

MOTION

According to the Non-Profit Housing Association of Northern California (NPH), over 20% of localities in California – 107 cities and counties – have successfully adopted and implemented inclusionary zoning policies. Inclusionary zoning policies are programs that cities or counties enact by ordinance requiring developers of *new market rate housing* to include a certain percentage of units affordable to very-low, low and moderate income households. The inclusionary units typically have rent and sales prices restricted by covenants for a specified term of affordability.

In return, developers can receive various incentives to offset the costs of offering the reduced rate units including: fee deferments or waivers; expedited permit review; land use entitlements (such as, density bonuses, increased floor-area-ratio, open space relief); and alternative compliance options (such as, in-lieu fees, land dedication, off-site construction and/or off-site acquisition/rehabilitation).

Under the Housing Element, the City of Los Angeles adopted the goal (based on projected needs) of producing an estimated 8,000 units per year between 1998 and 2005. Existing data shows that only about two-thirds of projected units has actually been built. It is clear that the City will not meet its Housing Element goal for affordable units – and imperative that the City find a way to meet its future affordable housing needs as well as make up for the substantial deficits over the past years.

In recognition of the City's unabating housing crisis, the Council in 1999 established a City Housing Crisis Task Force (CF 99-1753). In April 2000, the Task Force presented a report with recommendations to establish a Housing Trust Fund with the identification of revenues dedicated to Trust Fund purposes. As part of its report, the Task Force recommended the adoption of an inclusionary zoning policy as a means to bolster the production of both affordable and market rate housing.

On October 22, 2003, the Council's Planning and Land Use Management (PLUM) and Housing, Community and Economic Development (HCED) Committees jointly considered a report by David Paul Rosen and Associates (DRA) entitled "*Inclusionary Housing Implementation Policies, Practices and Program Administration.*" The joint Committee received testimony from experts representing non-profit affordable housing and for-profit housing developers, academia, and the fields of urban planning and architecture. At that time, qualified support for an inclusionary zoning policy was articulated, provided that an appropriate package of incentives and offsets were provided.

In Fall, 2003, the Central City Association convened a working group comprising representatives of the local development and building industry. The CCA working group developed a comprehensive set of incentives and offsets if an inclusionary zoning policy were to be adopted. These recommendations have been included as part of the policy proposal outlined in this motion.

At the direction of the City Council, the Affordable Housing Commission recently concluded a series of citywide briefings and hearings for Neighborhood Councils and other interested community members on the topic, "State of the City's Housing Crisis." The testimony taken at those hearings overwhelmingly called for the adoption of an inclusionary zoning policy for the City of Los Angeles.

The City of Los Angeles continues to experience an affordable housing crisis which has been exacerbated by sky rocketing prices of rental and for-sale housing. From 1981 through 2001, approximately 190,000 units were built in Los Angeles. If the City had a 15 percent set-aside requirement, throughout that time, 28,500 units of affordable housing would have been constructed. Homeownership and affordable housing are out of reach for a vast majority of our City's constituents, including police officers, school teachers, nurses, receptionists, janitors, municipal workers, single parents, couples with children and many other working people. Given this severe crisis, it is incumbent upon the City's leadership to explore any and all proposals that hold out the promise of increased opportunities for both affordable and market-rate housing.

I THEREFORE MOVE that the Council take the following actions:

1. INSTRUCT the Los Angeles Housing Department (LAHD) with the assistance of the Planning Department and City Attorney to prepare and present a citywide, mandatory inclusionary zoning ordinance with the policy provisions, land-use incentives, offsets and alternative compliance options described in the policy matrix attached to this motion.
2. INSTRUCT LAHD with the assistance of the Planning Department to prepare and present the appropriate Findings for inclusion in the requested ordinance.
3. INSTRUCT LAHD as lead agency with the assistance of the Planning Department and City Attorney to initiate an environmental assessment based on the proposed policy provisions and to process the appropriate environmental document in compliance with the California Environmental Quality Act (CEQA). LAHD and the Planning Department shall identify resources to fund any necessary environmental clearance and report back to Council within 30 days.
4. INSTRUCT LAHD to identify and recommend any implementation guidelines and asset management strategies necessary to enforce and monitor compliance with the requested ordinance.
5. INSTRUCT LAHD with the assistance of the Planning Department to recommend methodologies for the purpose of calculating in-lieu fees as an alternative compliance option as a dollar amount per square footage (consistent with the attached policy matrix) for inclusion in the ordinance.

PRESENTED BY: _____

Ed P. Reyes
Council Member, 1st District

Eric Garcetti
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SECONDED BY: