

LOS ANGELES COUNTY DEPARTMENT OF REGIONAL PLANNING

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September 29, 2022

TO: Supervisor Holly J. Mitchell, Chair
Supervisor Hilda L. Solis
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger

FROM: Amy J. Bodek, AICP
Director of Regional Planning



REPORT ON THE INCLUSIONARY HOUSING ORDINANCE (ITEM NO. 87, AGENDA OF AUGUST 4, 2020)

On August 4, 2020, the County of Los Angeles Board of Supervisors (Board) indicated its intent to approve the Inclusionary Housing Ordinance (IHO) and adopted a motion directing the Director of Regional Planning (DRP) to do the following:

1. In consultation with the Director of Public Works, report back in one year on the entitlement and building activities for new market-rate residential rental projects in the East Los Angeles/Gateway, South Los Angeles, and Antelope Valley submarket areas, and for new market-rate residential condominium projects in the South Los Angeles and Antelope Valley submarket areas;
2. Initiate an update to the economic feasibility study for the IHO after one year of the adoption of the ordinance for the aforementioned submarket areas; and in consultation with County Counsel, amend the Ordinance to apply the inclusionary requirements to any of these submarket areas if supported by the update to the study;
3. In consultation with the Director of Public Works, report back annually on the entitlement and building activities for multifamily housing projects undertaking substantial renovation as defined by work that exceeds \$60,000 per unit in construction costs and the replacement of two or more building systems; and

4. Initiate a comprehensive update to the economic feasibility study for the IHO within two years of adoption of the ordinance and report to the Board the likelihood of off-site construction of affordable units, and requirements to achieve deeper affordability for both rental and home ownership projects, and consideration of including substantial renovation projects in the ordinance. Additional factors to be studied in the economic feasibility study shall be defined in concert with the Board offices.

On April 5, 2022, DRP submitted a report to your Board, which provided information responding to all four directives in the Board motion. This report provides an update on the progress of the economic feasibility study since that report.

INCLUSIONARY HOUSING ECONOMIC FEASIBILITY STUDY

Currently, the consultant is incorporating 2022 (January through August) entitlement activity for new market-rate multifamily rental housing into the economic feasibility study. The economic feasibility study is anticipated to be completed no later than June 2023. The public hearing for the ordinance update will be initiated thereafter in late 2023.

In addition to the inclusion of the entitlement activity, the economic feasibility study will be informed by input from the Department of Economic Opportunity. Specifically, this coordination will ensure the IHO works in conjunction with the Federal Opportunity Zone and Economic Development Projects Policy which was adopted by the Board on August 30, 2022, and which includes guidelines for inclusionary housing requirements.

DRP will also consider the impact of Housing Element Law, which requires a 20 percent affordable housing set-aside for projects on sites that were either identified to accommodate lower income units in previous housing elements or in the proposed Housing Element rezoning program.

NEXT STEPS

The next annual report on entitlement and building activities for multifamily housing projects undertaking substantial renovation will be provided to your Board by April 5, 2023.

Should you have any questions concerning this matter, please contact Tina Fung or Lynda Hikichi of the Housing Policy Section at (213) 974-6417, or tfung@planning.lacounty.gov and lhikichi@planning.lacounty.gov.

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c: Executive Office, Board of Supervisors
 Chief Executive Office
 County Counsel
 Development Authority
 Economic Opportunity
 Fire
 Public Works

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