

AFFORDABLE HOUSING INCENTIVES GUIDELINES

Implementing the State Density Bonus Law
California Government Code Section 65915

Approved by the City Council on December 10, 2024
(Supersedes all previous editions of the Affordable Housing Incentives Guidelines)

TABLE OF CONTENTS

- I. Scope and Purpose
- II. Definitions
- III. Density Bonus and Set-Asides (See Appendix for Examples)
- IV. By-Right Incentives
- V. Other Affordable Housing Incentives
- VI. Fair Housing Requirements for Affordable Housing
- VII. Resources for Projects Requesting Density Bonus or Incentives/Waivers
- VIII. Contact Information
- IX. Appendix
 - Percentage of Set-Aside Units and Corresponding Density Bonus

AFFORDABLE HOUSING INCENTIVES GUIDELINES

I. SCOPE AND PURPOSE

As required by State law, the Municipal Code implements the State's density bonus provisions by setting forth the density bonus program requirements, incentives and procedures. These Guidelines more fully describe the density bonus provisions and qualifying criteria; the incentives available to qualifying projects; and the procedures whereby projects may apply for a bonus and incentives.

The Guidelines may be modified by resolution of the Planning Commission.

II. DEFINITIONS

Area Median Income (AMI) – The estimate of median income in the Los Angeles – Long Beach Primary Metropolitan Statistical Area that is determined periodically by the US Department of Housing and Urban Development (HUD), adjusted for household size and which is published periodically.

Density Bonus -- A density increase over the otherwise maximum allowable residential density pursuant to California Government Code Section 65915. The density bonus shall apply to housing developments consisting of three or more dwelling units.

Incentive or Concession – A reduction in a development standard or a modification of the Zoning Code.

Moderate Income, Lower Income and Very Low Income – Annual income of a household that does not exceed the Area Median Income for the income category as specified in the California Health and Safety Code Sections 50079.5 and 50105. (See Appendix for Annual Household Income Levels)

Mass Transit Station – A transit stop for a fixed rail system or Major Bus Center. A station is one that is currently in use, whose location is proposed and for which a full funding contract has been signed by all funding partners, or one for which a resolution to fund a preferred alignment has been adopted by the Los Angeles County Metropolitan Transit Authority.

Major Bus Route – A bus route with peak-hour headways of 15 minutes or less in two directions for 2 of the 3 hours between 4:00 p.m. and 7:00 p.m.

Senior Citizens – Individuals who are at least 62 years of age, except that for density bonus projects of at least 35 dwelling units, a threshold of 55 years of age may be used, provided all applicable City, State and federal regulations are met.

III. DENSITY BONUS AND SET-ASIDES

Density bonus provisions apply to projects of 5 or more units, prior to any density bonus. Projects qualify for a **20% density bonus**, if they provide the following tenant set-asides for a period of at least 55 years, as established by State Law:

- **5% of the dwelling units for Very Low Income households**, earning no more than 50% of the AMI and paying no more in rent than the amount established by LAHD for households earning up to 50% of the median income, OR
- **10% of the dwelling units for Lower Income households**, earning no more than 80% of the AMI and paying no more in rent than the amount established by the Los Angeles Housing Department (LAHD) for households earning up to 60% of the median income.

Projects may qualify for an **additional density bonus to a maximum of 35%** provided the number of set-aside units are increased as follows:

- For each 1% increase in the percentage of Very Low Income affordable units, projects will receive an additional 2.5% density bonus up to a maximum of 35%.
- For each 1% increase in the percentage of Lower Income affordable units, projects will receive an additional 1.5% density bonus up to a maximum of 35%.

Projects qualify for an **additional 10% density bonus up to a maximum of 35%** if they are located on or near a transit corridor or major employment center (see By-Right Incentives, below).

Projects qualify for an additional density bonus up to a maximum of 88% or 100% if a project provides an additional set-aside of Very Low Income or Moderate Income units, as set forth in the tables of Government Code Section 65915(v).

