CITY OF WEST HOLLYWOOD
PLANNING COMMISSION
LONG RANGE PLANNING PROJECTS SUBCOMMITTEE
REGULAR MEETING AGENDA

Thursday
July 16, 2026
5:30 P.M. – 6:30 P.M.

West Hollywood Park Public Meeting Room
Council Chambers – Closed Session Room
625 N. San Vicente Boulevard
West Hollywood, California

LAND ACKNOWLEDGEMENT:

“The West Hollywood City Council acknowledges that the land on which we gather and that is currently known as the City of West Hollywood is the occupied, unceded, seized territory of the Gabrieleño Tongva and Gabrieleño Kizh peoples.”

STATEMENT OF SHARED RESPONSIBILITY FOR RESPECT:

During public meetings, community gatherings, interactions with the public, and with one another, the City endeavors for all participants and attendees to conduct City business and treat others with respect, a core value of the City. This includes being polite, professional, and thoughtful when interacting with others. Our collective commitment to West Hollywood requires intention, cooperation, courtesy, consideration, tolerance, forgiveness, acceptance, inclusiveness, kindness, compassion, and patience. Our respect is expressed not only in the words we choose, but also in our tone, our demeanor, and our actions toward one another.

1. **ROLL CALL**

2. **APPROVAL OF AGENDA**

3. **COMMENTS FROM THE PUBLIC**

4. **DISCUSSION ITEMS:**

   A. **INCLUSIONARY HOUSING ORDINANCE UPDATE:**
   The Planning Commission Long Range Planning Projects Subcommittee will provide feedback on a proposed update to the City’s Inclusionary Housing Ordinance (IHO) in accordance with direction from the City Council. The discussion is intended to focus on unresolved policy questions raised during the City Council’s April 20, 2026 study session, including the affordability mix, treatment of small projects, whether any zone-based approach should be evaluated further, and how the ordinance should address specialized housing types.

5. **COMMENTS FROM THE PUBLIC**

6. **COMMENTS FROM STAFF**

7. **COMMISSION MEMBER COMMENTS:** Additional general comments, announcements, requests of staff and/or other issues of concern to the Long Lange Planning Projects Subcommittee members.

ADJOURNMENT: The Long Range Planning Projects Subcommittee will adjourn to a regularly scheduled meeting on **Thursday, August 20, 2026,** at 5:30 P.M. at West Hollywood Park Public Meeting Room, Council Chambers - Closed Session Room, 625 N. San Vicente Boulevard, West Hollywood, California.

TO PARTICIPATE IN-PERSON:
The Planning Commission Long Range Planning Projects Subcommittee public meeting, commission members, city staff, and members of the public will participate in Council Chambers, Closed Session Room located at 625 N. San Vicente Boulevard, West Hollywood, California 90069.

IF YOU'D LIKE TO PROVIDE A WRITTEN COMMENT:
Members of the public who wish to comment on matters before the Long Range Planning Projects Subcommittee are strongly encouraged to submit an E-Mail with their comments to pcsubpubliccomments@weho.org **no later than 12:00 p.m.** on the Long Range Planning Projects Subcommittee meeting day.

Note: E-Mails received by 12:00 p.m. will be forwarded to the Long Range Planning Projects Subcommittee members and posted on the City's website as part of the official meeting record.

This agenda was posted at: City Hall, West Hollywood Library, Plummer Park Community Center, West Hollywood Sheriff's Station and online at www.weho.org

To comply with the American with Disabilities Act of 1990, Assistive Listening Devices (ALD) will be available for checkout at the meeting. If you require special assistance to participate in this meeting (e.g., a signer for the hearing impaired), you must call, or submit your request in writing to the Planning Commission Secretary at (323) 848-6331 or via email at pcsubpubliccomments@weho.org at least 48 hours prior to the meeting. The City TDD line for the hearing impaired is (323) 848-6496.

Special meeting related accommodations (e.g., transportation) may be provided upon written request to the Office of the City Clerk at least 48 hours prior to the meeting. For information on public transportation, call 1-323-GO-METRO (323/466-3876) or go to www.mta.net.

If you would like additional information on any item appearing on this agenda, please contact Francisco J. Contreras, AICP, Long Range Planning Manager, in the Community Development Department at (323) 848-6558, or via email at: fcontreras@weho.org

PLANNING COMMISSION LONG RANGE PLANNING PROJECTS SUBCOMMITTEE MEMBERS

Subcommittee members are appointed by the presiding Chair and have been approved by consensus of the Planning Commission for terms through June 30, 2026.

Andrew Solomon, Chair
David S. Gregoire
Jesi C. Harris

STAFF
Francisco J. Conteras, AICP, Long Range Planning Manager
David Gillig, Planning Commission Secretary

CONTACT | PUBLIC COMMENTS

City of West Hollywood, Community Development Department
8300 Santa Monica Boulevard, West Hollywood, CA 90069-4314
323.848.6475 (main) | 323.848.6569 (fax)

pcsubpubliccomments@weho.org

*To contact subcommittee members, please forward your request to:
David Gillig, Planning Commission Secretary at dgillilg@weho.org*

SUBJECT: INCLUSIONARY HOUSING ORDINANCE UPDATE

PREPARED BY: COMMUNITY DEVELOPMENT DEPARTMENT
(Nicholas P. Maricich, Director)
(Jennifer Alkire, AICP, Assistant Director)
(Francisco J. Contreras, AICP, Long Range Planning Manager)
(Tahirah Farris, Senior Planner, Long Range Planning)
(Michelle Montenegro, Associate Planner, Long Range Planning)

STATEMENT ON THE SUBJECT:
The Planning Commission's Long Range Planning Projects Subcommittee will provide feedback on a proposed update to the City's Inclusionary Housing Ordinance (IHO) in accordance with direction from the City Council. The discussion is intended to focus on unresolved policy questions raised during the City Council's April 20, 2026 study session, including the affordability mix, treatment of small projects, whether any zone-based approach should be evaluated further, and how the ordinance should address specialized housing types.

BACKGROUND / ANALYSIS

The City Council has already given general direction to proceed with the IHO update and use Policy Option D (as outlined on pages 21-22 of Exhibit A) as the baseline for 11+ unit projects. For this Subcommittee meeting, staff is seeking feedback on the remaining policy choices:

(1) whether to further study a modified Option D affordability split;
(2) whether a zone-based approach merits further analysis;
(3) how to treat small projects;
(4) whether supplemental City-funded strategies should be a separate work program; and
(5) whether the specialized housing and mixed-use provisions are appropriately scoped.

<u>Housing Element Overview</u>
The City's 6th Cycle Housing Element (2021-2029) was adopted by the City Council in February 2023 and subsequently certified by the California Department of Housing and Community Development (HCD) in April 2023. The Housing Element is one of eight state-required components of the City's General Plan. The Housing Element's policies, programs, and objectives facilitate the preservation and development of housing, including needed affordable housing, and establish strategies to accommodate the City's share of the regional housing needs in Southern California.

<u>Inclusionary Housing Overview</u>
Inclusionary housing was adopted into West Hollywood's Zoning Ordinance in 1986 and last updated in 2021. It serves the purpose of producing affordable housing for the City's residents, specifically those in greatest need. The City's Inclusionary Housing Ordinance

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(IHO) requires that a certain percentage of a proposed project's base unit count (determined by permitted density) be set aside for households earning very low income (VLI), low income (LI), or moderate income (MI). The IHO ensures that new housing developments include affordable units for a broad range of residents – seniors, people with disabilities, former foster youth, veterans, and households at risk of homelessness – so that West Hollywood remains inclusive.

Housing Element Program #14 (Inclusionary Housing Ordinance) requires the City to review and revise the IHO to ensure compliance with the State Density Bonus Law (SDBL) while maximizing opportunities to encourage affordable units, including those targeted to extremely low-income (ELI) households. The full scope of the program is attached as "Exhibit B."

The current IHO splits housing development projects by unit count, requiring projects that propose 10 or fewer units to build one affordable unit or pay a fractional in-lieu fee, and projects proposing 11 or more units to provide 20% of the base units as affordable units, with additional requirements for size and finish quality. Current regulations also allow projects with 41 or more units to use a floor area calculation in limited circumstances if it would result in more inclusionary units or better serve the City's affordable housing needs. For mixed-use projects, applicants currently establish a residential base unit count within the applicable FAR limits and Building Code requirements and consistent with the guidelines for a base density study established in SDBL.

The current IHO also specifies that if only one inclusionary unit is to be built within a project, the developer has a choice to allocate it to a VLI, LI, or MI household. If a project requires two or more inclusionary units, the IHO specifies an alternating scheme whereby the first unit must be affordable to VLI or LI households, the second unit would be dedicated to MI households, with additional units alternating this way for the remainder of the inclusionary units. The "alternating" allocation rule has been discontinued in practice since 2023 due to guidance from HCD,[1] and will be formally removed from the Zoning Code with the proposed ZTA to allow applicants to take full advantage of SDBL.

The IHO incentivizes the use of SDBL because developers are automatically eligible for a density bonus based on the City's affordability requirements. Effective January 1, 2024, AB 1287 created greater incentives for SDBL allowing projects to access a "stacking bonus" for up to a total of a 100% density bonus in scenarios where development projects set aside additional affordable units in specific income categories beyond the minimum required to obtain the initial density bonus. HCD provided the aforementioned guidance on the City's IHO "alternating" rule because the requirement did not optimize the use of SDBL (especially for the stacking bonus) and resulted in the loss of density bonus potential for applicants in comparison to an affordability mix that would permit the full extent of SDBL bonus under Government Code Section 65915 (SDBL).[2]

Economic Feasibility Study Findings and Recommendation

In June 2024, the City contracted The Housing Workshop to conduct an economic feasibility study ("Study") and provide recommendations for updating the local IHO consistent with the objectives of Housing Element Program #14 and HCD guidance. The

[1] Link to HCD memo
[2] **State Density Bonus Law**:
https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=65915&lawCode=GOV

proposed IHO update is informed by the findings of the Study.

The methodology and findings of the Study were informed by the following goals of the Housing Element:

- Maintain the current 20% set-aside with an emphasis on serving the lowest income categories in keeping with the longstanding intent of West Hollywood's IHO program.
- Maintain overall project financial feasibility so that production can continue, generating needed new affordable *and* market-rate units.
- Structure an IHO program that works in conjunction with the SDBL incentives, while also retaining the flexibility of a partial in-lieu fee option, which benefits the City's other housing programs.

The Study examined West Hollywood development projects that utilized the SDBL between 2019 and May 2024.

POLICY UPDATE DIRECTED BY CITY COUNCIL

Consistent with HE Program #14, staff presented multiple policy options to the Planning Commission on October 16, 2025 and City Council on November 3, 2025 based on the Study findings. The first recommended change was an update to the City's income limits to match HCD rather than adhering to the City's long-standing "Schedule A," which was originally established with a benchmark median income based on Census data from 2000 and updated annually based on the Consumer Price Index. The Council directed staff to align with HCD's income limits during the November 2025 Council meeting. The City's Rent Stabilization Division led the implementation of this change and will present a new "Schedule C" to City Council on July 20, 2026.

At the November 2025 meeting, Council directed the income-schedule alignment but requested a follow-up study session before making final decisions on the remaining ordinance policy choices. At the April 20, 2026 study session, Council supported using Option D as the baseline for 11+ unit projects, while requesting additional analysis on small projects, affordability mixes, potential zone-based variations, Affordable Housing Trust Fund implications, and other implementation issues. This report is intended to bring those remaining issues to the Subcommittee for policy feedback before staff returns to the full Planning Commission. (Addendum in Exhibit A).

The proposed policy change and corresponding Zone Text Amendment maintain the existing 20% inclusionary requirement but redistributes the affordable unit requirement across three income categories: Extremely Low-Income, Very Low-Income, and Low-Income, while maintaining the current "must build" requirement for 11+ unit projects, and creates a new local bonus structure to be added to the SDBL to allow applicants to maximize their density bonus potential comparable to what State law permits.

Currently, the SDBL does not maximize density bonuses for LI units because there is no stacking bonus attributed to them. Instead, SDBL provides the largest incentives to VLI unit production. A local bonus structure mitigates this issue and supports the production of LI units by allowing developers to obtain the same bonus that could be obtained under SDBL.

Allocating units as LI addresses an important income target at 50% to 80% AMI. This structure of combining a local bonus with the SDBL for rental projects is similar to IHOs in other California high-cost cities, such as the City of Santa Monica. Under the proposed IHO update, development projects would be eligible for a 50% density bonus based on SDBL and an additional 20% local bonus by fulfilling the local IHO requirements. The local bonus is in addition to, and does not limit, a project's full entitlement under SDBL. A project that provides very low- or moderate- income units may obtain a larger State density bonus, up to 100% total bonus, under the AB 1287 stacking provisions of Government Code Section 65915(v). The proposed update also requires MI units in for-sale projects. Under both rental and for-sale project scenarios, the proposed update optimizes RHNA goals across multiple income categories and allows the City to maintain its commitment to providing affordable units for extremely low-income households.

