

INCLUSIONARY HOUSING PROGRAM – INFORMATION FOR DEVELOPERS

HOUSING

City of
West Hollywood
Rent Stabilization
and Housing

Overview:

The City of West Hollywood administers an Inclusionary Housing Program, in which developers are required to make a percentage of newly constructed housing units available to low and moderate income households. The affordable units are expected to be dispersed throughout the development, in an effort to generate a mix of income levels within residential areas and offer access to public and commercial services, regardless of economic status and income level. The number of inclusionary units is determined as a percentage of the total units in the development or as a percentage of the total square footage of dwelling space for the project. Developers of residential projects with 10 or fewer units may choose to pay a fee, or provide an affordable rental unit. Fees collected are allocated to West Hollywood's Affordable Housing Trust Fund. For residential projects of 11 or more units, developers must provide the units on-site.

Applicability:

The Inclusionary Housing Program applies to construction of all residential units except single-family dwellings and projects developed, owned and operated by a nonprofit housing developer, where all of the units are exclusively for low and moderate income persons.

Requirements for Residential Projects:

- Low- and moderate-income units may either be comparable in size, finishes and amenities to market-rate units or be smaller “alternate” units, defined as one-bedroom units with a minimum floor area of 650 square feet developed to “builder’s quality” standard or better.
- In residential projects of 2 to 10 units, one unit, either comparable or smaller “alternate,” must be made available to low- or moderate-income households.
- In projects of 11 to 20 units or more, 20 percent of all units must be made available to low- or moderate-income households. These units may be comparable to market-rate units or be smaller “alternate” units.
- In projects of 21 to 40 units, developers may choose to make available to low- or moderate-income households 20 percent of all units, if those units are comparable to market-rate units, or 30 percent of all units if they are smaller “alternate” units.

- In projects of 41 units or more, developers may choose to make available to low- or moderate-income tenants either 20 percent of all units, if they are comparable, or 20 percent of the total floor area, if smaller units are provided.
- When only one affordable unit is constructed, it may be designated for a low- or moderate-income household.
- When two or more affordable units are constructed, they should be designated for low-income households, then moderate-income households, alternately.
- Developers must provide the units on site; however, under certain circumstances, they may apply for an exception to provide required inclusionary units off-site.
- For more information on the requirements of the inclusionary program, please see the West Hollywood Municipal Code – Title 19.22.

The City Green Building Ordinance includes provisions that may have an impact on the number of units that may be developed under certain circumstances. These provisions and incentives are not included in this Fact Sheet. Please contact the City’s Planning Division for more information at (323) 848-6434.

For questions about the inclusionary housing program, please contact the Rent Stabilization and Housing Division at (323) 848-6855.

On-Site Affordable Unit Option:

To encourage the construction of housing affordable to low- and moderate-income persons and the replacement of residential rental units lost through new construction, density bonuses are allowed. Density bonuses cannot be used in conjunction with paying a fee in-lieu of providing inclusionary units, the demolition of a cultural resource or any other density bonus.

State Density Bonus Law:

All jurisdictions in California are required to offer a density bonus per state law that meets certain minimum requirements. The following table details the inclusionary housing density bonus criteria as adopted by the City Council.

Density Bonus: As provided by State law, projects not utilizing the in-lieu fee described in Section 19.22.040 may apply for housing density bonuses up to a maximum of 35 percent subject to the following:

Density Bonuses Permitted: The amount of density bonus granted shall be based on the following table:

Affordable Unit Type	Minimum % of Affordable Units	Density Bonus Granted	Additional Bonus for each 1% Increase in Affordable Units
Very Low Income	5%	20%	2.5%
Low Income	10%	20%	1.5%
Moderate Income	10%	5%	1%

50-100% Bonus	<p>May be granted if:</p> <ol style="list-style-type: none"> a. 50-100% of all projects units are permanently dedicated to low- and moderate-income person (bonus is equal to percentage of affordable units); b. The project is designed to be compatible with scale and character of adjoining land uses; and c. Less than 20% of the parcels on the block have bonus units (the Planning Commission may waive this requirement if it determines that there is not an undue concentration of high-density units in the neighborhood).
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Parking Incentives. Density bonus housing development shall be granted the following parking space requirements when requested by the developer, inclusive of handicapped and guest parking, which shall be granted to all units in the development:

Number of Bedrooms	Required Parking Spaces per Unit ¹
0 to 1 bedroom	1
2 to 3 bedrooms	2
4 or more bedrooms	2.5
¹ If the total number of spaces required results in a fractional number, it shall be rounded up to the next whole number.	

Off-Site Affordable Unit Option:

Developers may apply under certain conditions to provide inclusionary housing off-site at one or more approved locations. Application materials for the off-site project shall be filed concurrently with application materials for the main project. The Commission may grant an exception allowing off-site inclusionary units only after first finding that:

- The number of units to be provided off-site would be greater than the number required on-site;
- All off-site inclusionary units will contain on average the same number of bedrooms as the non-inclusionary units in the project, and be comparable with the non-inclusionary units in terms of appearance, finished quality, materials and location within the building;
- All inclusionary off-site units would be constructed before or concurrently with the main project and final approval of the project shall be contingent upon completion and final approval of the inclusionary units;
- Off-site inclusionary units shall be allowed only in those areas which are designated in the General Plan for medium to high density residential development (e.g., R3 and R4 zoning districts);
- Off-site inclusionary units shall only be constructed and managed in conjunction with a nonprofit housing development corporation; and
- Approval of the off-site inclusionary units shall not result in an over-concentration of low income housing in any specific neighborhood within the city.