Senior Housing Projects

State law provides an automatic 20% density bonus for housing projects that set-aside 100% of the housing for senior citizens. There are no income or rent restrictions for this bonus. As an incentive to provide affordable housing for seniors, senior housing projects that set aside at least 10% of the units for Lower Income seniors or 5% of the units for Very Low Income seniors will qualify for an additional 15% density bonus, for a total density bonus of 35%. All senior housing projects are required to sign a Covenant with the Los Angeles Housing Department assuring that the units are restricted to seniors for a period of 30 years.

For-Sale Housing Developments

Housing developments that set-aside 5% of the dwelling units for sale to Very Low Income households or 10% of the dwelling units for sale to Lower Income dwelling units will qualify for the density bonus a 20% and additional density up to a maximum of 35% as noted above.

Housing developments that set aside 10% of the dwelling units for buyers who meet the criteria of Moderate Income households (earning no more than 120% of AMI) will also qualify for a density bonus of 20%. For each additional 1% set-aside, the developer may receive an additional 1%

density bonus up to a maximum of 35%. It is the intent of this program that these units will be owner-occupied.

Consistent with State law, the owner of the Moderate Income and lower income levels set-aside unit can sell that unit any time at an unrestricted price. At the time of sale, the owner can recoup his/her down payment, and the value of any improvements, but any profit must be shared with the City. The City's share is equal to the percentage by which the initial sale price to the Moderate-Income Household was less than the fair market value of the home at the time of the initial sale. These funds are to be used within five years for the construction, rehabilitation, or preservation of affordable housing for Extremely Low, Very Low, Lower, and Moderate-Income persons or families.

Donation of Land in Lieu of Set Aside

State law permits an applicant for a subdivision, parcel map or other residential development approval to obtain a 15% density bonus, if the applicant donates land to the City that meets, at a minimum, the following criteria:

- The developable acreage and zoning of the land being transferred are sufficient to permit construction of at least 10% of the number of residential units in the proposed development.
- The transferred land is at least one acre in size or of sufficient size to permit development of at least 40 units.
- The transferred land is within the boundary of the proposed development, or with the City's agreement, within $\frac{1}{4}$ mile of the development.
- The transferred land is fully entitled to permit the number of required affordable units.
- The applicant donates and transfers the land no later than the date of approval of the final subdivision map, parcel map or residential development application.

For each additional 1% land donated, the applicant may obtain an additional 1% density bonus up to a maximum of 35%. Also, an applicant may receive a density bonus for setting aside affordable units within the development project with the total bonus not to exceed 35%.

Density Bonus Calculation

The number of density bonus units is based upon the maximum density allowed in the zone. State law requires that all density and set-aside calculations resulting in a fractional number be rounded up to the next whole number. For example, a 5,000 square foot lot in the R3 zone would permit 7 units (not 6 since the maximum density is also "rounded up"). A 20% bonus would allow 2 extra units (1.2 is rounded up to 2 extra units). The required set-aside for Very Low Income households would be 1 unit (5% of 6 is .03, which is rounded up to 1).

Where the developer is not requesting a density bonus and the housing development uses less than the maximum density allowed in the zone, the percentage of set-aside units is based upon the number of units in the development.

Other Discretionary Approval

Approval of density bonus units does not, in and of itself, trigger other discretionary approval such as Site Plan Review.

Term of Affordability

All Lower and Very Low Income rental density bonus units must remain affordable for 55 years (or longer, if required by the construction or mortgage financing assistance program, mortgage insurance program, or rental subsidy program). State law has been amended to clarify that equity sharing is the method of ensuring ongoing availability of affordable housing upon re-sale of affordable restricted units.

IV. BY-RIGHT INCENTIVES

Parking. State law provides parking standards that may be requested by a developer of a density bonus project and that the City must grant if requested. These standards apply not only to the restricted affordable units (the set-aside units) but also to the entire project. These standards are inclusive of handicapped and guest parking and are as follows:

- 0 – 1 bedrooms: one onsite parking space
- 2 – 3 bedrooms: two onsite parking spaces
- 4 or more bedrooms: 2½ parking spaces

If the total number of spaces required in the development results in a fractional number, it is rounded up to the next whole number. Tandem parking and uncovered parking are also permitted to meet these parking requirements.