The following tables display the policy options presented to Council with Option D selected for both rental and for-sale projects:

	20% Set-Aside					25% Set-Aside
	Baseline	**Option A**	**Option B**	**Option C**	**Option D**	**Option E:**
Rents based on:	Sch A (a)	HCD	HCD	HCD	HCD	HCD
	Current Policy	Build 15% ELI On-Site + 5% Fee	Build 15% VLI On-Site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
ELI Units	15%	15%			5%	
VLI Units	5%		15%	15%	10%	15%
LI Units					5%	
MI Units				5%		5%
Max Density Bonus from On-Site Mix (b)(c)	70% (SDB)	50% (SDB)	50% (SDB)	70% (SDB)	70% (50% SDB + 20% (LDB)	70% (SDB)
In-Lieu Fee		5%	5%			5%
R3 Rental ROC	26.7%	26.2%	28,0%	30.1%	29.0%	27.9%
R4 Rental ROC	18.5%	16.4%	18.4%	21.8%	20.4%	17.7%
CC1 Rental ROC	12.5%	11.0%	13.2%	15.9%	14.7%	12.5%
CC2 Rental ROC	12.4%	10.7%	12.8%	16.2%	15.0%	13.1%

	20% Set-Aside					25% Set-Aside
Sale Prices based on:	Baseline	Option A	Option B	Option C	Option D	Option E:
	Sch A (a)	HCD	HCD	HCD	HCD	HCD
	Current Policy	Build 15% VLI On-Site + 5% Fee	Build 15% LI On-Site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
ELI Units						
VLI Units	20% (approx.)	15%			5%	
LI Units			15%	15%	10%	15%
MI Units				5%	5%	5%
Max Density Bonus from On-Site Mix (b)	70% (SDB)	50% (SDB)	27.5% (SDB)	27.5% (SDB)	20.0% (SDB)	27.5% (SDB)
In-Lieu Fee		5%	5%			5%
R3 Owner ROC	27.0%	27.2%	26.3%	25.5%	24.1%	22.8%
R4 Owner ROC	23.6%	22.4%	21.6%	23,4%	21.7%	18.1%
CC1 Owner ROC	21.1%	29.3%	19.8%	21.0%	19.1%	16.2%
CC2 Owner ROC	20.0%	19.9%	19.7%	21.4%	19.6%	17.0%

Council requested additional analysis on whether Option D should distribute the ELI and VLI requirements more evenly. The consultant tested a 7.5% ELI / 7.5% VLI / 5% LI mix. That alternative would continue to qualify for SDBL, but the additional ELI requirement would reduce feasibility in commercial zones unless the local bonus increased from 20% to 25%, resulting in a total 75% density bonus. This presents a policy tradeoff: the alternative would deepen affordability, but would add market-rate bonus units and make the ordinance more complex to administer because fractional set-aside calculations would arise more often.

Discussion Question: Should staff continue with Option D as the baseline affordability mix for 11+ unit rental projects, or should the City Council also consider a 7.5% ELI / 7.5% VLI / 5% LI alternative that would require a 25% local bonus and a 75% total density bonus to maintain feasibility?

Based on Council feedback during the April 20th Study Session, the consultant also considered whether the IHO should vary by residential vs. commercial or mixed-use zones. One approach would apply Option A or B in residential zones and Option D only in commercial and mixed-use zones. Applying Option A or B would only result in a 50%

maximum density bonus for rental projects in residential zones, unless the applicant voluntarily provided additional affordable units consistent with SDBL. This approach could better align higher-density development with commercial corridors and mixed-use areas, while reducing the scale of density bonus projects in residential zones. However, a zone-based framework would also create a more complex ordinance, may reduce citywide production of Low-Income units, and could make the IHO less predictable for applicants compared with a single citywide standard.

Discussion Question: Should staff continue developing a single citywide IHO standard for 11+ unit projects, or should staff further study a zone-based approach? If a zone-based approach is studied, what policy objective should it solve: feasibility in residential zones, concentration of density on commercial corridors, preservation of Affordable Housing Trust Fund revenue, or another objective?

Small Projects Proposing 10 or Fewer Units

Current policy requires projects of 2 to 10 units ("Small Projects") to provide one affordable unit or pay a fractional in-lieu fee. SDBL applies only to projects with five or more units and requires affordable units to be built on site to receive a density bonus. The Study found that a 15%-set-aside is financially feasible for small projects, and Housing Element Program #14 calls for the City to consider increasing the small project set-aside to 15%, including a must-build requirement for at least some small projects and an in-lieu fee for fractional units. Council has not yet selected the small project framework; therefore, the Subcommittee may consider the tradeoff between near-term on-site units and continued Affordable Housing Trust revenue.

- **Option 1: Increase the small project set-aside to 15% and retain the current in-lieu fee option for all projects with 2 to 10 units.** This would preserve flexibility for small, local infill projects and maintain revenue for the Affordable Housing Trust Fund. Fees can be leveraged with tax credits and other public funds for 100% affordable or mixed-income projects, but those units are produced later and generally not in the same development.
- **Option 2: Apply a 15% set-aside, continue to allow in-lieu fees for 2-4 unit projects, and require on-site affordable units for SDBL-eligible projects with 5 to 10 units, with any fractional remainder paid as a fee.** This would produce more affordable units within small market-rate projects and distribute them across more neighborhoods but would reduce in-lieu fee revenue and may affect the feasibility of some small projects. The Subcommittee may also consider whether an intermediate must-build threshold, such as 7 or more units, better balances these tradeoffs.

Additional Affordable Unit Production Beyond the IHO

Council asked whether the City should consider strategies to produce affordable units beyond the minimum IHO requirement. These strategies are broader than the immediate

Zone Text Amendment and would likely require a separate work program, funding source, and legal/financial analysis:

- **Potential future work program:** A separate work program could evaluate City-funded affordable housing strategies, such as subsidizing additional units in market-rate projects, using Affordable Housing Trust Fund revenue for mixed-income or 100% affordable projects, or monitoring emerging social housing models and any funding or development authorities that may result from the State Stable Affordable Housing Act study. Retaining some in-lieu fee flexibility for small projects would preserve a potential local funding source for future City-supported strategies.

Discussion Questions:

For small projects, staff is considering (1) retaining the in-lieu fee option for all 2 to 10 unit projects, (2) requiring must-build units for 5 to 10 unit projects, or (3) using a higher threshold, such as 7 or more units, with a fee for fractional units. Does the subcommittee have thoughts on these options?

Should supplemental City-funded strategies, including direct subsidy or social housing models, be kept as a separate future work program rather than incorporated into the immediate IHO Zone Text Amendment?

Recommendation for Inclusionary Requirements in Mixed Use Projects

During the preparation of the Study, the City also evaluated the 2020 Council directive to analyze whether mixed-use projects should calculate inclusionary obligations based on gross residential floor area rather than unit count. The updated analysis found that a floor-area formula would create feasibility challenges, add administrative complexity, and create inconsistencies with SDBL and RHNA reporting, which are based on unit counts. For that reason, the proposed IHO update retains a unit-count-based calculation.

For mixed-use projects, applicants currently select the residential base unit count within FAR limits and applicable Building Code requirements. The Zoning Improvement Program (ZIP) is expected to address this issue by assigning dwelling-unit-per-acre standards in mixed-use zones, which may be a more direct tool for calibrating base density and unit size than a separate IHO floor-area formula.

Recommendation for Other Housing Types to be Added to the IHO

As part of the Study, the consultant reviewed housing types eligible for density bonuses under State law but not clearly addressed in the current IHO. Staff recommends adding standards for the following housing types, subject to City Attorney review for consistency with SDBL definitions.

- Senior Housing: Age-restricted independent living projects with separate multifamily units and in-unit kitchen facilities would be subject to the applicable IHO requirement. Other senior care models would not be added unless further feasibility and legal analysis supports a tailored standard. Senior housing projects as defined by Government Code Section 65915(b)(1)(C) are eligible for a 20%

density bonus under SDBL

- Student Housing: Add SDBL definitions and affordability requirements for student housing. Eligible student housing projects may obtain a 35% density bonus if at least 20% of base bedspaces are rent-restricted for lower-income students, with a sliding scale up to a 50% density bonus for higher affordable set-asides.
- Shared Housing: Add definitions from SDBL for “shared housing building developments” (Government Code Section 65915(o)(7)). Require that 20% of shared housing units or bedspaces be restricted to occupants at or below 65% AMI as a local affordability standard.
- Foster Youth, Veterans, and Persons Experiencing Homelessness: These projects are often developed as 100% affordable housing and are generally exempt from the IHO. For qualifying mixed-income projects, SDBL provides a 20% density bonus when at least 10% of total units are restricted for transitional foster youth, disabled veterans, or persons experiencing homelessness at very low-income levels for the required term. The ZTA would align local with SDBL rather than create a separate local requirement.

PROPOSED ORDINANCE UPDATE SUMMARY

The following is a summary of the proposed ordinance updates.

Rental Projects

Rental projects proposing 11 or more units will maintain the existing 20% minimum inclusionary requirement, consisting of 5% ELI, 10% VLI, and 5% LI units. Because SDBL does not provide a stacking bonus for LI units, the ZTA would add a 20% local density bonus so a qualifying rental project could reach a total 70% density bonus.

This affordability mix preserves the current must-build approach for 11+ unit projects, retains an ELI component, and helps the City report progress across multiple RHNA income categories. Developers meeting these requirements qualify for both the State’s 50% density bonus and an additional 20% local bonus.

For-Sale Projects

For-sale projects proposing 11 or more units would maintain a 20% minimum inclusionary requirement, consisting of 5% VLI, 10% LI, and 5% MI units. Developers meeting these requirements would qualify for a 20% State density bonus under SDBL.

Rental and For-Sale Projects with 41 or more units

Current IHO regulations allow projects with 41 or more units to use either 20% of the base unit count or, if it would result in more affordable units, 20% of gross residential floor area of all non-inclusionary units. The ZTA would remove this alternate floor-area calculation to create a uniform unit-based standard that is easier to administer and report for RHNA purposes.

Small Projects

Small-project requirements have not yet been finalized. Staff is seeking Subcommittee feedback on whether to retain the in-lieu fee option for all 2 to 10 unit projects, require must-build units for SDBL-eligible projects with 5 to 10 units, or use a higher threshold such as 7 or more units with a fee for fractional units.

Requirements for Other Housing Types

Add a new section to establish IHO requirements for specialized housing types, including independent senior living, student housing, shared housing, and housing for foster youth, veterans, and persons experiencing homelessness, using SDBL definitions where appropriate.

Unit Size, Type, and Location

The current IHO requires inclusionary units to be reasonably dispersed throughout a project, contain on average the same number of bedrooms as non-inclusionary units, and be comparable in appearance, finish quality, and materials. The proposed ZTA would retain those standards, but would change the review authority and procedure for minor modifications to unit size, type, or location from a Development Agreement to a Development Permit.

Demolition and RSO Unit Protections

There will be no changes to demolition protections or rent stabilization protections with the proposed ZTA.

Alternating Inclusionary Rule

The existing codified rule for alternating inclusionary units between income categories, which is no longer used in practice, will be removed. Projects would instead comply with the specified percentage for each income category in the updated IHO, which better coordinates local requirements with SDBL.

Affordable Housing Fees

The application of in-lieu fees will be updated to reflect the final small-project framework selected by the City Council, including any must-build threshold and fractional-unit rules.

Affordable Housing Incentives

Density bonus and incentive provisions will be updated to align with the revised IHO, SDBL, and any local bonus adopted for rental projects under Option D.

Off-Site Construction of Inclusionary Units

There will be no changes to off-site construction requirements for inclusionary units or allowances for exceptions.

Implementation of Inclusionary Unit Provisions

There will be no changes to the implementation of inclusionary unit provisions.

Rental, Sale, and Re-Sale of Inclusionary and Affordable Units

There will be no changes to rental, sale, and resale requirements for inclusionary and affordable units.

EXHIBITS

A. IHO and SDBL Feasibility Study and Council-Requested Addendum
B. Housing Element Program #14

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West Hollywood Inclusionary Housing Update

Improving Coordination with State Density Bonus Law

The Housing Workshop
Urban Math
October 2025

ITEM 4.A. ATTACHMENT A

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Executive Summary

The City of West Hollywood commissioned this study to review the ways its longstanding Inclusionary Housing Ordinance (IHO) regulations interact with the State Density Bonus Law (SDBL).

Key to this work is the understanding that while both regulatory frameworks seek to create affordable housing units as part of new market rate projects, the IHO is a local law requiring compliance, and the SDBL is structured as a voluntary incentive program. In West Hollywood's case, compliance with the IHO for new residential development projects renders most projects eligible for a density bonus under the SDBL, and once eligible, if the developer opts into the density bonus, local codes and ordinances cannot reduce the amount of bonus or change other incentives built into the SDBL program.

Because of this interaction between the two regulatory frameworks, this study takes the perspective of identifying changes that West Hollywood could make to its IHO to better achieve local housing policy goals, while recognizing that the SDBL program will be operative for most projects once compliance with local regulations occurs.

Summary of Inclusionary Housing Ordinance (IHO)

Currently, West Hollywood's IHO differentiates substantively between small and larger project sizes, and then among larger projects, has some further size breakdowns enabling more modest options, as follows:

- **Projects with 2 to 10 units.** For this "small project" size, one unit must be permanently set aside for income-restricted affordable housing (effectively a 10% inclusionary requirement on a 10-unit project). Developers of projects in this size category can choose to pay a fractional in-lieu fee that goes to the Affordable Housing Trust Fund, thus bypassing building the one whole unit required. Also important to note is that the SDBL is only applicable to projects with 5 or more units, so projects in West Hollywood with 2-4 units cannot obtain a SDBL bonus.
- **Projects with 11+ units.** For this "large" project size, the project must provide a minimum of 20% of its base unit count (before density bonuses) set aside as income-restricted affordable units of comparable size and finish quality as the market rate units. The IHO provides for several further alternative compliance approaches to this quality/finish standard, depending on the size of the project. However, key to all of the IHO for 11+ units is the base project set-aside of 20%, and the "must build" requirements (generally on-site, although

there are off-site and land dedication options provided in the current framework). There is no in-lieu fee option offered to developers under West Hollywood's current IHO for projects with 11+ units.

Summary of State Density Bonus Law

California's Density Bonus Law (SDBL), found in California Government Code Sections 65915 – 65918, functions as a statewide voluntary incentive-based program - in exchange for including a certain percentage of income-restricted affordable units in a project, residential projects are entitled to a density bonus of additional market rate units and regulatory concessions from the local zoning ordinance. Projects with five or more units can receive a density bonus based on both the percentage of affordable units provided and the AMI level of affordability (see report and Appendices for more detail). The maximum SDBL granted is for projects that include at least 15% Very Low Income (VLI) units; these projects are eligible for a 50% density bonus.

