



Los Angeles County Department of Regional Planning

Planning for the Challenges Ahead



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Director

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The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**HEARING ON THE DENSITY BONUS ORDINANCE UPDATE
PROJECT NO. 2018-000572-(1-5)
ADVANCE PLANNING CASE NOS. RPPL2018000900, RPPL2018000901
(ALL SUPERVISORIAL DISTRICTS) (3-VOTES)**

SUBJECT

The recommended action is to approve the Density Bonus Ordinance Update (Draft Ordinance). The Draft Ordinance implements the State Density Bonus Law and creates local regulations to promote affordable and senior citizen housing. It also restructures affordable and senior citizen housing provisions for ease of use, deletes obsolete provisions, amends existing references for internal consistency, and revises fees. A project summary is included as Attachment 1.

IT IS RECOMMENDED THAT THE BOARD AFTER THE PUBLIC HEARING,

1. Consider the Negative Declaration for the Draft Ordinance (Attachment 2), together with any comments received during the public review period, find on the basis of the whole record before the Board of Supervisors (Board) that there is no substantial evidence that the project may have a significant effect on the environment, find that the Negative Declaration reflects the independent judgment and analysis of the Board, and adopt the Negative Declaration;
2. Approve the Draft Ordinance (RPPL2018000900, RPPL2018000901) (Attachment 3), as recommended by the Regional Planning Commission (Commission);

3. Find that the Draft Ordinance has no effect on fish and wildlife, and authorize the Director of the Department of Regional Planning (DRP) to complete and file a Certificate of Fee Exemption for the project in accordance with Section 711.4 of the California Fish and Game Code; and
4. Instruct County Counsel to prepare the necessary final documents for the Draft Ordinance, and bring them back to the Board for their consideration.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Under the State Density Bonus Law, local jurisdictions must grant a density bonus to housing developments of five or more units if they include a specified percentage of affordable or senior citizen housing. State law also requires that local jurisdictions provide incentives and waivers of development standards to support the development of density bonus projects.

In 2015, the Board directed DRP to update the Density Bonus Ordinance in order to establish allowances for extremely low-income households, and to make other changes to strengthen the effectiveness of the ordinance.

On August 15, 2018, the Commission held a public hearing and voted to recommend approval of the Draft Ordinance to the Board, with an amendment to limit the option to request an additional density bonus as an incentive to projects that meet the requirements for the maximum 35% density bonus, as allowed under State law. The Commission's resolution and hearing proceedings are included as Attachments 4 and 5, respectively.

Existing County Ordinance

Major elements of the State Density Bonus Law are reflected in the County's existing Density Bonus Ordinance, and are maintained in the Draft Ordinance, including: affordable and senior citizen housing density bonus types; minimum number of units for eligibility; sliding scale of affordable housing set-asides with corresponding density bonuses; incentives and waivers of development standards granted when findings are met; and parking incentives.

Recent Changes to State Density Bonus Law

The Draft Ordinance includes recent changes to the State Density Bonus Law, including: revised finding for incentives; reduced parking requirements for projects near transit; replacement requirement; 55 years duration for affordable rental units; equity sharing upon resale for affordable for-sale units; and technical changes.

Local County Policies

In addition, the Draft Ordinance includes the following local policies designed to further incentivize and streamline the review of density bonus projects: an extremely low income household category, with set-aside requirements, corresponding density bonuses, incentives, and no required parking; inclusion of density bonuses for a wider range of housing types for moderate income households; clarification on the granting of additional density bonuses as an incentive; ministerial review of density bonus projects that meet the criteria for California Environmental Quality Act (CEQA) exemptions in certain commercial zones; clarification on the review of density bonuses and mixed use and joint live-work developments; amendments to the exemption of planning and zoning fees for affordable housing projects; updated requirements for covenant and agreements; updated Community Development Commission fees; and technical corrections.

A comparison of the provisions in the State Density Bonus Law and the County's Draft Ordinance is provided as Attachment 6.

