

**ATTACHMENT I: PROGRAM COMPONENTS
CITY OF LOS ANGELES INCLUSIONARY ZONING ORDINANCE**

April 6, 2004

1. Inclusionary Zoning Requirements

Issue	Ordinance/ Guideline	Requirements
<p>1.1 Percentage of total units (bedrooms) that must be affordable and target household Incomes</p> <p>1.2 Target household incomes</p>	Ordinance	<p>Developer may choose from options 1 through 4 outlined below. Percentage set-aside requirements and target household incomes:</p> <ol style="list-style-type: none"> 1. For rental units, set aside at least 12 percent for households with an income at or below 50 percent of area median income 2. For rental units, set aside at least 10 percent to units dedicated to accepting Section 8 certificates and/ or for households at or below 30 percent of area median income 3. For for-sale units (condominiums and single-family dwellings), set aside at least 20 percent for households with an income at or below 80 percent of area median income 4. For for-sale units (condominiums and single-family dwellings), set aside at least 40 percent for households at or below 120 percent of area median income 5. Adaptive reuse projects are exempt 6. Inclusionary units must have comparable number of bedrooms as market rate units and a proportional unit mix as the market rate units.
<p>1.3 Maximum affordable housing expense</p>	Ordinance	<ol style="list-style-type: none"> 1. Renter: affordable rent is 30% of targeted income, net of utility allowances 2. Owner: affordable mortgage is 35% of targeted income, net of insurance, property taxes, homeowner association dues, utilities
<p>1.4 Mandatory</p>	Ordinance	Mandatory

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2. Applicability of Inclusionary Zoning Program

Issue	Ordinance/ Guideline	Requirements
2.1 Geographic applicability	Ordinance	Citywide
2.2 Minimum project size	Ordinance	Applies to all new residential developments of five units or more (i.e., exempt four units or less)
2.3 Type of development	Ordinance	New construction housing
2.4 "Grandfather" clause/ Effective date	Ordinance	<ol style="list-style-type: none"> 1. Entitlements application submitted to the City within five months of the ordinance effective date 2. Building permit application deemed complete by City within five months of the ordinance effective date
2.5 Review Clause	Ordinance	<ol style="list-style-type: none"> 1. The City Council shall review the ordinance within three years of its effective date. 2. The Affordable Housing Commission and Housing Department shall provide regular monitoring reports to the City Council and Mayor.
2.6 Waiver	Ordinance	Developer may appeal to the City for a waiver of the requirements based upon developer demonstrating substantial evidence of the absence of any reasonable relationship between the impact of the development and the inclusionary requirement or amount of the fee charged

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3. Term of Affordability, Documenting Restrictions

Issue	Ordinance/ Guideline	Requirements
3.1 <u>Renter</u> : number of years rent of inclusionary units must be affordable to targeted income group	Ordinance	Permanent (in perpetuity)
3.2 <u>Owner</u> : number of years sale price must be affordable to targeted income group	Ordinance	Permanent (in perpetuity)
3.3 Documenting rent restrictions	Ordinance	Both regulatory agreement and deed restrictions recorded against the land
3.4 Documenting resale, other restrictions, ownership units	Ordinance	<ol style="list-style-type: none"> 1. <u>Resale restrictions</u>: owner must sell property to targeted income household, price of home limited to original sale price plus increases in area median income, improvements approved by City, broker's fees, and other typical seller costs, if any 2. <u>Occupancy requirements</u>: owner must occupy unit and is not allowed to rent the unit.

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4. Alternative Compliance Options

Issue	Ordinance/ Guideline	Requirements
4.1 In lieu fee applicability	Ordinance	Option available to all developers
4.2 In lieu fee amount	Ordinance and Guideline	<ol style="list-style-type: none"> 1. Based on economic equivalent of the cost of constructing units required to fulfill the off-site construction alternative (which is greater in number by 10% as the number of units that would have built on-site) 2. For rental development, recalculate fee with updated gap analysis every 2 years 3. For owner developments, recalculate fee based on difference between market price of new construction home and price affordable to targeted households every 2 years
4.3 Off-site construction	Ordinance	<ol style="list-style-type: none"> 1. Option available to all developers subject to approval by the Housing Department 2. The number of units constructed off-site shall equal at least 1.10 time that of the on-site requirement 3. Certificate of occupancy must be issued prior to or simultaneous with certificate of occupancy for market rate development 4. Off-site units must be equal or greater in number, have equal or more bedrooms as units that would be built on-site 5. Off-site units should be close to services, schools, transit, recreation 6. Off-site units must be located in the same Community Plan area as the market-rate development 7. Housing Department shall certify compliance prior to issuance of a certificate of occupancy for the market rate development