In addition, AB 1287(effective January 1, 2024) modified the SDBL to allow developers to "stack" an additional density bonus by providing more affordable units than the minimum to qualify for a density bonus. This additional density bonus varies by the percentage of additional units set aside as affordable, and the associated affordability levels. In West Hollywood's case, since the current IHO set-aside for projects with 11+ units is 20% (all required to be priced below the VLI level per HCD's definition), the first segment of 15% set-aside earns the developer a 50% density bonus as noted above. The additional 5% VLI units required by the IHO earn the developer an additional 20% density bonus (see Appendix A2 for stacking bonus details), for a total of a 70% density bonus available to eligible projects in West Hollywood that comply with the IHO. For a 100-unit base project that meets West Hollywood's IHO via 15% VLI + 5% additional affordability consistent with AB 1287 (e.g., MI), a project can reach a 70% bonus (to 170 total units). The affordable 'set-aside' continues to apply only to the base units under SDBL; the bonus units remain market-rate.

At the present time, the above calculus in West Hollywood primarily occurs in projects with 11 or more units. Small projects (e.g. 2-10 units) are required to provide one affordable unit but have the option to pay an in-lieu fee (which is fractional for projects from 2-9 units). Since the SDBL only applies to projects with 5+, all 2-4 unit projects in West Hollywood, for both practical reasons and because they are not density-bonus eligible, choose to pay the in-lieu fee. Projects with 5-10 units present a mixed picture, with most still opting to pay the fractional in-lieu fee and thus not eligible for a state density bonus (which requires actual units to be built). However, there have been a few 5-10 unit projects that did opt to build one affordable unit and gain a density bonus.

Other SDBL Policy Features

The State Density Bonus Law also allows eligible projects to request flexibility from local zoning requirements such as reductions in site development standards (e.g., setbacks or minimum lot sizes), modifications to design requirements, or other changes that result in cost savings. Developers may also request waivers of development standards if zoning regulations physically prevent the project from being built at the allowed density. One commonly used waiver is an increase in building height.

Effects of Local IHO & SDBL on Housing Projects

This study has identified 3 areas where the intersection of the City's IHO and the State Density Bonus Law (SDBL) create unintended consequences or important policy considerations in applying both sets of regulations to a housing project. These issues include:

- **Differing sets of income limits as administered by the City of West Hollywood for its inclusionary program compared to the State Density Bonus Law.** This is a complex topic described in detail in the report. In summary, the City has set income limits for its affordable inclusionary units based on a different methodology for each AMI level than the State of California (as published by HCD). Almost all state funding programs, the Regional Housing Needs Allocation (RHNA) progress reporting process, and the SDBL all rely on HCD's definitions, commensurate income limits, and associated rents/sale prices. Almost all other jurisdictions in California, therefore, use HCD's parameters. West Hollywood's local schedule ("Schedule A") is substantially lower than HCD's despite similar labeling terms (so that a "moderate income" on the local schedule is far lower than this same label used by HCD). One drawback of this difference locally is that the City has been reporting affordable housing production (to measure RHNA progress) using its own labels, which undercounts production at HCD-defined Extremely Low and Very Low Income levels. In addition, Schedule A's lower maximum rents/sale prices required to comply with the IHO may impact feasibility of market rate projects in periods of unfavorable economic conditions, inadvertently affecting market rate housing production.
- **Dilution of local inclusionary policy goals resulting from receiving a density bonus of additional market rate units through the SDBL.** For example, for a 100 unit base project required to provide 20 affordable units to satisfy the IHO, this project can receive a 70% state density bonus, resulting in 170 total units, with 150 of these at market rates. The effective inclusionary rate for those 20 affordable units compared to the total project of 170 units is 11.8%, far below the stated IHO policy of 20%.

- **The intersection of the IHO rules for projects with 2-10 units (which can opt to pay an in-lieu fee) and the SDBL requirement of "must-build" affordable units within the project to be eligible for the density bonus.** This in-lieu fee option for small projects in West Hollywood has generated important revenue to the City's Affordable Housing Trust Fund that has been used to subsidize 100% affordable projects elsewhere in the city. Providing affordable housing through subsidies can offer more specialized facilities such as permanent supportive housing, or affordable senior housing with services not available in a market rate project's inclusionary units. Several policy options presented in this report for larger projects build on the in-lieu fee concept for larger projects, providing a mix of required on-site units (creating SDBL-eligible projects) plus an additional option to meet the larger set-aside requirement in the IHO through a partial in-lieu fee to continue funding specialized affordable housing elsewhere.

How Other Jurisdictions Reconcile IHOs with SDBL

The report profiles several other jurisdictions' IHOs that in various ways, align with the SDBL. In particular, the City of Santa Monica, Los Angeles County, and the City of Berkeley IHO's have features that may be useful to consider in West Hollywood. These include:

- **Alignment of Local Income Limit Definitions with HCD Framework.** All of the jurisdictions that were reviewed for this study use California HCD's definitions and income limits in their local IHO programs. Aligning with HCD definitions is useful because almost all state funding and regulatory frameworks follow this system. In addition, it is unclear whether the City is receiving full Regional Housing Needs Allocation (RHNA) progress credit for units produced under its inclusionary program, some of which would qualify as Extremely Low-Income (ELI) units under state definitions, despite different Schedule A labeling.

  Adopting HCD's AMI framework does not preclude the City of West Hollywood from continuing to serve those households earning less than 30% of AMI in its IHO. Rather, by explicitly aligning and revising the IHO to use HCD income limits, the City will be able to better track its ELI unit production and better identify unmet housing needs.

- **Provide an Option to Satisfy the Inclusionary Requirement Partially through an In-Lieu Fee.** The City could revise its inclusionary policy for 11+ unit projects, following its own 2-10 unit IHO regulations, or adopt an approach used in Berkeley, which allows a partial on-site and partial in-lieu fee combination to satisfy its IHO requirements.

  This structure offers several advantages. In particular, it enables the City to benefit from both on-site affordable units and revenue for its Affordable Housing Trust Fund, which can be used to support 100% affordable housing developments elsewhere. The report analyzes several policy options which incorporate this hybrid approach, structured to enable developers to meet the SDBL rules for large density bonuses, while also potentially generating Trust Fund revenue.

- **Shift to a Mix with Some Portion Serving HCD Low and Moderate Income Targets.** As noted above, current West Hollywood's maximum rents and sale prices, despite their labeling on Schedule A as "moderate income", translate to HCD Extremely Low Income and Very Low Income categories. Santa Monica's program extends to higher income tiers, with HCD-level Moderate-Income households as the upper target. For its rental inclusionary ordinance, West Hollywood could similarly adjust a portion of its policy upward by using HCD's definitions for Low Income (LI) and/or Moderate Income (MI) households, as Santa Monica does. There is also a strong rationale for adjusting income limits for for-sale projects. Currently, the City's local sales price formulas produce units affordable to households at approximately 30–40% of AMI, despite their labeling on Schedule A. Given the limited production of affordable ownership opportunities, the city could realign sales price targets with more traditional affordable for-sale standards, such as those based on HCD's 80% to 100% AMI guidelines. These income levels are still lower than those used by other case study jurisdictions, such as Los Angeles County, and would serve "missing middle" income households that are otherwise not able to afford market-rate ownership.

<u>Policy Options to Refine Local IHO for 11+ Unit Projects</u>

The study describes a series of policy options to refine the local IHO for 11+ unit rental and ownership projects, built on longstanding local housing policies as well as the Inclusionary Housing Program objectives outlined in the 2021-2029 West Hollywood Housing Element Update[1]:

1. Maintain the current 20% set-aside with an emphasis on serving the lowest income categories in keeping with the longstanding intent of West Hollywood's IHO program and its Schedule A.
2. Maintain overall project financial feasibility so that production can continue, generating needed new affordable and market rate units.
3. Structure a functional IHO program that works in conjunction with the SDBL incentives, while also retaining the flexibility of a partial in-lieu fee option which benefits the City's other housing programs.

[1] See West Hollywood Housing Element page 11-19 and 11-20 available at: https://www.weho.org/home/showpublisheddocument/56506/638197521124870000.

The policy options for 11+ unit projects developed as market rate rental housing include:

- **Option A**: **Must Build 15% ELI Units + Fractional Fee.** This option shifts the income limits and associated rents/sale prices for affordable units to the HCD system, while retaining the focus on providing HCD-defined ELI units (roughly equivalent to West Hollywood's current definitions for VLI per Schedule A). These affordable units would be "must build," matching current policy, for 15% of the total base project, aligning it with the structure of SDBL. In addition, to achieve the overall local 20% set-aside, this option would also provide for an in-lieu fee for the remainder of the overall local 20% set-aside requirement, allowing any fractional unit obligation to be met with a fractional fee. This structure will result in additional funding for the City's Affordable Housing Trust Fund.[2]
- **Option B: Must Build 15% VLI + 5% Fee.** This Policy Option is similar to Option A, but the required IHO affordability target shifts from ELI to VLI units, plus the same additional in-lieu fee component is included.
- **Option C: Optimize per SDBL.** A third way to coordinate with the SDBL is to simply adopt the same structure as the SDBL, including the newer "stacking bonus" offered by AB 1287. But in this case, the voluntary incentive structure under state law would be codified as a mandatory requirement under local IHO. Thus, local IHO compliance would mean an automatic eligibility for the project to achieve the 15% state density bonus plus the additional stacking bonus (through the incorporation of moderate income units directly into the local ordinance). This option would enable SDBL projects to achieve a 70% bonus, following exactly the structure of current state law.
- **Option D: Optimize per RHNA Goals.** This option was formulated to optimize RHNA goals, especially for current low production levels for ELI, VLI, and LI affordable housing categories. It is important to understand that the SDBL does not maximize density bonuses for LI units (the law's structure provides the largest incentives to VLI unit production). Moreover, the newer stacking bonus component is not available to projects providing additional LI units. However, LI units also serve an important 50% to 80% household demographic and are part of the RHNA framework. Thus, this option spreads the affordable units among 3 income segments: ELI, VLI, and LI, retaining the "must build" requirement currently in the IHO for 11+ unit projects (no in-lieu fee). Because the SDBL only provides a 50% density bonus to this mix (and did not show sufficient feasibility as a result), this option would add a local density bonus program for the LI units of 20%, creating the equivalent of the 70% state bonus available in other options. This concept is present in Santa Monica's

[2] If the City chose this Policy Option, a developer could still voluntarily build additional on-site units in order to achieve the "stacking bonus" incentive per AB 1287.

IHO (although that city chose a different policy mix to support with a local bonus), as well as in other California high cost cities.

- **Option E: Increase IHO Set-Aside to 25% with Option to Pay Partial In-Lieu Fee.** This option is included in the analysis to test increasing the current local set-aside, even though current economic conditions do not support moving in this direction due to rising construction costs and high interest rates. However, if economic conditions change, which typically occurs over time in real estate cycles, it is useful to keep this option in mind as a potential future direction for West Hollywood. This Option is the same as Option C (SDBL alignment), plus a 5% set-aside in-lieu fee.

Similar policy options were formulated for for-sale projects, although in each case, the income segment was moved upwards one step, in keeping with both the current structure of Schedule A's affordable sale price structure, and common practice in most jurisdictions with robust IHOs.

The report includes an in-depth discussion of the methods and assumptions used to develop a detailed pro forma financial model to test these options for financial feasibility, including comparison to the financial returns arising from the current IHO policy. Financial analysis found all the options with two exceptions exceeded a financial return threshold of at least 12% Return on Cost (ROC), which is explained in detail in the report. The two exceptions were Option A and Option B for rental projects in the CC1 and CC2 zones, where density bonuses caused the projects to shift from less expensive Type V construction (typically wood frame) to more expensive Type III construction.

The chart below summarizes an evaluation of the policy options for 11+ unit projects for the 4 objectives outlined above, across 4 zoning classifications (R3, R4, CC1, and CC2) for both rental and ownership projects. This is provided to assist decision-makers in evaluating policy trade-offs.

Evaluation of Policy Options for Rental and Ownership Projects (11+ units)

	20% Set-Aside				25% Set-Aside (a)
	Option A	**Option B**	**Option C**	**Option D**	**Option E:**
	HCD	HCD	HCD	HCD	HCD
	Build 15% ELI (VLI for Owner) On-Site + 5% Fee	Build 15% VLI (LI for Owner)I On-Site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
Maintain at least current 20% set-aside	**Strong**	**Strong**	**Strong**	**Strong**	**Very Strong**
Serve lowest incomes possible (e.g.. ELI/VLI) per IHO intent	**Very Strong**	**Strong**	**Strong**	**Very Strong**	**Strong**
Maintain overall project financial feasibility across zones and tenures	**Weak feasibility** for CC1/CC2 rental projects.	**Moderate feasibility** for CC1/CC2 rental projects	**Strong**	**Strong**	**Moderate feasibility** for CC1/CC2 rental projects
Retain flexibility for City	**Strong** (City fee revenue to leverage elsewhere)	**Strong** (City fee revenue to leverage elsewhere)	**No Change** from current	**No Change** from current	**Strong** (City fee revenue to leverage elsewhere)

a) Option E is shown without color-coding due to not recommended for selection at this uncertain economic time (e.g., tariffs on building materials, high interest rates, development slowdowns). However, the City may want to consider this option in a few years if economic conditions improve.

Note: Further analysis of Options A and B for rental projects such as providing a local density bonus or reducing the per-affordable unit fee amount in the CC1 and CC2 zones could improve project feasibility to above the 12% threshold. Both adjustments are likely to have better feasibility improvement for Option B than A, since B rental would require IHO VLI instead of ELI units.

Policy Options for Small Projects (2-10 Units)

The study also includes an extensive analysis of the IHO's policies for 2-10 unit projects, encompassing both rental and for-sale projects. Primarily the analysis tested increasing the current set-aside from one affordable unit for this size range, to a 15% and a 20% set-aside.

