LOS ANGELES CITY PLANNING

Overview of Housing Incentives

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The City has adopted a comprehensive set of housing incentive programs that aim at expanding affordable housing, promoting mixed-income developments, and streamlining approvals – especially near transit, job centers, and in higher-opportunity areas. Importantly, these housing incentive programs are closely tied to community plan updates. As Los Angeles updates its **Community Plans**, new zoning designations and land use policies are being aligned with housing incentives adopted in the Housing Element Rezoning Program, which includes the **Citywide Housing Incentive Program (CHIP)** and other related zoning tools. Aligning the Community Plan's housing incentives with the adopted Housing Element ensures compliance with state law as well as transparency for community members and developers when it comes to maximum development potential.

How Community Plan Updates Work with Housing Incentive Programs

Community Plan Updates are the City's way of shaping growth at the neighborhood level. They set the land use, 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.

The Community Plan Updates implement the new zoning code, which includes adopting a "Base" and a "Bonus" Floor Area Ratio (FAR) and in many cases, a "Base" and "Bonus" Height Limit. The base zoning regulations are what a property owner or developer can build without including any community benefits, while the bonus FAR and Height regulations are the incentives offered to a developer if Community Benefits are provided. In addition to FAR and Height, a developer is provided incentives such as increased density, reduced parking, or reduced setbacks.

For residential or mixed-use projects, a developer must include a percentage of units in the project as affordable units to access the incentives. Once the developer has included the required number of affordable units, additional bonuses Floor Area and Height can be accessed if 10% of the total units in the project include 3 or more bedrooms.

As the Community Plan Updates continue, additional Community Benefits beyond affordable housing may be implemented, including additional development rights in exchange for publicly accessible open space, daycare, or other identified uses.

Key Connections:

Zoning & Land Use Alignment

- New zoning designations from Community Plans 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 for affordable housing projects.

Tailored Incentives by Area

- Plans identify **growth areas** (near jobs, services, and transit) and customize 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 earn added benefits, such as extra height or density, when they include childcare space, larger units, or preserve historic buildings.

State Housing Goals (RHNA Compliance)

- Updated plans ensure the City of Los Angeles meets its **Regional Housing Needs Assessment (RHNA)** targets, which are issued on an 8-year cycle, by

making sure zoning capacity and incentive programs align 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 Builder's Remedy, which allows new projects to supersede existing local zoning regulations.

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 State Density Bonus Program, Affordable Housing Incentive Program (AHIP), and Mixed Income Incentive Program (MIIP). The unique approaches within these programs were designed to incentivize development in areas with similar characteristics, including areas with greater concentrations of resources as established by the state's opportunity maps, major corridors, transit oriented neighborhoods, and eligible project sites. As applicable by program, projects can apply development incentives, such as density bonuses, higher Floor Area Ratio (FAR), increased height, lower setbacks, and parking reductions.

1) State Density Bonus Program

In compliance with State Density Bonus Law, the City provides development incentives to applicants in exchange for a developer including affordable units in a project. In recent years, state bills have amended State Density Bonus Law to offer updated incentives. Adopted in the CHIP ordinance, the State Density Bonus Program is the local program that aligns LA's processes with State Density Bonus Law, including streamlined review, density, parking, and other state-mandated incentives. Similar to this program, the other CHIP programs were introduced to locally implement state incentive programs.

2) Affordable Housing Incentive Program (AHIP)

The Affordable Housing Incentive Program (AHIP) offers incentives to projects that provide 80% to 100% affordable units. The program expands sites where 100% affordable housing projects are allowed to zones including Public Facilities zones. Eligible projects are required to provide a minimum of 80% of units as affordable housing units, 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 offers a variety of incentives through 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, which are established by the state's Department of Housing and Community Development's (HCD) 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, Corridor Transition areas offer incentives for projects with low scale typologies transitioning to lower scale neighborhoods. Transit Oriented Incentive Areas, also known as TOIA, offers citywide incentives to project sites within one-half mile of transit, including rail stations and frequent bus lines. Additionally, TOIA builds off of the City's Transit Oriented Communities (TOC) program that has been in effect since 2017, and in many cases offers incentives beyond those in the TOC program.