

Affordable Housing Strategies

Inclusionary Zoning & Affordable Housing Incentives

Programs for Affordable Housing Accessible to Residents of Boyle Heights



Housing that is affordable and accessible to Boyle Heights residents is one of the most pressing issues heard throughout the community plan process. Affordable housing can take the form of publicly owned and developed housing, housing developed by non-profit organizations, or affordable units set aside at specified rents, as part of market-rate housing developments.

In cities throughout California, new affordable housing can be spurred through zoning regulations. Inclusionary zoning requires developers to include affordable units in market-rate housing projects. In comparison, incentive zoning offers developers an option to include affordable units in exchange for incentives, such as additional residential density, building floor area, and building height. Both inclusionary zoning and incentive zoning require that rents for the required affordable units are set relative to percentages of the Area Median Income (AMI) corresponding to defined affordable housing categories (e.g., very low-income households have incomes of 30–50% of AMI, or an annual income of up to \$59,550 for a family of four). In addition, the City has an existing Affordable Housing Linkage Fee that requires new development projects to pay into a fund for the City to build affordable housing.

Currently the draft Boyle Heights Community Plan is proposing a Community Benefits Program, which is an incentive zoning program that was developed through years of community input, and shaped in response to passage of Measure JJJ and the start of the Transit Oriented Communities (TOC) Program in 2017. This

general approach has proven to be an effective means to bolster affordable housing production Citywide. Since the effective date of the TOC Program, almost 25% of all new housing units in the City have been set aside for lower income households.

Building on the success of the City's current incentive zoning approach, many stakeholders and elected officials have urged for a more straight-forward mandate for new development projects to provide affordable housing units directly onsite through an inclusionary zoning approach. City Planning staff are continuing to hear feedback on this topic, and are planning to have more conversations with Boyle Heights stakeholders regarding inclusionary zoning.

The City is also concurrently undergoing two economic studies to analyze the feasibility of a possible inclusionary zoning requirement, within the City as a whole, and within the Boyle Heights Community Plan area. Within Boyle Heights, the study found that multi-unit market rate development is not feasible under current market conditions. For the base zoning, and therefore mandatory inclusionary zoning to become feasible, increased development potential would need to be permitted, meaning more height, floor area, and density given to developers. In contrast, with the proposed affordability set asides in the Community Benefits Program, larger projects become feasible with the development bonuses provided. This incentive-based system is in effect a mandatory system because only projects providing the affordable housing set asides will be able to be developed under current market conditions. The Boyle Heights Economic Study therefore finds that a "wait and see" approach to inclusionary zoning is preferred, recommending that the City proceed with the proposed Community Benefits Program while waiting for a citywide approach to inclusionary zoning. The detailed results of the Boyle Heights Economic Study are available on the project website, and the findings are used to inform City Planning's recommendation to the City Planning Commission for the Boyle Heights Community Plan Update.



Affordable Housing Linkage Fee (AHLF)

The City of Los Angeles adopted the Affordable Housing Linkage Fee (AHLF) in 2018 as a permanent, dedicated source of local funding for affordable housing. The fee applies to certain new commercial and market-rate residential projects and was designed to generate local funding for affordable housing production and preservation. The fee amount varies by type of use and by geography across the city. For multi-unit residential projects, there are two options to comply with the AHLF requirements—the payment option or the performance option. Through the payment option, developers contribute to affordable housing by paying into the City's Affordable Housing Trust Fund. If developers choose the performance option, they must include a set percentage of rent-restricted units in the proposed development.