Financial feasibility can be achieved in this size range with a set-aside increase to 15%, but 20% does not reach sufficient feasibility for all zones and tenure types analyzed. Recommendations include:

- For those projects with just 2 to 4 units, which are not eligible for a State density bonus, the IHO would remain as written except for the change to 15%, meaning that the in-lieu fee option would remain for both rental and ownership projects.
- For projects in the 5 to 10 unit size range, the City could retain the same structure, keeping the IHO as written except for the change to a 15% set-aside. This would mean that developers can choose to pay the in-lieu fee or voluntarily choose to build the affordable units in the project and become eligible for the associated State density bonus. Alternatively, the City could shift to a "must build" requirement, aligning even more closely with the SDBL and its own larger project structure. A "must build" requirement would also reduce revenues to the Affordable Housing Trust fund but may serve to increase production more quickly, instead of waiting to accumulate funds to spend later on a 100% affordable project.
- For both the 2-4 and the 5-10 unit project sizes, the City will need to select the AMI level to target each tenure type. This is due to a technical assistance letter sent by HCD to the City of West Hollywood in 2022, which effectively prevents alternating between two different AMI categories. The City will need to choose either ELI or VLI units to target for rental projects, and either VLI, LI, or MI for owner projects, depending on its other housing policy goals to provide housing for extremely low income units mixed with market-rate, and/or providing housing for "missing middle" incomes. Because of the small project sizes here, one AMI category should be chosen for renter and one for owner housing, but all work financially at the 15% set-aside level.

Review of Other Housing Types Covered by SDBL

The report also reviews other housing types that are eligible for state density bonuses but either are not covered in the local IHO or regulated differently. These include the following housing types:

- **Senior Housing.** Senior housing as defined by the SDBL is a broad category of housing type, ranging from age-restricted multifamily independent living in market-rate apartments or condominiums to congregate care (similar to independent living but includes a common dining room and activity rooms/services), to assisted living (licensed by the state, can be configured multiple ways), to group living (smaller, home-style facilities licensed by the state, with services similar to assisted living or more care). This category also includes age-restricted mobile home parks and/or manufactured housing units configured as single family homes.[3] The SDBL grants a 20% density bonus with no affordable housing required to this broad category, meaning that any eligible senior housing project, be it independent living apartments, assisted living, or other types, can obtain an additional 20% unit or bed density bonus without providing income-restricted affordable housing to its occupants.

  The City of West Hollywood's IHO does not have a specific inclusionary requirement for senior housing. It is recommended that the IHO be amended to include the subcategory of age-restricted independent living only (defined by separate multifamily units with individual unit kitchen facilities), so that this type of housing is subject to whatever local IHO policy applies to rental or for-sale units without an age restriction.

  It is not recommended to incorporate the other subcategories of senior housing included in the SDBL definition into the IHO because these other senior subcategories have many variations of business models and economic structures, making it difficult to evaluate financial feasibility of set-asides for affordable components.

- **Student Housing.** The current West Hollywood IHO does not define student housing or set an affordable housing requirement for this type of housing. However, this type of housing is included as a category in the SDBL, defined as a development that contains bedrooms with two or more bedspaces that have a shared or private bathroom, access to a shared or

[3] The State Density Bonus Law uses the term "senior citizen housing development." It is defined in Civil Code Sections 51.3 and 51.12, requiring at least 35 dwelling units; or a mobile home park that limits residency based on age for older persons under Civil Code Sections 798.76 or 799.5. For the purposes of a senior citizen housing development, "development" includes a shared housing development and a residential care facility for the elderly as defined in Health and Safety Code Section 1569.2. (Section 65915(b)(1)(C).)

private living room and laundry facilities, and access to a shared or private kitchen. The SDBL allows for eligible student housing projects to obtain a density bonus of 35% more market-rate bedspaces if at least 20% of base bedspaces are rent-restricted to 65% of AMI. The SDBL also has a sliding upward bonus density scale if the project provides higher affordable bed set-asides.

City staff reports that the City does not currently contain any projects which meet the definition of student housing. Because of the low incidence of this type of project, we recommend that the IHO be modified to incorporate the SDBL definitions and affordability requirements.

- **Condo Conversions.** The City of West Hollywood's Municipal Code contains Section § 20.04.040 regarding Common Interest Developments (which includes condominiums) specifying that these projects must comply with the City's Inclusionary regulations.[4]

  For informational purposes, the SDBL provides for either (a) a 25% density bonus, or (b) an incentive of equivalent financial value if an applicant agrees to set aside 33% of the units for low- or moderate-income households, or 15% to lower-income households (e.g. ELI and VLI). However, the SDBL (see § 65915.5(g)) limits the applicability of these incentives; projects are not eligible for a density bonus if the units are rent-restricted, vacant, subject to any form of rent control or price control, or are disqualified due to other similar restrictions.

  Because condo conversions are well-covered by West Hollywood's IHO, we recommend retaining the current language in West Hollywood's Municipal Code Section § 20.04.040, making conversion subject to the applicable IHO for that project size and tenure.

There are two additional types of housing covered by the SDBL that can obtain density bonuses but are not covered in West Hollywood's IHO. The primary policy question is whether the City would want to require affordable housing that in any way differs from the SDBL.

- **Shared Housing.** This type of housing is defined in SDBL similarly to student housing but does not have a kitchen in the unit (a microwave only). In the SDBL, the affordability requirements and available density bonuses are provided in the same way as student housing. West Hollywood has recently adopted shared housing development standards Subject to legal review, if the City's definition aligns with the SDBL definition of this housing type, we recommend adopting the baseline affordability requirement that 20% of beds are

[4] See: https://ecode360.com/43912892#43912892

set-aside for up to 65% AMI occupants. In this way, compliance with the IHO would make the project eligible for a 35% density bonus as described above in Student Housing.

- **Foster Youth/Veterans Housing**, This is housing to serve foster youth or veterans, both of which are typically developed as 100% affordable housing which is exempt from the IHO. In the SDBL there are no AMI definitions or specific affordability restrictions and this type of housing is eligible for a 20% density bonus. We recommend restating the SDBL language for this type of housing in the IHO, provided it is developed as affordable housing (with all rents below 80% of AMI).

1. Introduction

The City of West Hollywood commissioned this study in mid-2024 to review the ways its longstanding Inclusionary Housing Ordinance (IHO) regulations interact with the State Density Bonus Law (SDBL).[5]

Specifically, this study analyzes the “set aside” requirements (i.e., the percent of total units that must be affordable to certain income segments) that differ between the IHO and the SDBL, as well as several unintended consequences resulting from two sets of regulations which intersect on the ground in housing projects. It should be noted that this report was prepared during the same period as another consultant was analyzing West Hollywood’s Mixed-Use Incentive Overlay Zone (MUIOZ), which also intersects with the local IHO and the SDBL. Where appropriate, this study highlights areas for further analysis or approaches that could be taken to refine local zoning issues.

Report Organization

The following report describes several aspects of the City of West Hollywood’s IHO that do not effectively align with the State Density Bonus Law, including the effect of dilution of West Hollywood’s policy goals for inclusionary unit yield in market rate projects, and implementation challenges at the local level regarding IHO compliance for SDBL projects.

Next, the report provides an analysis of recently built multifamily projects in the past 5 years, along with under construction/currently approved but not yet built (“pipeline”) projects to identify patterns of affordable unit yield and utilization of density bonuses on the ground. The report then assesses several other California jurisdictions with established inclusionary ordinances to learn how their local policy goals and SDBL regulations have been aligned.

Finally, the report provides a detailed financial analysis of several policy options that could be adopted to adjust the IHO to align more closely with SDBL while still maximizing local policy goals toward affordable housing production. The report concludes with a discussion of other housing project types addressed by SDBL including senior housing (for which SDBL offers a density bonus without any affordability requirement) and college student housing.

[5] The study was conducted between July 2024 and Spring 2025, with subsequent review of the draft report through Summer 2025. All of the assumptions for the financial modeling are based on economic conditions in Fall 2024.

2. Overview of the Regulatory Frameworks

Overview: West Hollywood's Inclusionary Housing Ordinance

West Hollywood adopted its Inclusionary Housing Ordinance in 1986 in order to create affordable units within market rate projects. This concept has been adopted by numerous cities in California, adding to the inventory of much-needed rent restricted or sale price restricted units serving lower income households.

Currently, West Hollywood's IHO differentiates between 4 sizes of projects, with specific requirements related to each range of project size as follows:

- **Projects with 2 to 10 units.** For this "small project" size, one unit must be permanently set aside for affordable housing irrespective of the project's size, or a developer can choose to pay a fractional in-lieu fee that goes to the Affordable Housing Trust Fund instead of building a whole unit.
- **Projects with 11-20 units.** For this "modest project" size, the project must provide 20% of its base unit count (before density bonuses) as affordable units of comparable size and finish quality as the market rate units or can be provided as one-bedrooms with at least 650 square feet and have finishes of "builder's quality." The affordable unit(s) must be built; there is no in-lieu fee option provided in the IHO.
- **For projects with 21-40 units**. For this "medium project size" the project must provide 20% of its base unit count as affordable units of comparable size and finish quality as the market rate units, or alternatively, the project can opt to set-aside at least 30% of the base count if units are one-bedrooms with at least 650 square feet and with "builder's quality" finishes.[6] No in-lieu fee option is provided in the IHO.
- **Projects with 41+ units.** For this "large project" size, projects must set-aside 20% of base unit count as affordable units of comparable size and finishes, or alternatively if it would result in more inclusionary units, the project can shift to a 20% of Floor Area Ratio (FAR) method and set aside at least 20% of total gross non-inclusionary residential floor area for affordable units that must be of comparable in size or at least one-bedroom units with 650 square feet and "builder's quality" finishes. No in-lieu fee option is available in the IHO.

[6] This 20% set-aside vs. 30% set-aside offers some flexibility to projects with large market rate units and/or luxury-level finishes. However, a review of recently built and approved pipeline projects indicates that no developers have chosen to use the 30% set-aside option.

In summary, the City's IHO follows a project size hierarchy, where small projects have a lower inclusionary set-aside requirement (1 affordable unit built or payment of a fractional in-lieu fee), whereas larger projects with 11 units or above, must both meet a higher 20% set-aside and must build the affordable units in the project.[7] At present, no in-lieu fee option is available to developers of projects with 11 or more units in their baseline count. These trade-offs based on project size and between an in-lieu fee option vs. "must build" are explored further in this report.

The IHO also specifies a mechanism that if only one inclusionary unit is to be built within a project, it can be allocated to a very low income, low income, or moderate income household (which means that in this case, a developer would most likely choose the highest rent from the moderate income level). If a project size requires 2 or more inclusionary units, the IHO sets up an alternating scheme whereby the first unit must be affordable to very low/low income households, and the 2nd unit to moderate income households, and then alternating in this way for all subsequent inclusionary units. However, it should be noted that this "alternating" allocation rule in practice has been discontinued due to guidance from the California Housing and Community Development Department (HCD). [8]

The Inclusionary Housing Ordinance also describes requirements for mixed-use buildings in the City's Mixed-Use Overlay Zone; this Zone is currently being studied as part of a separate contract from the one that guided this study.

Overview: State Density Bonus Law

California's Density Bonus Law,[9] enacted in 1979 and expanded in recent years (found in California Government Code Sections 65915 – 65918), functions as a statewide voluntary inclusionary housing policy. It operates as an incentive-based program - in exchange for including a certain percentage of affordable units in a project, residential projects are entitled to a density bonus and regulatory concessions from the local zoning ordinance.

Under the State Density Bonus Law (SDBL), projects with five or more units can receive a density bonus based on both the percentage of affordable units provided and the AMI level of affordability. Projects that provide a higher share of affordable units or serve households at lower Area Median Income (AMI) levels receive greater density bonuses. For example, a project

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[7] The IHO does have a provision for off-site inclusionary unit construction, but it must be for more units than the on-site requirement.
[8] See: https://www.hcd.ca.gov/sites/default/files/docs/planning-and-community/HAU/West-Hollywood-TA-090222.pdf
[9]See: https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=65915&lawCode=GOV

that sets aside 10% of its units for Very Low-Income (VLI) households can receive a 32.5% density bonus, while setting aside 15% of the base units for Very Low-Income households qualifies a project for the maximum 50% bonus. The density bonus is calculated on the base units, and no additional affordable units are required to be provided as part of the additional density granted through the bonus. It is important to note that for market rate projects, the amount of density bonus “tops off” at 50% additional market rate units before the stacking bonus (see below), unless the project is 100% affordable.

The table below shows a condensed version of the SDBL chart used to determine density bonus, with a more detailed chart provided in Appendix A.

Table 1: Condensed Schedule of State Density Bonus (applies to 5+ unit projects)

Affordable Unit Set-Aside % (a)(b)	Very Low Income Density Bonus	Low Income Density Bonus	Moderate Income Density Bonus (c)
5% of base units	20.0%	0.0%	0.0%
10% of base units	32.5%	20.0%	5.0%
15% of base units	50.0%	27.5%	10.0%
20% of base units	50.0%	35.0%	15.0%
25% of base units	50.0%	50.0%	20.0%
30% of base units	50.0%	50.0%	25.0%
100% of base units (d)	80.0%	80.0%	80.0%

See Appendix A for detailed table of this information.
a) All fractional density bonus units are rounded up to next whole unit.
b) Affordable unit Set-Aside percentage is calcluated on base units, excluding units added by bonus.
c) Moderate income density bonus applies to for-sale units, not to rental units.
d) Applies when 100% of units (other than manager's units) are restricted to very low, low, and moderate income (maximum 20% moderate).
Source: The Housing Workshop, 2025.

