

VALUE CAPTURE ORDINANCE

Background and Quick Guide – May 25, 2017



Background

In response to Council Motion CF 14-1325 (O-Farrell/Huizar), on November 23, 2016 the City Council requested the Department of City Planning (DCP) draft a “value capture” ordinance. The ordinance is intended to link the approval of discretionary land use entitlements that increase allowable residential density with standardized affordable housing requirements. The motion refers specifically to Zone Changes, Zone Variances, Development Agreements and General Plan Amendments, all which normally increase residential density beyond the 35% threshold permitted by the Density Bonus program.

Subsequent to that direction, on December 13, 2016, the City Council certified the approval of the ballot initiative titled Measure JJJ (the *Build Better LA Initiative*), which was approved by voters on November 8, 2016. Measure JJJ imposes minimum affordable housing and labor requirements on development projects requesting General Plan Amendments, Zone Changes, or Height District Changes. In effect, these new regulations contain similar policies as those proposed by the value capture motion (CF 14-1325) and the subsequent report back by the Department of City Planning dated October 8, 2016.

Currently all residential Zone Change, Height District Change and General Plan Amendment projects with more than ten units are subject to Measure JJJ’s affordable housing and labor requirements. However, there remain additional entitlement pathways to achieve significant density increases that are not subject to the provisions of Measure JJJ. These alternate entitlement pathways are the focus of the draft ordinance.

Draft Ordinance

DCP is proposing an ordinance to establish consistent affordable housing requirements for development projects that seek density increases beyond the current Density Bonus program through entitlements not covered by Measure JJJ. The ordinance would:

- Clarify and standardize affordability requirements
- Align 55 year affordability covenant requirements
- Include AB 2222 style housing replacement policy
- Make minor updates to these code sections as needed

The following entitlements are proposed to be included in the ordinance:

1. LAMC Section 12.24 U.26 - Conditional Use Permit for a Density Bonus for a Housing Development Project in which the density increase is greater than the maximum permitted in Section 12.22 A.25.

VALUE CAPTURE ORDINANCE

Background and Quick Guide – May 25, 2017



2. LAMC Section 14.00 A.2 - Public Benefits Project for Density increase for a Housing Development Project to provide for additional density in excess of that permitted in Section 12.22 A.25.
3. LAMC Section 12.24 V - Conditional Use Permit for Mixed Commercial/Residential Use Developments (to obtain additional Floor Area Ratio)
4. LAMC Section 12.24 F - Conditional Use Permit Allowing Height and Area Changes
5. LAMC 14.3.1 - Eldercare Facilities that do not meet the use, area, or height provisions of the respective zone

The draft Value Capture program would establish an affordable housing requirement for these programs which would better align them with established regulations such as the density bonus program, Measure JJJ and the TOC program (as established in LAMC 12.22 A.25, 11.5.11 and 12.22 A.30 respectively).

What Would Be the Impact of the Proposed Ordinance?

The regulations are intended to clarify existing regulations and align affordability requirements across the range of planning entitlements that allow consideration of increased density or floor area ratio. A percentage of affordable housing will be required based upon the percent of density increase, across the range of City policies. The ordinance will result in an increase of affordable housing units developed, however any increase is expected to be relatively modest due to the relatively low level of applicable entitlement requests. The City does not expect major impacts to development patterns or individual project feasibility. Projects subject to the new requirements are all receiving significant density increases over that allowed by zoning and the requirements are designed to be in line with a proportional formula that has proven to be economically feasible under the density bonus program.

Questions or Comments

If you have any questions or comments, please send them to Matthew Glesne at matthew.glesne@lacity.org or (213) 978-2666. Comments submitted prior to **the end of the day on June 26, 2017** will be considered for the staff recommendation report. Comments submitted after this time should also be directed to the City Planning Commission (cpc@lacity.org).