State Law has also been amended to permit additional types of parking reductions for certain types of projects, and/or projects located in certain areas. Please see California Government Code Section 65915(p) for more.

Transit Corridor / Major Employment Centers. Projects that meet the following criteria will be granted an additional 10% density bonus, up to a maximum of 35%:

- At or within a 1,500 foot radius of an existing or fully funded major bus center, bus stop along a major bus route (defined as a bus route with peak-hour headways of 15 minutes or less in two directions in at least two of the three hours between 4:00 p.m. and 7:00 p.m.), or mass transit station; or
- At or within a 1,500 foot radius of an intersection of transit priority arterials; or
- In or within a 1,500 foot radius of the boundaries of a regional center; or
- In or within a 1,500 foot radius of boundaries of a major economic activity area (LAX, the Port of Los Angeles and Downtown);
- Within 1,500 feet of the boundaries of a college or university with an enrollment exceeding 10,000 students.

V. OTHER AFFORDABLE HOUSING INCENTIVES

In conformance with State law, at least one incentive or concession, in addition to the density bonus, must be provided to projects that set aside affordable units. The number of incentives increases as the percentage of set-aside units increases, as follows:

Very Low Income Households:

- One Incentive/Concession – 5% set-aside
- Two Incentives/Concessions – 10% set-aside
- Three Incentives/Concessions – 15% set-aside
- Four Incentives/Concessions – 16% set-aside

Low Income Households

- One Incentive/Concession – 10% set-aside
- Two Incentives/Concessions – 27% set-aside
- Three Incentives/Concessions – 24% set-aside
- Four Incentives/Concessions – N/A

Moderate Income Households:

- One Incentive/Concession – 10% set-aside
- Two Incentives/Concessions – 20% set-aside
- Three Incentives/Concessions – 30% set-aside
- Four Incentives/Concessions – 45% set-aside

Menu of Incentives/Concessions

Projects may request one or more of the following incentives or concessions, depending upon the income level of the targeted households and the percentage of set-aside units, in order to provide the affordable units:

- Up to 20% deviation from yard/setback requirements, except along any property line that abuts an R1 or more restrictively zoned property
- Up to 20% deviation from lot coverage requirements
- Up to 20% deviation from lot width requirements
- Up to 20% deviation from floor area requirements
- Up to 20% deviation from open space requirements
- Up to 20% additional building height, with the exception of properties within a Specific Plan for which 10% additional building height will be permitted
- Include area of street and alley dedication for purposes of calculating density
- A reduction or waiver in parking to include:

- o A reduction in parking requirements to not less than 1 parking space per restricted dwelling unit irrespective of the number of habitable rooms.
- o A reduction in parking requirements to not less than ½ parking space per dwelling unit for dwelling units restricted to Very Low or Low Income senior citizens.