Additional “Stacking” Density Bonus

A recent law (AB 1287), effective January 1, 2024, modified the SDBL to allow developers to "stack" an additional density bonus by providing more affordable units. To be eligible, a project must first include enough very-low, low-, or moderate-income units to reach the maximum 50% base density bonus under SDBL. Once that threshold is met, AB 1287 functions as an additional incentive: projects that go beyond the minimum affordable set-aside can earn an additional bonus. The size of the bonus varies by the amount of additional units set aside as affordable, and the associated affordability levels. In West Hollywood’s case, since the current IHO set-aside is 20% (all required to be priced below the VLI level per HCD definition), the first segment of 15% set-aside earns the developer a 50% density bonus as noted above. The additional 5%

VLI units required by the IHO earn the developer an additional 20% density bonus (see Appendix A2 for stacking bonus details), for a total of a 70% density bonus available to eligible projects in West Hollywood that comply with the IHO. The effect of the SDBL in 2025 is that for a 100-unit market-rate project based on existing zoning, compliance with the current West Hollywood IHO would qualify the project for a 50% density bonus plus a 20% "stacking bonus" for a total of 170 units instead of the 100 envisioned by zoning.[10] [11]

It is notable that at the present time, the above calculus only generally applies in practice in West Hollywood to projects with 11 or more units. Small projects (e.g., 2-10 units), are required to provide one affordable unit, or have the option to pay an in-lieu fee (which is fractional for projects from 2-9 units). At the same time, the SDBL only applies to projects with 5 or more units. This means that almost all 2-4 unit projects in West Hollywood, for both practical reasons and because they are not density-bonus eligible, chose to pay the in-lieu fee. Projects with 5-10 units present a mixed picture, with most still opting to pay the in-lieu fee and thus not be eligible for a state density bonus (which requires actual units to be built). However, there have been a few 5-10 unit projects that did opt to build one affordable unit and gain a density bonus (i.e., additional market rate units), as explored further in the next chapter.

Other SDBL Policy Features

In addition to increased density, the State Density Bonus Law also provides developers with regulatory options to request flexibility from local zoning requirements. Qualifying projects are entitled to receive one or more incentives or concessions, such as reductions in site development standards (e.g., setbacks or minimum lot sizes), modifications to zoning or design requirements, or other changes that result in cost savings. Developers may also request waivers of development standards if zoning regulations physically prevent the project from being built at the allowed density. One commonly used waiver is an increase in building height, which enables projects to exceed local height limits. Together, these tools give developers flexibility to deviate from local zoning ordinances.[12]

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[10] Until recently, due to the way the IHO was written, it allowed a developer to alternate VLI and Moderate Income unit provision in some cases. However, California's Housing and Community Development Department recently provided guidance which effectively discontinued this local practice.
[11] It should be noted that for 100% affordable projects meeting the income level criteria, the same 100-unit zoning would enable an 80% density bonus plus another 20% stacking bonus, totaling a 200-unit project.
[12] When projects are granted concessions/incentives or waivers that adjust local development standards (such as height limits, setbacks, or parking requirements), the resulting buildings may differ from what the General Plan or base zoning anticipated and, over time, can influence the overall physical character of the neighborhood.

3. Effects of Local IHO & SDBL on Housing Projects

This study has identified 3 areas where the intersection of the City's IHO and the State Density Bonus Law (SDBL) create unintended consequences or challenges in applying both sets of regulations to a housing project. The three issues described in this chapter include: 1) differing sets of income limits as administered by the City of West Hollywood for its inclusionary program compared to the State Density Bonus Law; 2) the dilution of local inclusionary policy goals resulting from application of the State Density Bonus Law; and, 3) the intersection of the IHO rules for projects with 2-10 units (which can opt to pay an in-lieu fee) and the SDBL requirement of "must-build" affordable units within the project.

Differing Sets of Income Limits

West Hollywood's IHO, first adopted in 1986, has long reflected a locally tailored approach designed to keep the program accessible to the City's residents. In 2000, West Hollywood established a benchmark median income based on U.S. Census data for a one-person household, which aligned with the City's historically smaller average household sizes. This one-person median income continues to serve as the foundation for calculating income limits under the Inclusionary Housing program; the City increases the one-person median income based on the annual change in the Consumer Price Index (CPI), with adjustments accumulated from the base year of 2000. This inflation-adjusted benchmark is then multiplied by the applicable affordability threshold, such as 50% for Very Low-Income to establish income limits. A local adjustment factor is subsequently applied to account for variations in household size.

In contrast, California's Department of Housing and Community Development (HCD) derives income limits based on data from the U.S. Department of Housing and Urban Development (HUD), which accounts for actual income distributions that have changed over time.[13] These official state income limits are used to determine eligibility and affordability thresholds for a range of state-housing programs, including the State Density Bonus Law and other state-administered affordable housing funding programs. Almost all other local jurisdictions in California rely on HCD income limits due to the need to comply with statewide housing policies and gain access to funding programs.

[13] HUD annually calculates the median AMI for a 4-person household in each county or metropolitan area, such as Los Angeles County, using American Community Survey data adjusted for inflation and projected income growth. HCD then applies its methodology to adjust HUD's 4-person AMI for different household sizes. This published data is adjusted by HCD for high-cost areas and published for each county.

The differing City and State methodologies for calculating income limits result in diverging income segment definitions (by household income in dollars), resulting in divergent maximum affordable rents/sale prices. For comparison purposes, the graph below shows both sets of income segments by AMI category for a 2-person household (additional detail for other household sizes is shown in Appendix B).

Figure 1: Divergent Income Segment Definitions for 2-Person Household, 2024

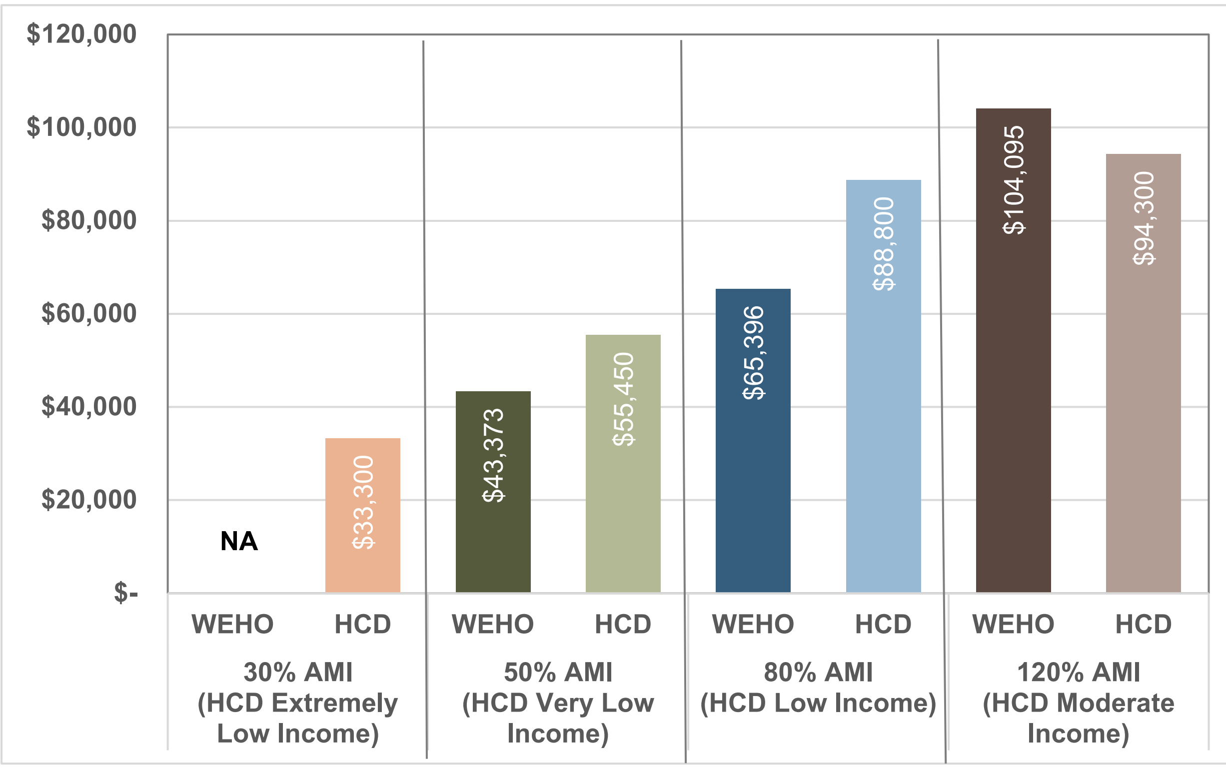


Table 2, shown below, gives an example of the different outcomes resulting from the divergent City and HCD methodologies for maximum 2024 rents and sale prices for affordable units with otherwise similar labeling. For example, under the City's calculation, the maximum rent for a 1-bedroom serving a City-defined Very Low Income household in 2024 was $600, while under HCD's method, the same unit could rent for a maximum of $1,300. Considered from another perspective, the locally-specified $600 maximum rent labeled "Very Low Income" on West Hollywood's Schedule A translates to a maximum rent equivalent to a household earning 23% AMI under HCD's parameters (which falls well below the 30% AMI HCD income segment called Extremely Low Income). This means that complying with the local IHO and its Schedule A methodologies have resulted in mis-reporting affordable housing production in West Hollywood's per Housing Element law.

Policy options for aligning these two different income schedules and rent/sale prices by income segment are discussed further in Chapter 4.

Table 2: Comparison of WEHO and HCD Maximum Affordable Rents/Sales Prices, 2024-25

	Studio		1-Bedroom		2-Bedroom	
Maximum Affordable Rents	**WEHO**	**HCD (b)**	**WEHO**	**HCD (b)**	**WEHO**	**HCD (b)**
Rent for Extremely Low Income Unit	N/A	$729	N/A	$781	N/A	$936
Effective State AMI	N/A	**30%**	N/A	**30%**	N/A	**30%**
Rent for "WEHO Very Low" Income Unit (a)	$526	$1,214	$600	$1,300	$792	$1,560
Effective State AMI (c)	**22%**	**50%**	**23%**	**50%**	**25%**	**50%**
Rent for "WEHO Low" Income Unit (a)	$759	$1,943	$868	$2,081	$1,267	$2,498
Effective State AMI (c)	**31%**	**80%**	**33%**	**80%**	**41%**	**80%**
Rent for "WEHO Moderate" Income Unit (a)	$1,048	$2,913	$1,198	$3,120	$1,584	$3,744
Effective State AMI (c)	**43%**	**120%**	**46%**	**120%**	**51%**	**120%**
Maximum Affordable Sales Prices (d)						
Maximum Sales Price: "WEHO Low"	$85,224	$284,442	$97,399	$334,455	$115,661	$434,258
Effective State AMI (c)	**32%**	**80%**	**31%**	**80%**	**27%**	**80%**
Maximum Sales Price: "WEHO	$131,114	$459,355	$149,844	$533,970	$177,940	$684,282
Effective State AMI (c)	**42%**	**120%**	**40%**	**120%**	**36%**	**120%**

Notes:
(a) "WEHO Very-Low", "WEHO Low", and "WEHO Moderate" rents and sales prices are adopted annually by City Council and are published on *Schedule A, City of West Hollywood 2024-2025 Inclusionary Housing Program, Affordable Housing Schedule.* The City applies a local formula, so the rents and sales prices are lower than the affordable prices derived from the Los Angeles County income limits.
(b) Maximum rents were calculated based on state income limits published by HCD for Los Angeles County, adjusted by bedroom size, multiplied by the affordability standard (30%), and divided by 12. The affordable sales prices are calculated based on Los Angeles County 2024 maximum income limits for 80% and 120% AMI.
(c) The "WEHO Very Low", WEHO Low", and "WEHO Moderate" affordable rents and sales prices, based on the City's adopted Schedule A, were compared to Los Angeles County's income limits published by CA HCD to calculate the effective AMI. Because of HUD adjustments, LA County's low-income limit exceeds the median. The effective AMI was calculated using 50% AMI as a benchmark. Rental units assume 1.5 people per bedroom, for-sale units assume 2 people per bedroom, and studios assume 1 person.
(d) In 2023 and 2024, City Council did not adopt affordable sales prices because there were no for-sale units in the pipeline, and staff was preaparing to update the inclusionary program. The "WEHO" maximum sales prices were taken from the 2022-2023 Schedule A. The effective is reasonably comparable because incomes did not change significantly between 2022-2023 and 2024-2025.
Sources: West Hollywood Inclusionary Housing Program Affordable Housing Schedule A, 2022-2023 and 2024-2025; California Department o Housing and Community Development, 2024; The Housing Workshop, 2025; Urban Math, 2025.

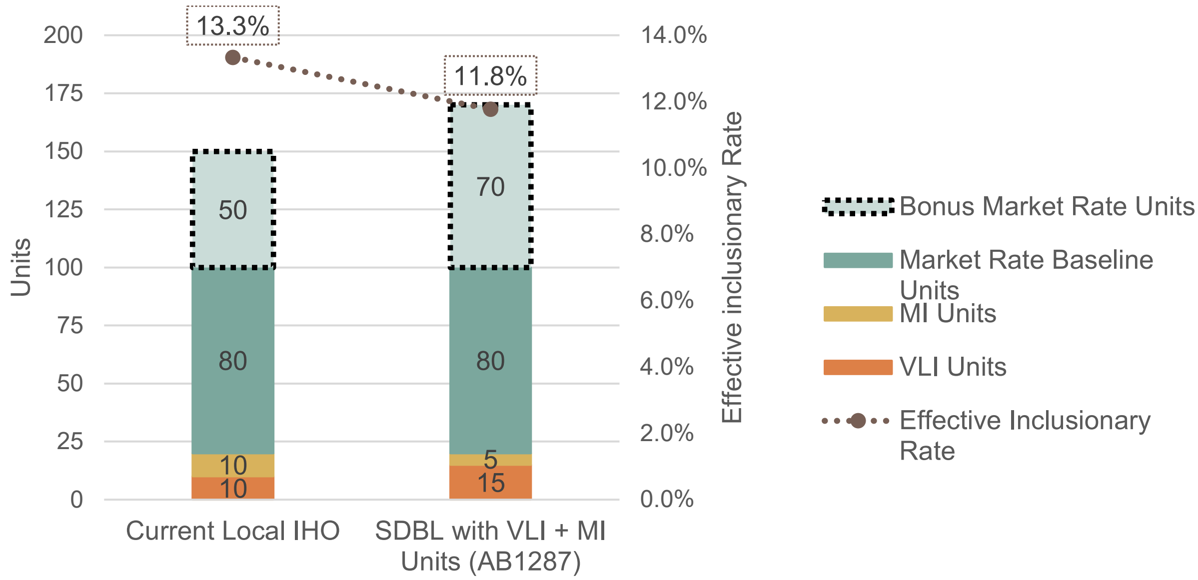
Dilution of Local Inclusionary Policy Goal

An important consideration under the SDBL is that the required affordable housing set-aside applies only to the base number of units permitted under local zoning, not to the additional units granted through the density bonus itself. State law applies affordability only to base units; jurisdictions cannot require affordability on bonus units or condition the granting of SDBL benefits upon additional affordability beyond statute. This can have the effect of diluting the IHO's intended policy goal of producing a specific number of affordable units in market-rate projects, due to the bonus market-rate units enabled under the SDBL. For example, for projects with 11+ units in West Hollywood, the IHO requires 20% of units to be affordable. As outlined in the prior chapter, if a developer proposes a project with 100 base units, providing 15% of those units for very low-income (VLI) households (15 affordable units in this case), the project is eligible for a 50% density bonus. If the developer proposes an additional 5% affordable to up to moderate-income levels (so a total 20% affordable units on the 100 units base), the project qualifies for an additional 20% density bonus, resulting in a total density bonus of 70 market-rate units in that initial 100-unit project.[14] Since West Hollywood already requires a 20% affordable component, compliance with the IHO makes the same project eligible for the total 70% density bonus in many circumstances.

