



DEPARTMENT OF CITY PLANNING

City Hall • 200 N. Spring Street, Room 525 • Los Angeles, CA

July 16, 2018

TO: Department of City Planning Staff
Interested Parties

FROM: Kevin J. Keller, AICP 
Executive Officer

SUBJECT: **AFFORDABLE HOUSING LINKAGE FEE ORDINANCE AND UPDATED
FEE SCHEDULE**

The City Council adopted the Affordable Housing Linkage Fee (AHLF) Ordinance (#185,342) on December 13, 2017 and it became effective on February 17, 2018. The City Council subsequently adopted a revised fee schedule on June 29, 2018, increasing the residential fee amount in the City's high market areas.

The ordinance places a fee on certain new market-rate residential and commercial development to generate local funding for affordable housing. The amount of the fee varies by the type of use and by location. Because of the ordinance's phased-in approach, projects submitting plans on or after June 18, 2018 are subject to the fee and fees will increase over time. There are also various exemptions and deductions.

The basic provisions of the law are summarized below. This memo replaces the previous memo dated April 27th, 2018 in order to reflect the revised fee schedule.

Development Projects Subject to the Fee:

Unless determined to be exempt (per LAMC 19.18 B.2) the Linkage Fee applies to all *Development Projects*, which is defined as any project involving or requiring the issuance of a building permit that results in:

- 1) Additional dwelling units or guest rooms (after deducting the number of units/guest rooms removed in the previous year).
- 2) Additional nonresidential floor area (after deducting the amount of nonresidential floor area removed in the previous year).
- 3) A single-family residential project that results in a net increase of more than 1,500 square feet of floor area, unless the property will not be not sold within three years.
- 4) A change of use from nonresidential to residential.

Fee Phase-In Timeline

The fee is being phased-in based on the date by which a building permit application or complete planning entitlement application is submitted, whichever is first. This is calculated according to the date that plans sufficient for a plan check or zoning plan check are accepted by the Department of Building and Safety, or City Planning fees are paid for a planning entitlement, whichever is first. Projects submitted before June 18, 2018 will be exempt from the fee.

Plans submitted on or after:

- February 17, 2018: Effective date of AHLF ordinance (no fee applies)
- June 18, 2018: One-third of full fee amount at the time of building permit issuance
- December 20, 2018: Two-thirds of full fee amount at the time of building permit issuance
- June 17, 2019: Full fee amount

How is the Fee Calculated?

For each Development Project, the Linkage Fee is calculated by the Department of Building and Safety as follows:

- 1) The amount of new or added floor area in the Development Project devoted to the uses described in the Linkage Fee Schedule below (after subtracting any eligible demolished floor area as defined in LAMC 12.03 within the prior year);
- 2) Multiplied by the amount of the applicable fee, depending on the market area in which the project is located, and type of project, at the time the building permit for the Development Project is issued;
- 3) Multiplied by the applicable phase-in ratio ($\frac{1}{3}$ or $\frac{2}{3}$, based on when a building permit application or a complete planning or zoning entitlement is submitted). This phase-in ratio is applicable only during the initial phase-in period;
- 4) Minus any applicable deductions or credits.

Payment of Linkage Fee

- The Linkage Fee is due and payable prior to the issuance of a building permit for the Development Project (i.e. not a demolition permit or grading permit).
- The fee amount is based on the fee schedule and market area maps in effect at the time the building permit for the project is issued and the phase-in ratio in effect at the time of submittal.

Linkage Fee Schedule as of June 29, 2018*

| | Low Market Area | Medium Market Area | Medium-High Market Area | High Market Area |
|---|----------------------------|--------------------|-------------------------|------------------|
| Type of Development Project | Fee per Square Foot | | | |
| Residential Uses (single-family home or multifamily with 6 or more units) | \$8 | \$10 | \$12 | \$18 |
| Residential Uses (2-5 units) | \$1 | \$1 | \$1 | \$18 |
| Nonresidential Uses (including Hotels) | \$3 | \$4 | N/A | \$5 |
| Additional Charge for the Net Loss of Dwelling Units (added to any other applicable fees) | \$3 | \$3 | \$3 | \$3 |

* Please check the current Linkage Fee Schedule maintained by the Department of City Planning for the most up to date information.

