

Draft Inclusionary Housing Policy Outline

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Housing Tenure & Applicability

Proposed Policy

Apply to all new residential projects, including rental apartments, single family homes, and common interest developments. A project must fulfil the inclusionary housing requirements if it complies with the following:

- A. Minimum Dwelling Units. Except as specified otherwise, the project shall have a minimum of 10 total dwelling units.
- B. Submarket Areas. The project shall be located within an eligible submarket area
- C. Exemptions. The following are exempt from the requirements:
 - i. A new residential project located within unincorporated areas of Los Angeles County that is subject to a development agreement or Specific Plan that has an affordable housing requirement
 - ii. A project for which a Building Permit Application or complete planning or zoning entitlement application is submitted prior to the effective date of the Ordinance. A complete planning or zoning entitlement application is an application that has been accepted by the Department of Regional Planning and for which the application fees have been paid.
 - i. Modification Prior to Approval. The application may be modified prior to consideration by the Commission, Hearing Officer, or Director, and still be subject to the previously applicable zoning and regulations so long as the requested modification does not:
 - a. Change the project's housing type (e.g., from single family residential to two-family or multi-family residential);
 - b. Increase the project's residential density;
 - c. Increase the project's floor area or lot coverage for non-residential space;
 - d. Increase the amount of grading for the project; or
 - e. Increase the area of ground disturbance resulting from the project

If the requested modification does not meet all of the criteria set forth, the modified project shall be considered a new application subject to the Inclusionary Housing Ordinance.

- ii. Modification After Approval. If an application for a modification to an approved but not used permit that is valid on the effective date, is filed, and the proposed modification is a minor change and will result in a project that substantially conforms with the project previously approved by the permit, as determined by the Director, the modification, at the election of the applicant, may be subject to the zoning and regulations applicable to the permitted use prior to the

effective date. In all other cases, an application for a modification to such a permit shall be considered a new application and shall be subject to the Inclusionary Housing Ordinance.

On-site Set-aside: Ownership

Proposed Policy

If the project consists of for-sale units, the affordable units shall be reserved for households earning up to 150% AMI (Middle Income), with an average affordability of 135% AMI or less, at a rate of at least the minimum percentages described below. The minimum number of affordable units shall be calculated based upon the total number of units in the project.

Submarket Area	Total Set-aside
Coastal South Los Angeles, South Los Angeles, East Los Angeles/Gateway	15%
San Gabriel Valley	10%
Santa Clarita Valley, Antelope Valley	5%
Small projects (10-19 units)	10%

Proposed On-site Set-asides for Ownership

Exceptions:

If a project consists of condominium units and is located in the South Los Angeles or Antelope Valley submarkets, it shall fulfil the inclusionary requirement through an in-lieu fee alternative. Due to a relative lack of market rate development, the current in-lieu fee is \$0.

If the project consists of 10 total units or more, but less than 20 total units and is located in the Santa Clarita Valley or the Antelope Valley submarkets, it shall fulfil the inclusionary requirement through an in-lieu fee alternative. Due to a relative lack of market rate development, the current in-lieu fee is \$0.

On-site Set-aside: Rental

Proposed Policy

If the project consists of rental units, the affordable units shall be reserved for households at a rate of at least the minimum percentages described below. The minimum number of affordable units shall be calculated based upon the total number of units in the project.

- 10% ELI, and 5% Moderate
- 5% ELI, 5% VLI, and 5% Lower
- 15% Lower, and 5% Moderate

Option	Extremely Low (30% AMI)	Very Low Income (50% AMI)	Lower Income (80% AMI)	Moderate Income (120% AMI)	Total Set- aside
1	10%	-	-	5%	15%
2	5%	5%	5%	-	15%
3	-	-	15%	5%	20%
Small projects (10-19 units)	10%	-	-	-	10%

Proposed On-site Set-asides for Rental

Exceptions:

If a project consists of rental units and is located in the South Los Angeles submarket, it shall fulfil the inclusionary requirement through an in-lieu fee alternative. Due to a relative lack of market rate development, the current in-lieu fee is \$0.

[Duration of Affordability: Ownership](#)

Proposed Policy

The initial sale of the affordable unit shall be restricted to eligible buyers, and shall require an equity-sharing agreement with the Community Development Commission/Housing Authority of the County of Los Angeles. Equity sharing agreement terms may include:

- Term amortized over 15 years
- The owner shall not sell the unit within the first 24 months

[Duration of Affordability: Rental](#)

Proposed Policy

The affordability term for affordable units shall be at least 55 years from the issuance of the finalized Certificate of Occupancy by the Department of Public Works.

Development Standards

Proposed Policy

- Equivalency of Units. Affordable units shall have an equal number of bedrooms and comparable square footage, in the same distribution as the market-rate units.
- Location of Units. Affordable units shall be dispersed throughout the project and shall not be concentrated within a particular geographic area or a particular floor within a project.
- Exterior Features. Affordable units shall be equivalent in exterior design, materials, and finishes to the market-rate units
- Interior Features. Affordable units shall be comparable in interior design, materials, amenities, and finishes to the market-rate units
- Timing of Construction. Affordable units shall be constructed prior or concurrently with the market-rate units. If the project is developed in phases, the affordable units shall be constructed at a pace that is proportional to the construction of the market-rate units.

Alternatives

Proposed Policy

All new residential projects shall fulfil at least 50% of the inclusionary housing requirement on-site before it is eligible to satisfy the requirements through alternatives. The developer may satisfy the inclusionary housing requirements for the project, in part, if it complies with the following:

1. Off-site units: New Construction

The affordable units newly constructed at an off-site location shall comply with the following:

- Located within the same submarket area as the principal project
- Completed no later than the market-rate units in the principal project
- The number of affordable units shall equal the required number of inclusionary units
- The income restrictions of the affordable units shall equal the required income restrictions of the inclusionary units
- The affordable units shall be comparable in square footage, exterior, and interior features as the market-rate units

2. Acquisition and Substantial Rehabilitation

The affordable units created through substantial rehabilitation at an off-site location shall comply with the following:

- Located within the same submarket area as the principal project
- Completed no later than the market-rate units in the principal project
- The number of affordable units shall equal X times the required number of inclusionary units
- Acquisition and substantial rehabilitation shall only apply to market-rate units, and converted to income-restricted units upon completion
- The income restrictions of the affordable units shall equal the required income restrictions of the inclusionary units

- All units must be vacant for at least 90 days

3. Land donation

Dedicating land to the Community Development Commission/Housing Authority of the County of Los Angeles, a Community Land Trust, or qualified nonprofit developer for the construction of residential use with an affordable housing component. Land donations shall comply with the following:

- The site has General Plan and zoning designations that allow for the development of the requisite number of affordable housing units

4. Affordable housing preservation

Extending the affordability of X times the required number of inclusionary units at risk of converting to market-rate. Affordable housing preservation shall apply to existing income-restricted units whose covenant will expire within five years.

In-lieu Fee

Proposed Policy

All new residential projects shall fulfil at least 50% of the inclusionary housing requirement on-site before it is eligible to satisfy the requirements through the payment of an in-lieu fee. The total in-lieu fee amount shall be determined through an In-lieu Fee Calculator.

Things to consider:

1. Amount of fee (Proposed In-lieu Fee Table)
2. Phase in schedule
3. Timing of payment
4. Collection of fee