The impact of these density bonuses is graphed on the next page, showing the decline in the overall effective rate of inclusionary housing from the 20% set-aside of the IHO to much lower actual set-asides if density bonuses are applied. A 100-unit project yielding 20 affordable units, when granted a density bonus of 50 additional market-rate units, drops to an effective inclusionary rate of just 13.3%. This rate drops further under a stacking bonus scenario, with the 170-unit project still yielding just the same 20 affordable units, resulting in an effective rate of 11.8%.

[14] To be eligible for the stacking bonus, in addition to achieving at least a 50% bonus under the basic rules, the project must also: not restrict (make affordable) more than 50 percent of total units, as well as add at least 5% more HCD VLI units, which the IHO does by Schedule A income limits.

Figure 2: Impact of SDBL on Effective Inclusionary Rate in West Hollywood



Note: Because West Hollywood's Schedule A limits affordable units to household incomes far below HCD's definitions, its "VLI" and Moderate Income" are all technically VLI units per HCD.

This study explores approaches to offsetting this dilution of the effective inclusionary rate including an optional partial in-lieu fee to leverage IHO compliance in other 100% affordable projects built off-site.

Effects of "Must Build" vs. In-Lieu Fee Policies

The third difference between the local IHO and the SDBL is that to comply with the West Hollywood IHO for projects with 2 -10 units, the developer can pay a fee "in lieu of" including affordable units within the project. This is in contrast to SDBL, which requires income-restricted affordable units to be built in the project to make it eligible for the density bonus. Many other California cities' inclusionary policies also provide for the option of paying an "in-lieu" fee rather than building the units on-site, while still others offer combinations of compliance methods with partial on-site "must-build" requirements and partial in-lieu fee options.

As a practical matter, when the IHO in West Hollywood was formulated, it gave developers of some small projects an incentive to build these infill projects by requiring a one-unit set-aside and the ability to pay an in-lieu fee instead of building the unit. In addition, this flow of funds to the Affordable Housing Trust Fund has helped subsidize numerous other affordable housing projects over the years.

The current fee schedule for small projects in West Hollywood subject to the IHO is shown below:

Table 3: FY 2024-2025 In-Lieu Fees

Number of Units in Project	FY 24-25 Fees
2	$ 183,378
3	$ 275,067
4	$ 366,756
5	$ 458,445
6	$ 550,133
7	$ 641,822
8	$ 733,511
9	$ 825,200
10	$ 916,889

Based on ag. LIHTC max basis for all unit sizes for LA County, adjusted upwards by 30% for WEHO (high dev cost area) per HUD, and adjusted upwards by 4% to account for 2024 cost increases and 5% admin fee. These fees were the same for FY 23-24 (not increased for current fiscal year).

In contrast to the IHO, SDBL requires that the affordable units be built on-site by the developer of the project; there is no in-lieu fee option provided by state law. The practical effect of this structure in West Hollywood is that developers benefit from the SDBL, with substantial additional market-rate units made possible, but the developers forego the ability to pay a fee instead, which many developers prefer. For small projects, many developers will choose the in-lieu fee option to comply with local law and not seek to utilize the SDBL.

These policy options for small projects related to the SDBL are explored further Chapter 5.

Recent Patterns of SDBL Use in West Hollywood Housing Projects

This study examined residential housing projects subject to the IHO that also utilized the SDBL from January 2019 through May 2024, a period spanning almost 5.5 years. This timeframe captures key updates to the SDBL, including AB 2345, which increased the maximum allowable density bonus from 35% to 50% effective January 1, 2021, and AB 1287, which introduced the additional "stacking" bonus and took effect on January 1, 2024.

Small Project Patterns of IHO/SDBL Use

Table 4 on the next page summarizes all residential projects in West Hollywood subject to the IHO that were approved or proposed (pending) for the January 2019 - May 2024 period. Small projects subject to the IHO (e.g., 2-10 units) must provide one affordable unit or developers of 2-10 unit small projects can opt to pay the in-lieu fee. It is important to note that the very smallest (e.g., 2-4 units) are not eligible for the SDBL, so the choice for developers of 2-4 units is different than for those developing 5-10 units. As the table summarizes, among the approved and proposed small projects, there were 18 projects in the 2-4 unit size range, with a total of 56 units not eligible for the SDBL; these projects all paid the in-lieu fee. In addition, there were 18 small projects with a total of 118 units in the SDBL-eligible 5-10 unit project size range that chose to pay the in-lieu fee rather than build affordable units on-site, and thus could not apply for the density bonus. In this same SDBL-eligible 5-10 unit size, there were also 5 projects that chose to use the SDBL, resulting in 42 total units including 5 affordable units. Thus, among SDBL-eligible small projects (by project size), most developers elected to pay the in-lieu fee and not utilize the state density bonus.

Large Project Patterns of IHO/SDBL Use

Among the 11+ large projects, this pattern was reversed, with all 19 projects utilizing the SDBL, most likely because the local IHO 20% set-aside required affordable units to be built on-site, and therefore automatically made the projects eligible for a density bonus.

Overall Impacts

The overall impact of the IHO, when used with the SDBL generated 148 affordable units out of a total of 1,111 units using both frameworks, yielding an effective inclusionary rate of 14.0%. It is likely that as the "stacking" rules recently incorporated into the SDBL become more widely utilized, the dilution of the 20% set-aside through 70% SDBL application will erode the effective inclusionary rate further, absent any policy changes to the IHO.

Table 4: Summary of Projects Subject to IHO & Use of SDBL, January 2019-May 2024

	Number of Projects	Affordable Units	Market-Rate Units	Total Units
Approved Projects (a)				
Small Projects (2-10 Units)				
IHO/Not Eligible for SDBL (b)	13	0	40	40
IHO/Eligible but Did Not Use SDBL	17	0	113	113
IHO+ SDBL Projects	4	4	33	37
Subtotal	**4**	**4**	**33**	**37**
Large Projects (11+ Units)				
IHO/Eligible but Did Not Use SDBL	0	0	0	0
IHO + SDBL Projects	16	103	553	656
Subtotal	**16**	**103**	**553**	**656**
Proposed Projects (a)				
Small Projects (2-10 Units)				
IHO/Not Eligible for SDBL (b)	5	0	16	16
IHO/Eligible but Did Not Use SDBL	1	0	5	5
IHO+ SDBL Projects	1	1	4	5
Subtotal	**1**	**1**	**4**	**5**
Large Projects (11+ Units)				
IHO/Eligible but Did Not Use SDBL	0	0	0	0
IHO + SDBL Projects	3	40	199	239
Subtotal	**3**	**40**	**199**	**239**
Summary - All Projects (a)				
IHO/Not Eligible for SDBL (b)	**18**	**0**	**56**	**56**
Eligible Projects Using SDBL				
IHO/Eligible but Did Not Use SDBL	18	0	118	118
IHO + SDBL Small Projects	5	5	37	42
IHO+ SDBL Large Projects	19	143	752	895
Total	**42**	**148**	**907**	**1,055**
Effective Inclusionary Rate (In Projects with On-Site Affordable Units)				**14.0%**

a) Excludes 100% Affordable Projects (all used SDBL to increase density), Builders Remedy projects (temporary category), and projects with a Development Agreement (negotiated, higher than IHO set-aside requirement).

b) Small projects with 2-4 units not eligible for SDBL (only applies to 5+ units) but subject to IHO. All paid in-lieu fee.

Source: The Housing Workshop, 2025.

How Other Jurisdictions Reconcile IHOs with SDBL

To understand how other jurisdictions reconcile their local inclusionary housing requirements with the State Density Bonus Law, this report reviewed the inclusionary ordinances of 6 peer jurisdictions with comparably strong market conditions (Santa Monica, Beverly Hills, Pasadena, and Los Angeles County), as well as one Northern California city (Berkeley) with innovative approaches to addressing this policy intersection. This section profiles the 3 jurisdictions most relevant to West Hollywood (Santa Monica, Los Angeles County, and Berkeley). Additional details on the remaining peer cities are provided in Appendix C.

City of Santa Monica

Santa Monica's Affordable Housing Production Program (AHPP) is similar to West Hollywood's because it is a mandatory local ordinance that applies to projects with two or more units. The AHPP requires 15% of units in new residential developments to be designated as affordable, regardless of project size. However, the program establishes different tiers to implement based on project size; the tiers vary both the targeted AMI levels and compliance options.

Small projects containing 2 to 5 units are permitted to satisfy the inclusionary requirement through the payment of an in-lieu fee rather than providing on-site affordable units. For medium-sized projects (6 to 19 units), the 15% inclusionary requirement must be met by units affordable to households earning up to 80% of AMI. For larger projects of 20 units or more, yielding three or more affordable units, the City requires inclusionary units to be evenly split across three income tiers: 50% AMI (very low income), 80% AMI (low income), and 100% AMI (moderate income). If the number of required affordable units is not divisible by three, any remaining units must be assigned first to the very low-income category, followed by low-income.

Fractional units of 0.5 or more are rounded up to the nearest whole unit and must be constructed on-site. For fractional units less than 0.5, the requirement may be satisfied either by providing an additional affordable unit or by paying a prorated in-lieu fee.

Notably, under the AHPP, all on-site affordable units must be provided as rental units, even within condominium projects intended for ownership. By applying the same AMI targets regardless of tenure, the program simplifies the use of the State Density Bonus, creating a consistent framework for all projects. The AHPP also establishes minimum size standards by bedroom type and requires that the average number of bedrooms in affordable units match those of market-rate units.

Intersection with State Density Bonus

Projects that provide on-site affordable units in compliance with the City's local Inclusionary Ordinance are eligible for a full range of local benefits mirroring those available under State Density Bonus Law, including density bonuses, incentives or concessions, and waivers of development standards. Specifically, for projects with 20 or more units that meet the 15% local affordable housing set-aside requirement by evenly distributing units across the 50% AMI, 80% AMI, and 100% AMI categories, the City allows the entire affordable set-aside to be treated as if it serves the Very Low-Income (VLI) category for density bonus purposes.[15] For example, a 100-unit project providing 15% affordable units—allocated as 5% at each of the three income levels set locally, and all not falling within the SDBL framework — would be considered as offering 15% VLI units and would qualify for a 50% density bonus and up to three incentives or concessions.[16] In effect, the City has shaped its local inclusionary ordinance to prioritize a broad mix of affordability levels while providing a mirror of the SDBL density bonus.

Los Angeles County

Los Angeles County adopted its Inclusionary Housing Ordinance (IHO) in 2020 and updated it in 2023 to align with SDBL and the local Affordable Housing Preservation Ordinance (AHPO), which addresses housing replacement policies.

The Inclusionary Housing Ordinance (IHO) applies to new residential projects with five or more base units in specific submarkets of unincorporated Los Angeles County; these submarkets subject to the IHO were identified through a financial feasibility study of submarkets capable of supporting affordable housing requirements. The ordinance adopts a menu-based approach, allowing developers to select from a range of rental or for-sale options. Unlike cities such as West Hollywood and Santa Monica, which assign specific set-asides to particular income tiers to target defined affordability goals, Los Angeles County's ordinance establishes an average AMI threshold, offering developers greater flexibility in how they meet the overall affordability requirement.

For rental projects, developers may choose from the following options: (a) a 10% set-aside for projects averaging 40% AMI or lower, (b) a 15% set-aside for projects averaging 65% AMI or lower, or (c) a 20% set-aside for projects averaging 80% AMI or lower. For-sale projects have set-aside requirements ranging from 5% to 20%, depending on the strength of the local market,

[15] See: https://ecode360.com/42747308

[16] Without this local allowance, under SDBL, this same mix would only entitle the project to a 20% density bonus, because a 5% set-aside for Low- or Moderate-Income households does not qualify for any bonus, and only the 5% VLI set-aside would be recognized.

with the top targeted income band defined as “affordable” at 135% AMI. Projects with 15 or fewer base units qualify for a 50% reduction in the required set-aside for both rental and for-sale developments.

Intersection with State Density Bonus

Because the County’s policy is based on an average AMI threshold, it was necessary to create a local density bonus schedule to account for projects that propose ELI units. Currently, State Density Bonus Law does not provide a separate bonus structure for ELI units. In response, Los Angeles County developed its own local density bonus schedule, granting a 25% density bonus for a 5% ELI set-aside, with the bonus increasing proportionally and reaching up to 120% if 100% of the project’s units are designated as ELI. The County’s density bonus schedule is provided in Appendix C.