VI. FAIR HOUSING REQUIREMENTS FOR AFFORDABLE HOUSING IN MIXED INCOME DEVELOPMENTS

1. **Unit Mix.** Except as these requirements conflict with any housing replacement requirements pursuant to state or local law, the number of Restricted Affordable Units that are required in mixed-income housing development projects shall reflect the project's unit type mix, in terms of the number of bedrooms. Five or more bedroom units may be provided for by creating either three or four bedroom Restricted Affordable Units as long as the total number of bedrooms are replaced as affordable. For cases where rounding results in fewer Restricted Affordable Units of a particular number of bedrooms than required, the share of units with the highest remainder shall be rounded up. In cases where rounding would result in more total Restricted Affordable Units than otherwise required, then the share of units with the lowest remainder shall not be rounded. In instances where the remainders are equal, then the larger unit type should be allocated as Restricted Affordable Units.
2. **Unit Size.** Affordable units shall, on average, be no less than 90% of the average square footage of the market rate units for the unit type. In addition, if these requirements conflict with state or local requirements relating to housing replacement or right of return related to the demolition of protected units, the provision resulting in the higher number of bedrooms shall be required.
3. **Quality and Amenities.** Restricted Affordable Units should be generally comparable to market rate dwelling units in construction quality and basic amenities for daily living (laundry, patios/balconies, number of bathrooms, etc.), but may differ in the quality of interior "finish" materials (e.g., flooring, cabinetry, hardware, countertops, appliances, light fixtures, bathroom fixtures, trim and moldings, wall coverings, etc).
4. **Distribution.** Restricted affordable units should be interspersed equally on different floors but are not required to be located on a particular floor if the number of units is less than the number of stories. No two restricted affordable units may be located next to each other or isolated to a specific area of the building, such as near the freight elevator or trash room, or vertically stacked. Restricted Affordable Units should generally not be separated into one building, except in cases where the affordable units will be located on the same development site, including across the street, and is necessary, as determined by LAHD, to facilitate either: 1) servicing of special needs populations (e.g. seniors, persons with disabilities, target populations, etc.), that

benefit from unique services in their own building, or 2) a relocation plan to house residents being displaced. Units awarded as part of a density bonus pursuant CA Government Code Section 65915 shall be permitted in geographic areas of the housing development other than the areas where the units for the lower income households are located. An applicant can seek an exemption from distribution of Restricted Affordable Units on the top floor for penthouses subject to the approval of LAHD.

5. **Access.** The occupants of the Restricted Affordable Units within a mixed-income multifamily development shall have the same access to the common entrances, areas and amenities as the occupants of the market-rate housing units and may not be charged for amenities that are provided at no cost to other residents including, but not limited to, access to recreational facilities, parking, internet, TV, and interior amenities such as laundry spaces, dishwashers and microwave ovens. Optional services provided must be optional for all residents, and available to all under the same terms and conditions. Tenants of affordable units cannot be required to purchase additional services.

VII. RESOURCES FOR PROJECTS REQUESTING DENSITY BONUS OR INCENTIVES/WAIVERS

[Los Angeles City Planning](#)
[Planning Services](#)
[Planning Approvals](#)
[Los Angeles City Planning Online Application Portal](#)
[Housing Services / Priority Housing Program](#)
[Affordable Housing Referral Form](#)

[Los Angeles Department of Building and Safety \(LADBS\)](#)
[Affordable Housing Section](#)
[BuildLA Appointment System](#)

[Los Angeles Housing Department \(LAHD\)](#)
[Apply for Land Use Services \(Land Use Covenants, Replacement Unit Determinations, etc.\)](#)
[Rent Income Schedules](#)
[Replacement Unit Determinations](#)

VIII. CONTACT INFORMATION

Los Angeles Housing Department
Land Use Section
lahd-landuse@lacity.org
(213) 808-8843
<https://housing2.lacity.org/partners/land-use-covenants>

Department of City Planning
Priority Housing Unit
201 North Figueroa Street, Suite 525
Los Angeles CA, 90012
planning.priorityhousing@lacity.org
<https://planning.lacity.gov/project-review/affordable-housing>

IX. APPENDIX

PERCENTAGE OF SET-ASIDE UNITS AND CORRESPONDING DENSITY BONUS

VERY LOW INCOME HOUSEHOLDS EARNING <50% AMI		LOWER INCOME HOUSEHOLDS EARNING 50%-80% AMI	
Set-Aside Units	Density Bonus	Set-Aside Units	Density Bonus
5%	20.00%	10%	20.00%
6%	22.50%	11%	21.50%
7%	25.00%	12%	23.00%
8%	27.50%	13%	24.50%
9%	30.00%	14%	26.00%
10%	32.50%	15%	27.50%
11%	35.00%	16%	29.00%
12%	38.75%	17%	30.50%
13%	42.5%	18%	32.00%
14%	46.25%	19%	33.50%
15%	50%	20%	35.00%
		21%	38.75%
		22%	42.5%
		23%	46.25%
		24%	50%