Fee Adjustments

Fees will be adjusted annually for inflation beginning July 1, 2019 using the Consumer Price Index (CPI-U). The market areas may be updated by City Council every five years beginning July 1, 2023.

In Which Market Area is My Property Located?

Please see the [Zoning Information Mapping Information System \(ZIMAS\)](#) or [City Council Resolution](#) to check the market area for any property in the City of Los Angeles. The market areas can be seen in the map attachments below.

Exemptions

The following types of projects may be exempt from the payment of the Linkage Fee. Please see the ordinance language to verify the applicability of the exemption:

- Multifamily housing projects with at least the following shares of affordable housing, as determined by HCIDLA ,and as calculated based on the total number of units:
 - 40% moderate income units, or 20% low income units, or 11% very low income units, or 8% extremely low income units.
 - Other on-site affordable housing or fee payments in excess of the AHLF requirements.
 - Affordable housing required by the Mello Act, Central City West SP, or Measure JJJ (LAMC 11.5.11).
- Non-residential developments less than 15,000 square feet.
- Single-family detached homes (or additions) that result in less than 1,500 of net square feet. Additional floor area in excess of this amount is also exempt if the home remains under the same ownership for three years from the issuance of a building permit. If not exempt, all net new floor area added to a site is charged the fee.
- Developments constructed by or on behalf of a government agency or public institution like public schools, public museums and homeless shelters, as well as private elementary or high-schools.
- Hospitals.
- Accessory Dwelling Units (ADUs).
- Grocery stores, if there is not an existing one within one-third mile of the project.
- Adaptive Reuse projects involving a designated Historic-Cultural Monument with no increase in floor area.
- Non-residential floor area located in the SLATE-Z South LA Transit Empowerment Zone (Promise Zone) within first three years of effective date of ordinance.

Deductions/Credits

The following types of projects may be eligible for a deduction or credit on the otherwise payable fee:

- Applicable fee credit of prior nonresidential uses when converted to residential uses through a change of use.
- Floor area of Restricted Affordable Units (per LAMC 12.22 A. 25) in a market rate development.
- Floor area from the residential portion of a mixed-use building if the development is subject to certain other affordable housing requirements.
- First 15,000 square feet of nonresidential floor area in a mixed-use building.
- Any floor area that accrued as a result of a Public Benefit Payment as part of a Transfer Floor Area Right approval (per LAMC 14.5.9).
- Value of any land dedication for the purpose of affordable housing, as approved by HCIDLA.

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Additional Questions

For general questions on the implementation of the Affordable Housing Linkage Fee, please contact Cally Hardy in the Department of City Planning at (213) 978-1643, or email to cally.hardy@lacity.org. Project specific questions are best answered in person at one of the Department of Building and Safety offices.

Additional Documents:

[City Council Fee Resolution](#) (As of June 29, 2018)

[Ordinance No. 185,342 \(Affordable Housing Linkage Fee\)](#)