City of Berkeley

Berkeley shares many similarities with West Hollywood, particularly in its historic policy framework dedicated to providing affordable housing. Berkeley adopted its inclusionary housing ordinance in 1986 and has a history of rent stabilization policies dating back to 1980. In recent years, Berkeley has also experienced substantial new market-rate housing development, with many projects utilizing the SDBL. Between 2010 and 2024, Berkeley’s housing stock grew by approximately 10%, slightly outpacing West Hollywood’s growth, reflecting its active development environment.

In Berkeley, developers of new housing projects with more than 5,000 square feet of residential floor area (including most group living accommodations and live/work developments) are subject to the City’s Inclusionary Housing Ordinance. Berkeley’s IHO requires a 20% affordable housing set-aside, similar to West Hollywood’s current program.

For rental projects, the City offers three compliance options:

- Set aside 20% of the units as affordable housing, with half designated for Very Low-Income households (50% AMI) and half for Low-Income households (80% AMI).
- Pay an in-lieu fee of $56.25 per square foot; or
- Provide a combination of on-site affordable units and a prorated in-lieu fee

Ownership units must be sold at a price affordable to Low-Income households (80% AMI).

For projects that choose a hybrid compliance option, providing some on-site affordable units and paying a partial in-lieu fee, the on-site affordable units must be evenly divided between Very Low-Income and Low-Income households, consistent with the City's inclusionary housing policy goals. The partial in-lieu fee is calculated based on a $56.25 per square foot charge applied to the base market rate component that has not otherwise been fulfilled through on-site affordable units.

Affordable units designated for Very Low-Income households must first be offered to tenants on wait lists from the Section 8 Program, the Shelter Plus Care program, or similar state- or federally funded rental subsidy programs (West Hollywood follows a similar process for its inclusionary units).

Intersection with State Density Bonus and Lessons for West Hollywood

Berkeley's local density bonus provisions largely mirror the SDBL.[17] Unlike Santa Monica and Los Angeles County, Berkeley does not provide a more generous bonus structure or offer additional local incentives for projects achieving deeper levels of affordability. This approach is consistent with the City's overall framework: Berkeley relies on the state's income definitions and density bonus standards and does not establish a separate ELI set-aside.

Summary of Policy Options from Case Studies

The 3 jurisdictions summarized above offer several policy options that West Hollywood could consider to better align its IHO with SDBL, including:

- **Alignment of Local Income Limit Definitions with HCD Framework.** All of the jurisdictions that were reviewed for this study use California HCD's definitions and income limits in their local IHO programs. Aligning with HCD definitions is useful because almost all state funding and regulatory frameworks follow this system. In addition, the upcoming next Housing Element cycle will require jurisdictions to craft policies for 2 segments of what was formerly considered Extremely Low Income (e.g., 0-30% AMI). The new framework separates this category into Acutely Low Income (0-15% AMI) and Extremely Low Income (15-30% AMI). In West Hollywood, it is unclear whether the City is receiving full Regional Housing Needs Allocation (RHNA) credit for units produced under its inclusionary program, some of which would qualify as Extremely Low-Income units under state definitions, despite the Schedule A labeling. As the California Department of Housing and Community

[17] See: https://berkeley.municipal.codes/BMC/23.328

Development (HCD) incorporates an ELI category into future RHNA cycles, ensuring accurate income-level categorization will become even more critical.

Adopting HCD's AMI framework does not preclude the City of West Hollywood from continuing to serve those households earning less than 30% of AMI in its IHO. Rather, by explicitly aligning and revising the IHO to state ELI and VLI per HCD, the City will be able to better track its ELI unit production and better identify unmet housing needs.

- **Provide an Option to Satisfy the Inclusionary Requirement Partially through an In-Lieu Fee.** The City could revise its inclusionary policy, following its own 2-10 unit IHO regulations or Berkeley's example, to provide an in-lieu fee option to satisfy part of the 20% requirement for 11+ unit projects. This could involve a combination of on-site affordable units (i.e., a 15% set-aside targeting HCD ELI or VLI incomes which make the project eligible for the 50% state density bonus) and an option to pay an in-lieu fee for the remaining local set-aside portion. For those developers wishing to use the stacking bonus, they would continue to provide the additional 5% set-aside as on-site affordable units (equaling the 20% local set-aside) as described previously, not pay an in-lieu fee, and obtain the additional "stacking" density bonus of 20%.

  This structure offers several advantages. It enables the City to benefit from both on-site affordable units and revenue for its Affordable Housing Trust Fund, which can be used to support 100% affordable housing developments elsewhere, including Acutely Low Income (15% AMI households, a new category that will be incorporated into the next RHNA cycle) along with other affordable housing initiatives funded by the Trust Fund. This in-lieu fee option could also reduce cases where projects automatically qualify for the stacking bonus via IHO compliance, while still allowing those developers seeking the additional stacking bonus to include sufficient affordable units per SDBL.

- **Shift to a Mix with Some Portion Serving HCD Low and/or Moderate Income Targets.** As noted above, current West Hollywood's maximum rents and sale prices, despite their labeling on Schedule A as "moderate income", translate to HCD Extremely Low Income and Very Low Income categories. Santa Monica's program extends to higher income tiers, with HCD-level Moderate-Income households as the upper target. For its rental inclusionary ordinance, West Hollywood could similarly adjust a portion of its policy upward by using HCD's definitions for Low Income, and/or Moderate Income households, as Santa Monica does. Targeting higher income levels would represent a shift away from the City's historic commitment to ELI households, but in exchange, it could improve project feasibility by increasing potential rental income and create an opportunity to raise the overall inclusionary requirement beyond 20% when economic conditions improve.

There is also a strong rationale for adjusting income limits for for-sale projects. Currently, the City's local sales price formulas produce units affordable to households at approximately 30–40% of AMI, despite their labeling on Schedule A. Given the limited production of affordable ownership opportunities, the City could realign sales price targets with more traditional affordable for-sale standards, such as those based on HCD's 80% to 100% AMI guidelines. These income levels are still lower than those used by other case study jurisdictions, such as Los Angeles County, and would continue to serve "missing middle" income households that are otherwise not able to afford market-rate ownership.

Shifting West Hollywood's income mix for on-site inclusionary housing units in both rental and for-sale projects is explored further in the next Chapter.

4. Policy Options to Refine Local IHO for 11+ Unit Projects

This chapter summarizes an analysis conducted for this report to explore policy options that the City of West Hollywood could implement to better align its local Inclusionary Housing Ordinance with the direction and rules governing the State Density Bonus Law. The analysis first focuses on projects with 11 or more units, subject to a 20% IHO set-aside, because current housing production in West Hollywood centers primarily in this category of new market rate housing. Other housing prototypes also subject to the IHO and SDBL (e.g. smaller projects, senior housing, and student housing) are assessed in the following chapters.

It is important to note that the IHO, as a zoning ordinance under local control, and the SDBL, as a state law requiring local jurisdictions to grant approvals to eligible (subject to certain conditions) projects when applicants request it, represent two different legal pathways with similar goals of producing on-site affordable housing units as part of market rate housing projects. The IHO requires compliance, while the SDBL is structured as a statewide voluntary incentive program. This difference in terms of structure, yet with converging policy goals, means that both frameworks should be considered both separately and as complementary processes.

Framework for Formulating Policy Options for 11+ Units

This study analyzes series of policy options to refine the local IHO for 11+ unit rental and ownership projects, built on longstanding local housing policies and Inclusionary Housing Program objectives outlined in the 2021-2029 West Hollywood Housing Element Update.[18] In summary, options analyzed in this study have the following objectives:

1. Maintain the current 20% set-aside with an emphasis on serving the lowest income categories in keeping with the longstanding intent of West Hollywood's IHO program.
2. Maintain overall project financial feasibility so that production can continue, generating needed new affordable and market rate units.
3. Structure a functional IHO program that works in conjunction with the SDBL, while also in some scenarios, retains flexibility for both the applicant and the City trhough a partial in-lieu fee option which benefits the City's other housing programs.

[18] See West Hollywood Housing Element page 11-19 and 11-20 available at: https://www.weho.org/home/showpublisheddocument/56506/638197521124870000.

Description of Policy Options

Five policy options were formulated to address challenges in aligning West Hollywood's IHO with SDBL as described earlier in this report. The Policy Options are summarized in the table below and described further in the following pages. It is important to note that all of the following Policy Options assume shifting West Hollywood's current use of its own locally-derived maximum income limits (Schedule A and Schedule B) and associated maximum affordable rents/sale prices to use of the published CA HCD income limits (as directed by H&SC §50105, H&SC §50079.5, and H&SC §50093) which most state affordable housing funding and RHNA definitions rely upon.[19]

Figure 3: Policy Options to Align IHO with SDBL – Projects with 11+ Units

	20% Set-Aside					25% Set-Aside
	Baseline	**Option A**	**Option B**	**Option C**	**Option D**	**Option E:**
Rents based on:	Sch A (a)	HCD	HCD	HCD	HCD	HCD
	Current Policy	Build 15% ELI On-Site + 5% Fee	Build 15% VLI On-Site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
ELI Units	15%	15%			5%	
VLI Units	5%		15%	15%	10%	15%
LI Units					5%	
MI Units				5%		5%
Max Density Bonus from On-Site Mix (b)(c)	70% (SDB)	50% (SDB)	50% (SDB)	70% (SDB)	70% (50% SDB + 20% (LDB)	70% (SDB)
In-Lieu Fee		5%	5%			5%

a) Baseline follows the current IHO for 11+ units including setting maximum rents/sale prices per local Schedule A, which sets lower maximum $ income limits and rents/sale prices than HCD. The IHO categories have been reclassified here based on their $s into the HCD ELI/VLI framework.
b) SDB = State Density Bonus. LDB = Local Density Bonus, see text on next page for description.
c) The maximum SDB is calculated based on the tables in the law, which are set by voluntary set-aside %'s under each HCD-defined income category. For options with a 70% SDB, this is due to ability to achieve additional "stacking" bonus when additional up to moderate income units are included in the project, which is met via compliance with WEHO's IHO. The LDB is envisioned as a Local Density Bonus, to equalize with the SDBL due to including LI units (not accounted for in maximum SDBL bonus structure).

[19] This shift away from use of Schedule A for new projects would not apply to existing tenants in existing inclusionary units or tenants subject to Schedule B. It would only apply to new inclusionary units as part of projects approved as of a future effective date after IHO revision.

- **Option A**: **Must Build 15% ELI Units + Fractional Fee.** This option shifts the maximum income limits and associated rents/sale prices for affordable units to the HCD framework while retaining the focus on providing HCD-defined ELI units (which as a practical matter, are equivalent to current policy's definitions for approximately VLI per Schedule A). Similar to current policy, these affordable units would be "must build," matching current policy, for 15% of the total base project, aligning it with the structure of SDBL. In addition, to achieve the overall 20% set-aside locally, this option would also require an in-lieu fee for the remainder of the overall local 20% set-aside requirement, allowing any fractional unit obligation to be met with a fractional fee. This structure will result in additional funding for City-managed subsidization elsewhere through its Affordable Housing Trust Fund.[20]
- **Option B: Must Build 15% VLI + 5% Fee.** This Policy Option is similar to Option A, but the required affordability target shifts from ELI to VLI units, plus the same additional in-lieu fee component is included. This option enhances the financial feasibility of projects across zoning categories, as discussed in the following section.
- **Option C: Optimize per SDBL.** A third way to coordinate with the SDBL is to simply adopt the same structure as the SDBL, including the newer "stacking bonus" offered by AB 1287. But in this case, the voluntary incentive structure under state law would be codified as a mandatory requirement under local IHO. Thus, local IHO compliance would mean an automatic eligibility for the project to achieve the 15% state density bonus plus the additional stacking bonus (through the incorporation of moderate income units directly into the local ordinance). This option would enable SDBL projects to achieve a 70% bonus, following exactly the structure of current state law.
- **Option D: Optimize per RHNA Goals.** This option was formulated to optimize RHNA goals, especially for current low production levels for ELI, VLI, and LI affordable housing categories. It is important to understand that the SDBL does not maximize density bonuses for LI units (the law's structure provides the largest incentives to VLI unit production). Moreover, the newer stacking bonus component is not available to projects providing additional LI units. However, LI units also serve an important household demographic (50% to 80% of AMI) and are part of the RHNA framework. Thus, this option spreads the affordable units among 3 HCD-defined income segments: ELI, VLI, and LI, retaining the "must build" requirement currently in the IHO for 11+ unit projects. Because the SDBL only provides a 50% density bonus to this mix (and did not show sufficient feasibility as a result), this option would add a local density bonus program for the LI units of 20%, creating the

[20] Of course, if the City chose this Policy Option, a developer could still voluntarily build additional on-site units in order to achieve the "stacking bonus" incentive per AB 1287.

equivalent of the 70% state bonus available in other options. This concept is present in Santa Monica's IHO (although that city chose a different policy mix to support with a local bonus), as well as in other California high cost cities.

- **Option E: Increase IHO Set-Aside to 25% with Option to Pay Partial In-Lieu Fee.** This option is included in the analysis to test increasing the current local set-aside, even though current economic conditions do not support moving in this direction due to rising construction costs and high interest rates. However, if economic conditions change, which typically occur over time in real estate cycles, it is useful to keep this option in mind as a potential future direction for West Hollywood. This Option is the same as Option C (SDBL alignment), plus a 5% set-aside in-lieu fee.[21]

Methodology to Analyze Policy Options

Each of the Policy Options was analyzed for financial feasibility, in order to ensure that changes to the IHO would not impinge on market-rate housing production. This analysis was accomplished by creating a static pro forma financial model (explained below), along with convening a series of three Zoom meetings with active local residential developers to review assumptions and discuss financial challenges. In addition, The Housing Workshop met by Zoom with a group of housing advocates representing yes-in-my-backyard and abundance-oriented organizations. Participants in both sets of consultation are listed in Appendix D.