In-Lieu Fee Option:

Developers of residential projects with 10 or fewer units may choose to pay a fee, or provide a combination of fee and units, in-lieu of providing the units on-site. The in-lieu fee is to be paid before issuance of a building permit for the approved project and is placed in the City’s Affordable Housing Trust Fund. The funds are used exclusively for projects that have a minimum of 60 percent of the dwelling units affordable to low- and moderate-income households, with at least 20 percent of the units available to low-income households. The fee is computed based on the gross livable area, including private balconies, decks, and patios, of the entire project. The amount of the in-lieu fee is calculated in compliance with the City Council’s Fee Schedule.

Effective September 1, 2017, the in-lieu fee for **2018-2019** is as follows:

Number of Units	2	3	4	5	6	7	8	9	10
Fee Per Sq. Ft.	\$13.63	\$15.59	\$17.54	\$19.49	\$21.44	\$23.39	\$25.35	\$27.29	\$29.23

Income Requirements:

- An eligible program participant must have an income that does not exceed the level for each income category as established annually by the City Council.
- Eligibility determined on basis of applicant’s verified annual income and household size.
- Once an applicant moves into an inclusionary housing unit, the tenant must continue to meet the income requirements.
- If household income exceeds 150% of the maximum income for two consecutive years, the lease may be terminated and the unit vacated.

The following table details the **2018-2019** maximum income levels:

MAXIMUM INCOME			
Number of Persons	Very Low-Income	Low-Income	Moderate-Income
1	Up to \$32,095	\$32,096-\$51,351	\$51,352-\$64,189
2	Up to \$34,662	\$34,663-\$55,459	\$55,460-\$69,324
3	Up to \$37,230	\$37,231-\$59,567	\$59,568-\$74,459
4	Up to \$39,797	\$39,798-\$63,676	\$63,677-\$79,594
5	Up to \$42,365	\$42,366-\$67,784	\$67,785-\$84,730

Rental Unit Requirements:

- When a unit becomes available, based on the size of the unit, City staff refers the top five eligible applicants to the appropriate managing agent for tenant selection.
- The managing agent is responsible for gaining additional information required for selecting tenants such as former residences and credit histories.
- Applications are accepted from all interested persons regardless of age, race, sex, marital status, color, religion, sexual orientation and/or gender identity, national origin, ancestry, condition of physical or mental disability, medical condition, political affiliation or opinion, pregnancy or pregnancy-related condition, potential or actual occupancy of minor children, or family composition.

The following table represents the maximum rent for Fiscal Year **2018-2019** for inclusionary housing units:

MAXIMUM RENT			
Income Category	Single	One Bedroom	Two Bedroom
Very Low-Income	\$456	\$520	\$688
Low-Income	\$660	\$753	\$1,101
Moderate-Income	\$911	\$1,042	\$1,376

Homeownership Unit Requirements:

- Newly constructed inclusionary units must first be offered to eligible low- and moderate-income households displaced by the demolition necessary to construct the project.
- Secondly, displaced households making 100 to 120 percent of the median income must be offered the units. The remaining units must then be offered to low- and moderate-income households.
- Expected homeowner’s association fees shall be included in the calculation of the total unit costs.

MAXIMUM SALE PRICE		
	LOW	MODERATE
0	\$68,996	\$106,148
1	\$78,853	\$121,312
2	\$93,638	\$144,058
3	\$106,944	\$164,530
4	\$120,744	\$185,759

For more information regarding the homeownership program and sales price, please contact Peter Noonan at (323) 848-6596.

Implementation Schedule:

IMPLEMENTATION SCHEDULE	
Party	Action
Developer	Decide which inclusionary housing options (i.e. on-site units, off-site units, in-lieu fee, rental units, ownership units) work best for the project.
Developer	Submit development permit application.
Planning Division	Provide conditions of approval.
Housing Division	If providing units on-site or off-site, prepare Agreement Imposing Restrictions on Real Property specifying number of inclusionary units and income requirements.
Developer	If providing units on-site or off-site, enter into Agreement Imposing Restrictions on Real Property before obtaining a building permit.
Housing Division	If providing units on-site or off-site, sign-off on building permit issuance form after Agreement Imposing Restrictions on Real Property is executed.
Housing Division	Record Agreement Imposing Restrictions on Real Property.
Developer	If in-lieu fee is required, pay fee before obtaining building permit.
Housing Division	If in-lieu fee is required, sign off on building permit issuance form after confirmation of receipt of in-lieu fee.
Developer	If providing units on-site or off-site, contact Housing Division to arrange a meeting to select inclusionary units prior to the completion of construction.
Housing Division	If providing units on-site or off-site, select inclusionary units and amend Agreement Imposing Restrictions on Real Property to include unit numbers.
Housing Division	Sign-off on certificate of occupancy issuance form after Amendment to Agreement Imposing Restrictions on Real Property is executed.