SOUTHWEST VALLEY COMMUNITY PLANS

# Overview of Housing Incentives

LOS ANGELES CITY PLANNING

## Overview

The City has adopted a comprehensive set of housing incentive programs aimed at expanding affordable housing, promoting mixed-income developments, and streamlining their approvals – especially near transit, job centers, and in higher-opportunity areas. As Los Angeles updates its Community Plans, new zoning designations and land use policies are being aligned with the 2021-2029 Housing Element Rezoning Program, which includes the Citywide Housing Incentive Program (CHIP), and other related zoning efforts. Aligning the Southwest Valley Community Plans' housing incentives with the adopted Housing Element ensures compliance with state law and transparency for community members and developers regarding maximum development potential.

## Citywide Housing Incentive Program (CHIP)

The CHIP Ordinance, adopted in February of 2025, introduced three incentive programs designed to streamline housing development across the City. The programs include the local implementation of the State Density Bonus Program, the Affordable Housing Incentive Program (AHIP), and the Mixed Income Incentive Program (MIIP). The unique approaches within these programs incentivize development in areas with high access to resources, as established by the state's opportunity maps; along major corridors; within transit oriented neighborhoods; and on eligible project sites. Eligible projects in these areas can apply for development incentives, such as density bonuses, expanded floor area ratios (FAR) and height maximums, decreased setbacks, and parking reductions, as allowed by the applicable program.

### 1. State Density Bonus Programs

In accordance with State Density Bonus Law (CA Government Code 65915 - 65918), the City offers development incentives to eligible projects in exchange for providing a certain percentage of on-site affordable units. In recent years, multiple state bills amended the law to offer updated incentives. The CHIP ordinance contains the local program that aligns LA's processes with State Density Bonus Law, including streamlined review, density, parking, and other state-mandated incentives. Similarly, the other CHIP programs were also created to implement state incentive programs.

### 2. Affordable Housing Incentive Program (AHIP)

The Affordable Housing Incentive Program (AHIP) offers incentives for projects that set aside 80% to 100% of the total units as affordable units. AHIP allows 100% affordable housing projects on sites zoned as Public Facilities. Eligible projects must include at least 80% of units as affordable housing, including sites owned by Public Agencies, Faith-Based Organizations, Community Land Trusts, and Cooperatives.

### 3. Mixed-Income Incentive Program (MIIP)

The Mixed Income Incentive Program (MIIP) offers various incentives in identified Opportunity Corridors, Corridor Transition Areas, and Transit Oriented Incentive Areas. Project sites eligible for Opportunity Corridor and Corridor Transition incentives are located in Higher Opportunity Areas, as defined by the state's Department of Housing and Community Development's Opportunity Area maps. The Opportunity Corridors program was designed to incentivize development on major streets near transit in Higher Opportunity Areas. Adjacent to Opportunity Corridors, the Corridor Transition areas offer incentives for projects with low-scale typologies transitioning to lower scale neighborhoods. Transit Oriented Incentive Areas (TOIA) offer citywide incentives to eligible projects within one-half mile of transit stops, including rail

stations and frequent bus lines. Additionally, TOIA expands on the City's Transit Oriented Communities (TOC) program, adopted in 2017, and, in many cases, offers more substantial incentives than the TOC program.

## How Community Plan Updates Work with Housing Incentive Programs

Community Plan Updates are the City's way of guiding growth at the neighborhood level. They establish land use designations, zoning, and development standards that determine where housing can be built and at what scale. Housing incentive programs are designed to work in tandem with these plans to make it easier to build affordable housing in areas where the City wants to direct growth.

### Local Affordable Housing Incentive Program (LAHIP)

While the CHIP ordinance's programs are already available to developers and will continue to be available as an option following the adoption of the updated Community Plans, the Community Plans Update will implement the new zoning code, which includes the Local Affordable Housing Incentive Program (LAHIP). LAHIP encourages the development of restricted affordable units citywide beyond the levels encouraged by the State Density Bonus program. And it incentivizes increased production of affordable housing units in areas specifically identified by the Community Plan.

LAHIP also encourages developers to comply with other aspects of the new zoning code – such as the objective design standards in the Frontage District – by offering access to housing incentives within the structure of the new zoning code. This ultimately helps create projects that are better designed and more aligned with the Community Plan's vision for its neighborhoods.

The new zoning code provides both a "base" and "bonus" Floor Area Ratio (FAR) and height . The base zoning regulates what can be built on a property without including any community benefits, whereas the bonus FAR and height are incentives offered to a project if it meets the affordable housing set-asides required by LAHIP. Projects may also be eligible for additional incentives, such as increased density, reduced parking requirements, and/or reduced setbacks.

Residential or mixed-use projects must include a percentage of residential units as affordable units to access the first level of bonus incentives ("Tier 1" bonus in the associated Form District). Once the project has included the required number of affordable units, additional bonus Floor Area and height ("Tier 2" bonus in the associated Form District) can be accessed if additional Community Benefits are provided. Options for Community Benefits for projects include: providing at least 10% of the total units in the project as three or more bedroom units or providing space in the new building set aside exclusively for use by a licensed childcare facility.

### Key Connections

**Zoning and Land Use Alignment**

— New zoning designations from the Community Plans Update aim to align with state and local laws where bonuses apply.

**Predictability and Transparency**

— Incentives are codified directly into updated zoning districts, reducing uncertainty and discretionary review to help streamline affordable housing projects.

**Tailored Incentives by Area**

— Community Plans identify growth areas (near jobs, services, and transit) and tailor incentives in these areas to guide housing where it's most needed.

**Public Benefits Integration**

— Community Plan policies influence which public benefit options are utilized. For instance, developers can access added benefits, such as extra height or density, by including childcare space, larger units, or preserving historic buildings.

**State Housing Goals (RHNA Compliance)**

— Updated plans ensure the City of Los Angeles meets its Regional Housing Needs Assessment (RHNA) targets, issued on an 8-year cycle, by aligning zoning capacity and incentive programs with state requirements.

**Housing Element Rezoning Compliance**

— As certified by the state, the City's Housing Element directs citywide and local programs to shape and increase zoning capacity for housing development. Failure to comply can result in consequences such as financial penalties and the Builder's Remedy, which allows new projects to supersede existing local zoning regulations.