change of the median home sales price for the City of Los Angeles and prepare a future report to request a revision to the Park Fee Ordinance.

### PARK FEE ORDINANCE REVISION

Since July 1, 2023, RAP staff has been working to identify an alternative data provider in order to calculate the Median Home Sales Price percentage change to be included in the calculation of the Park Fee adjustment. After considering several potential data sources and providers, RAP staff issued a Task Order Solicitation (TOS) to the Department of City Planning's pre-qualified bench of Economic Analysis Services on September 22, 2023 for additional assistance identifying a data provider and to recommend possible alternative methods of calculating the Park Fee adjustment. The TOS closed on October 20, 2023, and no responsive bids were received.

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In trying to identify an alternate source for the discontinued CoreLogic information, RAP staff considered sources that were reliable, trustworthy and widely used with a transparent methodology in the calculation of information which would best approximate median home sale price data for the City of Los Angeles. After considerable research, RAP staff recommends that the Corelogic Median Home Sales Price data for the City of Los Angeles be replaced with the Federal Reserve Economic Data (FRED) “All-Transactions House Price Index for Los Angeles-Long Beach-Glendale, CA (MASD)” data (U.S. Federal Housing Finance Agency, All-Transactions House Price Index for Los Angeles-Long Beach-Glendale, CA (MSAD) [ATNHPIUS31084Q], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/ATNHPIUS31084Q>) (FRED House Price Index). FRED is an online database consisting of hundreds of thousands of economic data time series from scores of national, international, public, and private sources that is maintained by the Research Department at the Federal Reserve Bank of St. Louis. The FRED House Price Index for Los Angeles-Long Beach-Glendale data is from the U.S. Federal Housing Finance Agency (FHFA) that is released on a quarterly basis and is estimated using sales prices and appraisal data. The FHFA House Price Index (HPI) is a comprehensive collection of publicly available house price indexes that measure changes in single-family home values based on data that extend back to the mid-1970s from all 50 states and over 400 American cities. The FHFA HPI incorporates tens of millions of home sales and offers insights about house price fluctuations at the national, census division, state, metro area, county, ZIP code, and census tract levels. FHFA uses a fully transparent methodology based upon a weighted, repeat-sales statistical technique to analyze house price transaction data.

RAP staff recommends that the Board request the City Attorney draft and transmit to City Council for its consideration and adoption an ordinance to revise LAMC 12.33.E.5 to replace the metric of “the Median Home Sales Price for the City of Los Angeles, as published by Dataquick News, or its successor publication” with the “Federal Reserve Economic Data All-Transactions House Price Index for Los Angeles-Long Beach-Glendale, CA (MASD) index as published by the Federal Reserve Bank of St. Louis”.

As currently stated in LAMC 12.33.E.5, annual adjustments are to be made with reference to the 12-month period from March in the adjustment year to March of the preceding year. However, since the FRED House Price Index is released on a quarterly basis, and based on the anticipated release dates for each such quarterly report, using the fourth quarter report would allow RAP staff sufficient time to calculate the necessary adjustment and prepare it for approval by the Board prior to the July 1 deadline. Therefore, the ordinance revising LAMC 12.33.E.5 as described above would also indicate that the annual percentage change in the FRED House Price Index would be based on the change in the FRED House Price Index for the 12-month period between the fourth calendar quarter most recent to the year in which the adjustment is made and the fourth calendar quarter immediately preceding it. RAP does not anticipate any significant deviation to the overall fee adjustment by using the fourth calendar data rather than the first calendar quarter data.

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### ENVIRONMENTAL IMPACT

Section 21065 of California Public Resource Code (CPRC) defines the characteristics of the projects subject to the California Environmental Quality Act (CEQA). According to said Section, a project subject to CEQA is an activity undertaken or funded by a public agency that may cause direct physical change or foreseeable indirect physical change in the environment, or an activity that involves the issuance of a lease, permit to use or other entitlement by public agencies.

The change of data provider for the update of the Park Dedication Fee is not expected to cause any direct or indirect physical change in the environment, nor any entitlement. Therefore, staff recommends that the Board of Recreation and Park commissioners take no CEQA action.

Staff will recommend appropriate CEQA action when the new Park Dedication Fee will be submitted for approval.

### FISCAL IMPACT

The approval of this Report will have no fiscal impact on RAP's General Fund.

This Report was prepared by Meghan Luera, Senior Management Analyst II, Planning, Maintenance and Construction Branch.