

ORDINANCE NO. _____

A proposed ordinance amending Section 21.18 of the Los Angeles Municipal Code, establishing an Affordable Housing Linkage Fee, and directing Linkage Fees derived from Development Projects to the Affordable Housing Trust Fund.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Chapter II of the Los Angeles Municipal Code is amended to add:

**ARTICLE 1.18
AFFORDABLE HOUSING LINKAGE FEE**

SEC. 21.18.1. DEFINITIONS

Terms have the meaning ascribed in Section 12.03 or 12.22 of the Los Angeles Municipal Code, or if not defined, have the following meanings:

- (a) "Additional Housing Units" means the number of dwelling units or guest rooms to be added on a parcel of real property by issuance of a building permit, less the number of dwelling units or guest rooms legally removed, or authorized to be removed, from the same parcel of real property.
- (b) "Additional Nonresidential Floor Area" means the amount of floor area, as defined in Section 12.22.A.29(c)(1) of this code, to be added on a parcel of real property by issuance of a building permit, less the amount of floor area legally removed, or authorized to be removed, from the same parcel of real property.
- (c) "Applicant" means any individual, person, firm, partnership, association, joint venture, corporation, limited liability company, entity, combination of entities or authorized representative thereof, who undertakes, proposes or applies to the City for a Development Project.
- (d) "Complete Building Permit Application" means a complete application for a building permit a building or structure that is submitted along with architectural and structural plans sufficient for a complete plan check that is accepted by the Department of Building and Safety.
- (e) "Development Project" means any activity involving or requiring the issuance of a building permit that results in Additional Housing Units, Additional Nonresidential Floor Area, or a change of use from commercial or industrial to residential.
- (f) "Linkage Fee" means that housing Linkage fee imposed under Article 1.18 of the Los Angeles Municipal Code on applicants for certain Development Projects.

SEC. 21.18.2. APPLICABILITY

The following provisions apply to any Development Project otherwise covered by these regulations for which a building permit is approved by the City. The Applicant for any Development Project, unless exempt from this chapter, as a condition of the building permit, must pay to the City the required Linkage Fee.

(a) Effective Date.

1. Any Applicant for a Development Project for which a Complete Building Permit Application or Department of City Planning entitlement application is submitted, whichever is first, on or after _____, 2017 (*2 months after adoption*), must pay the Linkage Fee in effect at the time of building permit issuance. If a project had submitted a building permit application or application sufficient for a planning or zoning entitlement for the Development Project prior to this date, the project shall not be subject to a fee.

(b) Exemptions. The Department of Building and Safety shall determine which of the following exemptions apply to any Development Project based on documentation submitted by the applicant prior to the issuance of the building permit. The fee imposed by this article shall not apply to construction which includes the following:

1. Less than 10,000 square foot of new or added floor area, as defined in Section 12.03 of this code, in any nonresidential building, as determined by the Department of Building and Safety.
2. A multiple-dwelling building with 5 or fewer units.
3. Any for-sale housing development containing restricted affordable units where at least 40% of the total units are dedicated for moderate income households, or any for-sale or rental development where at least 20% of the total units or guest rooms are dedicated for low income households, or at least 11% of the total units are dedicated for very low income households, for at least 55 years, where a contract has been made with the Housing and Community Investment Department. For the purposes of this section, total units includes units added by a density bonus or other land use incentive.
4. Any Development Project on a piece of property owned by a government or government agencies, or non-profit institutions such as hospitals, schools and museums.
5. New construction of, or addition to, a single-family detached home, provided it does not add 1,500 square feet or greater to the size of the existing home, or result in a

home that is 1,500 square foot larger than the prior home that existed on the property.

6. A Second Dwelling Unit as defined by Section 12.03 of this code, or an Accessory Dwelling Unit as defined by California Government Code Section 65852.2.
7. Any project located within the boundaries of the Central City West Specific Plan Area, as defined in Ordinance No. 163,094, if the Applicant by covenant and agreement or development agreement to abide by the Linkage fee and replacement housing obligations set forth in the Specific Plan for the Central City West Area.

(c) Deductions or Credits.

1. **Change of Use.** If the Development Project is the result of a change of use from commercial or industrial to residential, the Linkage Fee to be paid is the result of subtracting the equivalent fee amount that either was paid or would have been paid based on the pre-existing use from the fee requirement amounts below.
2. **Affordable Housing Units.** Any Restricted Affordable Units as defined in 12.22 A.25 may be subtracted from the total number of dwelling units or guest rooms in a building in determining the required Linkage Fee.
3. **Mixed Use.** The first 10,000 square feet of nonresidential use in a mixed-use building shall be excluded from the calculation of floor area.
4. **Land Dedication.** If the Department of Housing and Community Investment Department accepts, on behalf of the City, an offer to dedicate for the purpose of building affordable housing, the value of the land, as demonstrated as the average of two independent appraisals funded by the applicant, may be deducted from the Fee amount.

SEC. 21.18.3 FEE REQUIREMENTS

The regulations, requirements and provisions of this chapter shall apply to any Development Project. The applicant for any such project, as a condition of its building permit, must pay to the City those Linkage Fees necessary to mitigate the increased demand for affordable housing which are anticipated to be generated by or attributable to such development project, as set forth in this chapter.

The Linkage Fee shall be calculated for each development project as the amount of new or added floor area, as defined for non-residential uses in Section 12.03 of this Code and for residential uses in Section 12.22.A.29(c)(1) of this Code, in the Development Project devoted to the following uses, as determined by the Department of Building and Safety, multiplied by the amount of the applicable fee, as found below or in the most recent Linkage Fee Schedule, at the time of a Complete Building Permit Application, minus any deductions or credits.

Type of Use	Fee Per Square Foot
Nonresidential Uses including Hotels	\$5
Residential Uses	\$12

- (a) **Annual Adjustments.** The Linkage Fee amount in the Linkage Fee Schedule shall be adjusted for inflation annually beginning on July 1, 2018, by the Director in accordance with the latest change in year-over-year Consumer Price Index for Urban Consumers (CPI-U) for the Los Angeles-Riverside-Orange County area, or if such index ceases to be published, by an equivalent index chosen by the Director.
- (b) **Payment of Linkage Fee.** The Linkage Fee is due and payable by the Applicant prior to the issuance of a building permit. No additional fee shall be required for projects seeking extension of expired building permits.
- (c) **Refunds of Linkage Fee.** Any fee paid under the provisions of this article may be refunded to the Applicant if the application for the building permit has expired and was not utilized to begin construction of the project.

Section 2. Section 16.02 in Article 6 of Chapter 1 of the Los Angeles Municipal Code is amended to read:

SEC. 16.02. SPECIAL PROVISIONS FOR OTHER LAND USE PROCEEDINGS.

Notwithstanding any provision of Articles 1 through 9 of Chapter I of this Code or any other ordinance to the contrary, with respect to those uses, buildings and sites destroyed or damaged in connection with a declared emergency, and in the area covered by the declaration of emergency, the following exceptions shall apply:

C. Payment of the Linkage Fee pursuant to Article 1.18.

Section 3. Chapter 122 of the Administrative Code is amended to read:

Sec. 5.522. Creation and Administration of the Affordable Housing Trust Fund

(h) The total Linkage Fee revenues received by the City pursuant to Article 1.18, shall be placed in the Affordable Housing Trust Fund.