

# LOS ANGELES COUNTY DEPARTMENT OF REGIONAL PLANNING

**AMY J. BODEK, AICP**  
Director,  
Regional Planning

**DENNIS SLAVIN**  
Chief Deputy Director,  
Regional Planning

**CONNIE CHUNG, AICP**  
Deputy Director,  
Advance Planning

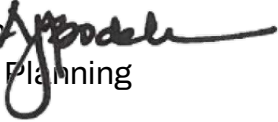
**DAVID DE GRAZIA**  
Deputy Director,  
Current Planning

**JON SANABRIA**  
Deputy Director,  
Land Use Regulations

**JOSEPH HORVATH**  
Administrative Deputy,  
Administration

June 15, 2023

TO: Supervisor Janice Hahn, Chair  
Supervisor Hilda L. Solis  
Supervisor Holly J. Mitchell  
Supervisor Lindsey P. Horvath  
Supervisor Kathryn Barger

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

## **INCLUSIONARY HOUSING ECONOMIC FEASIBILITY STUDY UPDATE (ITEM NO. 87, AGENDA OF AUGUST 4, 2020 AND ITEM NO. 71, AGENDA OF NOVEMBER 10, 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 (DPW), 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 DPW, 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 November 10, 2020, the Board indicated its intent to approve the Affordable Housing Preservation Ordinance (AHPO) and adopted a motion directing the DRP to do the following:

1. Study the feasibility of requiring that affordable replacement units that are not subject to the IHO be comparable to market-rate units in terms of unit square footage, number of bedrooms, number of bathrooms, location and access to amenities, and exterior and interior finishes and quality of construction, whether the replacement units are located onsite or offsite;
2. Study the feasibility of requiring that affordable set-aside units be comparable to market-rate units in terms of unit square footage and number of bathrooms in the IHO;
3. Report back to the Board on the above items, in conjunction with the Comprehensive Update to the Economic Feasibility Study for the IHO within two years of adoption of the IHO, with applicable amendments, as appropriate;
4. Work with the Los Angeles County Development Authority to collect information on projects that provide deeper levels of affordability and/or more affordable units than required to inform the development of future housing policies and promote accurate accounting of affordable units; and
5. Consider adding a program in the Housing Element Update to research Deeply Low Income (DLI) and the feasibility of defining a local program for DLI, including practical availability of funding for qualifying projects.

On April 5, 2022, DRP submitted a report to your Board, which provided information responding to all four directives in the August 4, 2020 motion.

On September 29, 2022, DRP submitted an interim report with an update on the progress of the inclusionary housing economic feasibility study since the April 5, 2022 report.

On November 17, 2022, DRP submitted a report to your Board, which provided information responding to all five directives in the November 10, 2020 motion.

On March 29, 2023, DRP submitted an annual report on entitlement and building activities for substantial renovation of multifamily housing projects in the unincorporated areas, in response to Item 3 of the August 4, 2020 motion.

The updated inclusionary housing economic feasibility study, which is attached, serves as the final report on Items 2 and 4 of the August 4, 2020 motion and Items 1 through 3 of the November 10, 2020 motion. One of the major findings in the updated study is that it is financially feasible for multifamily rental projects in the East Los Angeles/Gateway submarket area to provide an affordable housing set-aside.

### **NEXT STEPS**

DRP is currently drafting an amendment to the IHO in conjunction with the update to the Density Bonus and AHPO. The public hearing for the IHO update is anticipated to occur in early 2024, followed by the public hearing for the update to the other housing ordinances in summer 2024. Also, as described in *Program 9: Inclusionary Housing Feasibility and Implementation* of the Housing Element, the IHO update will be coordinated with *Program 17: Adequate Sites for RHNA*, which will rezone certain sites to require an affordable housing set-aside pursuant to the Housing Element Law.

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](mailto:tfung@planning.lacounty.gov) and [lhikichi@planning.lacounty.gov](mailto:lhikichi@planning.lacounty.gov).

AJB:CC:TF:ar

Attachment:

1. Updated Inclusionary Housing Economic Feasibility Study

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