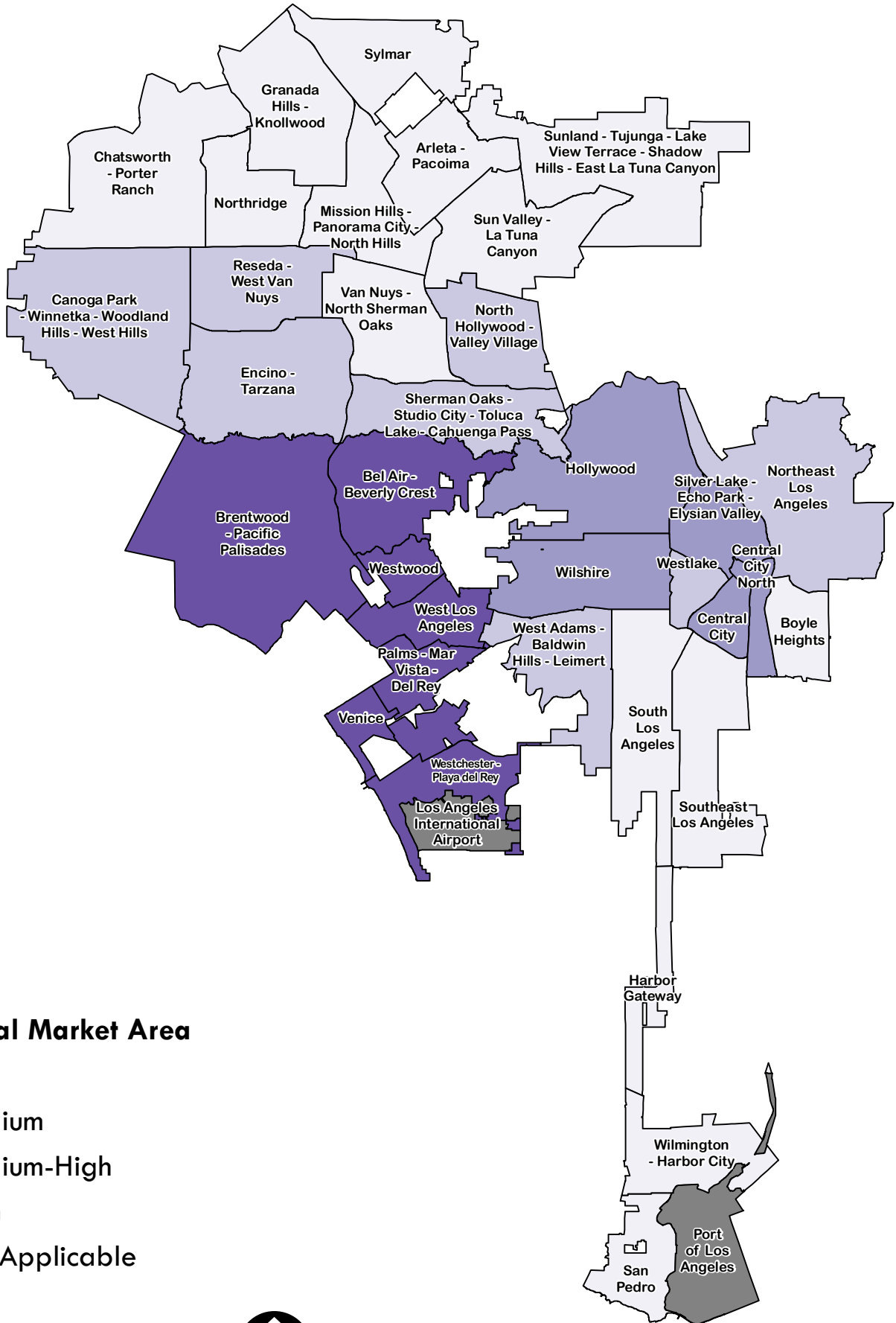
[Ordinance No. 185,341 \(Housing Impact Trust Fund\)](#)

Attachments:

Map of Residential Market Areas

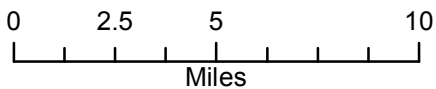
Map of Non-Residential Market Areas

Affordable Housing Linkage Fee Residential Market Areas

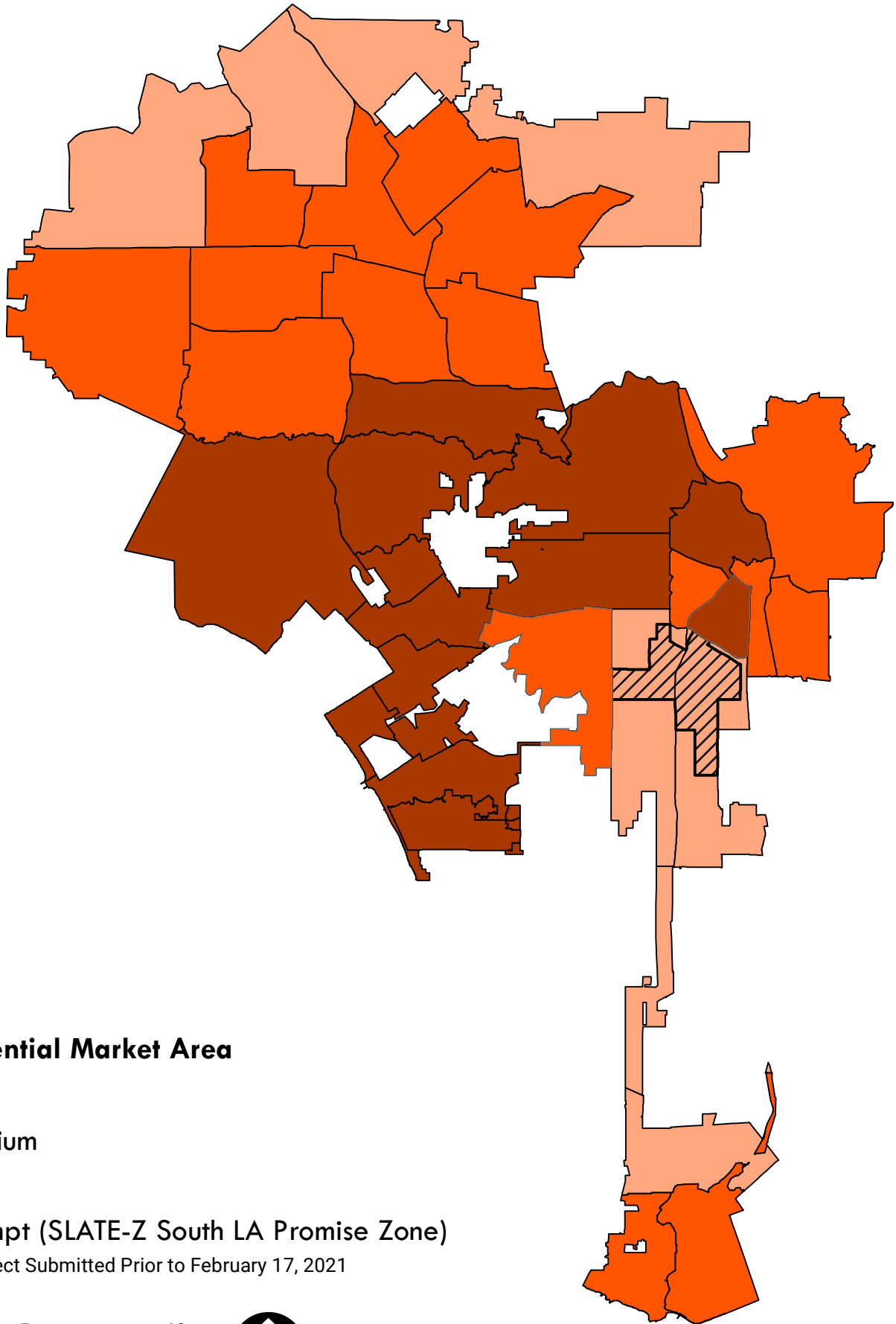


Residential Market Area

- Low
- Medium
- Medium-High
- High
- Not Applicable



Affordable Housing Linkage Fee Nonresidential Market Areas



Nonresidential Market Area

-  Low
-  Medium
-  High
-  Exempt (SLATE-Z South LA Promise Zone)
If Project Submitted Prior to February 17, 2021