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<p>4.4 Land dedication</p>	<p>Ordinance</p>	<p>Land must exhibit following characteristics:</p> <ol style="list-style-type: none"> 1. Land value must equal the economic equivalent of providing inclusionary units on-site 2. Land is appropriately zoned for the affordable housing development 3. Site is buildable 4. Site is free of environmental issues 5. Site can accommodate at least the number of affordable units required under the inclusionary housing program 6. Site is located near schools, services, recreation, transit 7. Clear title delivered to City-designated entity prior to issuance of building permit on market rate development 8. Site is located in the same Community Plan area as the market rate development <p>Housing Department shall certify compliance prior to issuance of a certificate of occupancy for the market rate development</p>
<p>4.5 Acquisition or acquisition/ rehabilitation</p>	<p>Ordinance</p>	<ol style="list-style-type: none"> 1. Option available to all developers if at-risk affordable housing units are preserved or vacant units are returned to the affordable housing market. 2. Acquired or rehabilitated units must be located in the same Community Plan area as the market-rate development 3. Partnerships between market rate and affordable housing developers allowed 4. Comparability standards shall be established: <ol style="list-style-type: none"> a. Bedroom count comparability b. Number of units equals at least 1.10 times the number of units required for on-site compliance c. Physical needs assessment and escrowed funds needed to pay for rehabilitation d. Environmental e. Close to services, schools, transit, recreation <p>Housing Department shall certify compliance prior to issuance of a certificate of occupancy for the market rate development</p>

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5. Incentives and Offsets

Issue	Ordinance/ Guideline	Requirements
5.1 Density bonus	Ordinance	Existing density bonus pursuant to State Law (Calif. Government Code Sec. 65915) and City Ordinance (Los Angeles Municipal Code Sec. 12.22 A 25) applies By right additional 15% density bonus if project is located next to transit and project complies with on-site inclusionary requirements
5.2 Alternative unit type	Ordinance	<ol style="list-style-type: none"> 1. Allow townhome construction of affordable units in single family detached home development 2. Allowed stacked flat construction in townhome development 3. Allow rental units in ownership development
5.3 Design of units	Ordinance	<ol style="list-style-type: none"> 1. Affordable units may incorporate more modest interior finishes so long as the interior features are durable, of good quality and consistent with current code requirements for new housing 2. Affordable units may be smaller than market rate units but must meet minimum size standards consistent with standards set forth by the California Tax Credit Allocation Committee (TCAC) 3. Exterior design of affordable units shall not be distinguishable from market rate units
5.4 Location of units	Ordinance	Affordable units shall be scattered throughout development
5.5 Fee deferrals	Ordinance	Payment of building permit, impact fees may be deferred until the City issues a certificate of occupancy

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5.6 Parking	Ordinance	<ol style="list-style-type: none"> 1. Parking requirements for developments that build inclusionary units on-site may be reduced to one space per inclusionary unit consistent with the City's existing affordable housing parking requirements 2. Guest parking spaces waived if the project is located within ¼ mile of transit 3. Compact parking spaces are allowed 4. Unlimited tandem parking for assigned spaces is allowed
5.7 Open space, floor area ratios, building height	Ordinance	<ol style="list-style-type: none"> 1. Common open space requirements may be waived for inclusionary units only 2. Floor area ratio (FAR) may be increased to accommodate density bonus units and mixed-use development 3. For Height District IVL or equivalent, average building height up to 66 feet will be allowed to accommodate use of density bonus 4. For Height District IXL or equivalent, average building height of 41 feet will be allowed to accommodate use of density bonus
5.8 Site plan review	Ordinance	Raise threshold to 100 units pursuant to exemption from CEQA for infill housing development (Senate Bill 1925)
5.9 Expedited Construction and Entitlement Permit Processing	Ordinance	Residential projects with on-site inclusionary units shall have priority processing to the extent that discretionary actions are required
5.10 Time Limit – Entitlement Requests	Ordinance	If the City fails to act on entitlement requests within 180 days from the date an application is deemed complete, the requests shall automatically be deemed to be approved
5.11 Financial subsidy	Ordinance	Developer may seek public subsidy in order to fulfill inclusionary requirement; but compliance is required regardless whether developer is successful in obtaining subsidy

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6. Implementation

Issue	Ordinance/ Guideline	Requirements
6.1 Administrative authority	Ordinance	<ol style="list-style-type: none"> 1. Los Angeles Housing Department, Department of City Planning, and Department of Building and Safety in charge of imposing inclusionary requirements 2. LAHD in charge of administration, certifying initial compliance, oversight, monitoring, and asset management
6.2 Uses for in lieu fees	Ordinance	<ol style="list-style-type: none"> 1. Fees paid to Housing Trust Fund 2. Use of fees tied to income and tenure inclusionary requirements of specific projects paying fees

7. Asset Management

Issue	Ordinance/ Guideline	Requirements
7.1 Enforcement and monitoring	Ordinance and Guideline	<ol style="list-style-type: none"> 1. Renter: <ol style="list-style-type: none"> a. Annual certifications provided by developers b. On-site inspections by City 2. Owner: <ol style="list-style-type: none"> a. City monitors occupancy requirements b. City receives notice through right of first refusal from homeowner of intent to sell
7.2 Sanctions	Ordinance	<p>Civil actions; including but not limited to: (1) actions to revoke, deny or suspend any permit, including a building permit, certificate of occupancy or discretionary approval; (2) actions for injunctive relief, foreclosure of liens or damages; and (3) use of violations of ordinance as a defense in litigation including unlawful detainer. Reasonable attorneys' fees may be recovered in all such actions.</p>