Implementation of Strategic Plan Goals

The Draft Ordinance supports the County's *Strategic Plan Goal I. Make Investments that Transform Lives, 1.5: Increase Affordable Housing Throughout L.A. County* by incentivizing the development of affordable housing.

FISCAL IMPACT/FINANCING

Adoption of the Draft Ordinance will not result in any significant new costs to DRP or other County departments and agencies. The Draft Ordinance contains an update to the Permit Evaluation Fee and the fees for monitoring income-restricted units to ensure that the cost of reviewing density bonus projects will be recovered by fees. These amendments have been reviewed by the Auditor-Controller, as shown in Attachment 7.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Government Code Section 65915 was enacted in 1979 and has been amended to further encourage the development of affordable and senior citizen housing, while maintaining flexibility for local governments to create additional benefits via local ordinance. State standards apply if local jurisdictions do not adopt an implementing ordinance in accordance with State law.

The State significantly changed the Density Bonus Law in 2005 with Senate Bill (SB) 1818, which included a lower minimum set-aside, the creation of incentives, parking standards, and the allowance of density bonuses by-right, to further support the development of affordable and senior citizen housing. Following SB 1818, in

2006, the County adopted the Density Bonus Ordinance and created the Housing Permit to implement the ordinance and monitor compliance with affordability requirements.

The State also significantly changed the Density Bonus Law in 2015 and 2016. With the changes, incentives must result in identifiable and actual cost reductions to provide for affordable housing costs or affordable rents for set-aside units (Assembly Bill (AB) 2501, Bloom). In addition, there are reduced parking requirements for density bonus projects within a one-half mile of transit (AB 744, Chau). State law also requires the replacement of any rental unit that has housed a low income household on the project site in the past five years (AB 2222, AB 2556, Nazarian). State law also requires the duration of affordability for very low and lower income rental units to be 55 years (AB 2222, Nazarian), while all for-sale affordable units are subject to equity sharing upon resale rather than resale restrictions (AB 2222, Nazarian). Additionally, State law includes technical changes (AB 2501, Bloom).

Between 2005 and the end of 2017, DRP reported a total of 2,390 units created under the Density Bonus Program. These include 1,686 affordable units, 474 market-rate senior citizen units, and units with no age or income restriction.

The Draft Ordinance supports Policies 1.2, 1.3, and 3.1 of the County's adopted and State-certified Housing Element in that it will encourage the development of affordable housing. The Draft Ordinance also supports Policy 2.1 by encouraging the development of affordable housing near transit.

In addition to the public hearing conducted by the Commission on August 15, 2018, a public hearing before the Board is required pursuant to Section 22.232.040.B.1 of the County Code. Required notice has been given pursuant to the procedures and requirements set forth in Section 22.222.180 of the County Code. Additionally, over 750 members of the public have been notified via email. The notification list is provided as Attachment 8.

ENVIRONMENTAL DOCUMENTATION

An Initial Study was prepared for the project in compliance with CEQA, which documented that there is no substantial evidence that the project may have a significant effect on the environment. Based on the Initial Study, a Negative Declaration was prepared. Public notice was published in local newspapers pursuant to California Public Resources Code Section 21092 and posted pursuant to Section 21092.3.

In addition, all tribal cultural resources consultation requirements of CEQA have been met and documented. Three tribes requested consultation when the Draft Ordinance is implemented or results in ground disturbance.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the Draft Ordinance will not significantly impact County services.

Should you have any questions, please contact Connie Chung, Section Head, General Plan Development and Housing Section at (213) 974-6417, or cchung@planning.lacounty.gov.

Respectfully submitted,



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Director

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Attachments

1. Project Summary
2. Draft Initial Study and Negative Declaration
3. Draft Ordinance
4. Regional Planning Commission Resolution
5. Regional Planning Commission Hearing Proceedings
6. Comparison Between State Law and Draft Ordinance
7. Auditor-Controller Memo
8. Notification List

c: Executive Office, Board of Supervisors
Auditor-Controller
County Counsel
Chief Executive Office
Community Development Commission
Fire
Public Works