Static Pro Forma Model

The methodology used to analyze financial feasibility for the range of Policy Options relies on a simple model known as a "static pro forma." This model estimates the size, square footage, unit mix, land acquisition costs, "hard" construction costs, soft costs, and related assumptions for a project on a particular site, based on assumed zoning and associated land use guidance. For rental projects, the model also estimates market-rate and affordable unit rents and operating expenses, derives net operating income (NOI), and applies a market-derived capitalization rate ("cap rate"), which is the rate investors use to convert annual NOI to property value for income property. Basically, this mimics the concept of a developer buying land, building a project, incurring the costs to build the project, leasing it up (for rental) relatively quickly, and then owning an asset that could be sold to a new owner, in order to estimate financial return to the

[21] We also considered a version of Option E which would be all units (no in-lieu fee), which would reduce the dilution of the effective inclusionary rate through increased built affordable units, but that approach did not achieve financial feasibility under 2024 economic conditions.

developer of the project development enterprise.

The analysis for this study evaluated both new rental and new for-sale (condominium) projects. For-sale projects follow the same analytical framework as above, except the model estimates sales revenue of units upon completion compared to development costs of the enterprise.

The results of this type of model measure financial return (i.e., profit) as a percentage of total development cost; this is called Return on Cost (ROC). It can be thought of as a straightforward metric and does not depend on leveraging developer equity or other complex financial structures (which can vary by development project).

Key Assumptions

Financial modeling depends on key assumptions reflecting real world economic conditions as accurately as possible. The following describes each key variable used in the financial analysis model for this study.

- **Prototype Development Projects.** For this study, development programs (e.g., density, number of units, unit sizes, parking) were formulated for 4 of the most common types of zoning in West Hollywood that allows multifamily development: R3, R4, CC1, and CC2. The zoning regulations are complex, but it is important to note that the R3 and R4 zones carry maximum average unit sizes as well as specified baseline density per acre, while the CC1 and CC2 zones are based on a Floor Area Ratio (FAR) concept requiring additional assumptions regarding unit size and common area to translate to a density of units per acre. Parking ratios for the 4 zones evaluated in this study were lower than actual project specifications, reflecting a typical market-rate developer determining that the project would need slightly higher parking per unit to be marketable.
- **Development Costs (Land, Hard Costs, Soft Costs).** For this study, land costs for recently constructed/current pipeline projects were researched for each of the 4 zones. Data for land costs is shown in Appendix A. These assumptions were varied by zone, because generally the denser zones have lower land costs per door. Hard and soft costs were also researched by construction type (see below for more detail), and all cost assumptions were reviewed by the attendees at the 3 developer meetings.
- **Construction Type.** One aspect of the Policy Options as they interact with maximum SDBL density bonuses is that as some projects grow denser and taller, the construction type can change from Type V (wood frame over podium or subterranean garage, typically contains projects up to 80 units per acre) to Type III (steel frame structure for

mid-rise buildings of roughly 6 to 10 stories). For this study's pro formas, as the density bonus was applied per each Policy Option, the allowable building was calculated so that when it exceeded Type V construction capabilities, the prototype was changed to Type III. The construction type and corresponding hard cost differences are noted in each pro forma Policy Option column (see detailed pro formas in Appendix E).

- **Market-Rate Rents/Sale Prices.** Market data for rents and sale prices of newly constructed units was collected and analyzed for this study, and assumptions for the pro formas were also reviewed by the developers attending the developer meetings. One challenge in West Hollywood is that there have been several recently developed luxury rental projects with asking rents above $9,000 a month. The assumptions for the pro formas herein did not use those unusually high rents; instead, rent assumptions herein are based on the more typical market-rate projects recently built in West Hollywood. Appendix A shows the rental projects on which the market-rate rents were based, along with condo sale prices for the condominium pro formas.

The table below summarizes data for the R4 and CC-1 Zones (2 of the 4 zones analyzed in this report) in order to illustrate the way these key assumptions combine to reflect on-the-ground actual projects in West Hollywood. The detailed assumptions for prototypes reflecting density, unit sizes, construction costs, other development costs, and commensurate market rate rents/sale prices are shown in the individual pro formas found in Appendices F (for 11+ units) and G (for 2-10 unit projects).

Table 5: Example Project Prototypes and Key Assumptions

	R4 Zoning		CC-1 Zoning	
	Example: 1238 Larrabee St		Example: 8500 Santa Monica Blvd	
				
	Baseline	**70% DB**	**Baseline**	**70% DB**
DU/Acre	50	85	58	100
FAR	NA	NA	1.5	2.25
Site Size (sf)	21,780	21,780	21,780	21,780
Total Number of Units In Project	25	43	29	50
Construction Type	Type 5	Type 5	Type 3	Type 3
Average Unit Size	1,100	1,100	975	975
Parking Type	Subterranean	Subterranean	Subterranean	Subterranean
Parking Ratio/DU	1.3	1.3	1.3	1.3
Land Costs per door		$ 225,000		$ 150,000
Hard Costs per sq. ft. (exc. parking)		$ 300		$ 360
Parking Costs/Space		$ 60,000		$ 60,000
Total Dev Cost per Unit (inc. land)		$ 816,417		$ 750,914
Rent/Sq. Ft.		$ 5.10		$ 5.20
Avg. Rent per Unit		*$ 5,610*		*$ 5,070*
Sales Price/Sq. Ft.		$ 1,125		$ 1,150
Avg. Price per Unit		*$ 1,237,500*		*$ 1,121,250*

Source: The Housing Workshop, based on review of WEHO Zoning codes and actual projects.

Metric to Evaluate Financial Feasibility of Policy Options

In this study, the financial feasibility of the projects analyzed uses a financial metric known as Return on Cost (ROC). This metric measures the amount of profit on the building right after it is built and leased to tenants or units are sold. This difference between theoretical revenue from a built rental building (based on capitalizing the NOI), or equivalent net sales revenue from selling ownership units, is then divided by the total cost to develop the building. In summary, Return on Cost is the financial return (profit) divided by cost (total cost to build it including land, construction, soft costs, and financing costs).

The ROC metric is one of many methods commonly used to measure feasibility. It is useful in studies like this for 3 reasons:

- **Return on Cost does not take into account individual developers' widely varying debt and equity structures.** Other standard financial metrics measure items such as return on equity (investment), depends on debt/equity arrangements that can vary widely depending on the size of the developer, its creditworthiness, and the size and risk of the project.
- **Return on Cost is useful for comparing different projects across tenure types** (e.g., rental and owner). For rental models, one has to convert the hypothetical building after lease-up to a value, which is done by applying a capitalization rate to the stabilized net operating income (NOI). This calculation represents the value of the building after it is built and initially leased up. Also, near term market rents and operating costs in high inflationary periods are more reliably estimated than 20 year cash flow projections.
- **Return on Cost is easily understood in policy discussions,** whereas many other metrics depend on more complicated definitions requiring technical explanation.

In this study, the ROC level deemed feasible for a development project is 12%, meaning a project would need to generate at least a 12% profit on total costs to reward the market rate developer with enough return to undertake the risk of the project. This threshold ROC was identified and discussed thoroughly during a series of 3 developer zoom meetings, with the 1st and 2nd meetings held in Fall of 2024, and the 3rd in early 2025, with general agreement that it was a sensible threshold to use.

It should be noted that this 12% ROC threshold to deem feasibility was chosen to be "conservative" from an analytic point of view, because it is fairly generous to developers. It was intentionally selected by The Housing Workshop to reflect some identifiable near-term economic uncertainty in the fall of 2024, as well as to provide a comfortable “margin for error” in policy discussions. Notably, many real estate analysts would have selected a lower ROC threshold of 8-10% for feasibility at that time. [22]

However, an important factor that was not identifiable during the analysis period of this study is the high trade tariffs that have subsequently been imposed, which may substantially impact the construction industry and development costs, in turn affecting some of the assumptions used in the financial modeling for this report. Due to the erratic nature of these tariff announcements occurring during the drafting of this report, it was not possible to update assumptions to match mid-2025 fluctuating economic conditions and the likely strong ripple effects of tariffs on steel, some wood products, machinery, etc. on construction costs. Also, as often noted by labor economists, increased immigrant deportations may limit needed labor and raise construction costs. Finally, a potential near-term economic recession will also impact demand for new market rate housing units.

[22] Note that a 12% ROC deemed as the feasibility threshold for this report translates to a 30%+ return on equity based on the debt/equity ratio assumed by the construction loan (which would be similar or more favorable for a permanent loan) of 40% of total development costs.

Findings for Rental Projects

A summary of the financial analysis for rental projects across the 4 zoning categories is shown below.

Table 6: Summary of Rental Projects' Financial Analysis

A threshold Return on Cost (ROC) of at least 12% is considered feasible on a conservative basis.

	20% Set-Aside					25% Set-Aside
	Baseline	**Option A**	**Option B**	**Option C**	**Option D**	**Option E:**
Rents based on:	Sch A (a)	HCD	HCD	HCD	HCD	HCD
	Current Policy	Build 15% ELI On-Site + 5% Fee	Build 15% VLI On-Site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
ELI Units	15%	15%			5%	
VLI Units	5%		15%	15%	10%	15%
LI Units					5%	
MI Units				5%		5%
Max Density Bonus from On-Site Mix (b)(c)	70% (SDB)	50% (SDB)	50% (SDB)	70% (SDB)	70% (50% SDB + 20% (LDB)	70% (SDB)
In-Lieu Fee		5%	5%			5%
R3 Rental ROC	26.7%	26.2%	28.0%	30.1%	29.0%	27.9%
R4 Rental ROC	18.5%	16.4%	18.4%	21.8%	20.4%	17.7%
CC1 Rental ROC	12.1%	10.4%	12.8%	15.7%	14.5%	12.1%
CC2 Rental ROC	12.1%	10.3%	12.4%	16.1%	14.8%	12.7%

a) Baseline follows the current IHO for 11+ units including setting maximum rents/sale prices per local Schedule A, which sets lower maximum $ income limits and rents/sale prices than HCD. The IHO categories have been reclassified here based on their $s into the HCD ELI/VLI framework.
b) SDB = State Density Bonus. LDB = Local Density Bonus.
c) The maximum SDB is calculated based on the tables in the law, which are set by voluntary set-aside %'s under each HCD-defined income category. For options with a 70% SDB, this is due to ability to achieve additional "stacking" bonus when additional up to moderate income units are included in the project, which is met via compliance with WEHO's IHO. The LDB is envisioned as a Local Density Bonus, to equalize with the SDBL due to including LI units (not accounted for in maximum SDBL bonus structure).

In almost all scenarios, the lower density zones (R3 and R4) have a higher return on cost than the denser zones (CC1 and CC2). Much of this relationship is due to higher hard costs for materials and building complexity as projects move from Type 5 (wood frame) to Type 3 (reinforced concrete or light steel) to accommodate the density bonus's additional units.

It should be noted that numerous project-specific factors can swing these results in either direction. Some developers obtain land (often with existing underutilized improvements on the land) several years prior to undertaking new development, meaning that the assumed land costs in these pro formas (reflecting current land values) may actually be higher than some developers currently planning projects have paid. If land has been acquired and held for a few years while entitling the project, and/or seeking optimal market timing, the financial returns would be higher than shown. In addition, structured parking garages are expensive, and the choice to build projects with slightly more parking than the minimum required by the City, as modeled here (and which most developers choose to retain unit marketability), substantially impacts bottom line returns.

Also, in the CC zones, a mix of revenue-generating uses such as ground floor retail, restaurant, or entertainment can generate substantial additional returns to the developer, depending on the use and market conditions; these non-residential uses are not calculated in these pro formas.

Finally, although the pro forma assumptions in this study for market-rate units were based on a review of current asking rents in typical newly constructed projects, West Hollywood has experienced the development of several ultra-luxury projects with higher rental rates, which again would raise the financial returns above those shown here, assuming the lease-up and occupancy of the ultra-luxury projects was strong. Conversely, a market downturn, due to economic conditions weakening and/or higher interest rates, would swing these returns lower than shown.

Despite these caveats, the policy options shown provide clear guidance for potential revisions to the 11+ unit portion of West Hollywood's IHO, summarized below:

- **Baseline.** Maintaining the City's current Schedule A and IHO policies without any changes would very likely yield feasible financial returns under 2024 economic conditions for the typical projects developed in R3 and R4 zones using the SDBL. For CC1 and CC2 zones, the baseline yields minimally feasible projects; some in those two zones may struggle to achieve feasibility without other incentives (currently under separate study).

Disadvantages of maintaining the current policy are that for CC1 and CC2 zones, financial feasibility is modest and may be at risk of becoming insufficient if key cost components shift further. In addition, because Schedule A does not align with state housing income limits, the production of units priced below HCD-defined Extremely Low Income means that the City is not receiving RHNA "credit" for actually producing ELI units, an important new component of the next cycle of RHNA.[23] Additionally, various State laws, including SDBL reference HCD housing income limits. This creates confusion and complexity for both developers and staff when processing housing development applications.

- **Option A: Build 15% ELI + 5% Fee.** This option seeks to preserve most of the current IHO (the ELI units would be HCD ELI, which is just slightly higher than current Schedule A that is labeled as Very Low Income). It also adds the option of paying a 5% in-lieu fee, similar to the current IHO in-lieu fee allowed for small projects with 2-10 units. This option seeks to balance both on-site affordable unit production with additional fee revenue to support the Affordable Housing Trust Fund, which can be used to leverage off-site units, sometimes yielding more units than just the inclusionary on-site can sustain (depending on other funding sources available). Because of the 15% on-site requirement and the in-lieu fee component, developers using that combination would not, under SDBL, be eligible through IHO compliance for more than a 50% density bonus (the project would not qualify for "stacking bonus" unless more affordable units were built on-site). As analyzed herein, Option A works well for R3 and R4 zones, maintaining feasibility, but creates less than fully feasible projects in CC1 and CC2 zones without further adjustment. Potential adjustments for this policy in CC1 and CC2 zones could include a smaller per-affordable unit fee in those zones or granting a local density bonus in exchange for the in-lieu fee payment (this concept is explored further in Option D).
- **Option B: Build 15% VLI + 5% Fee.** This variation is very similar to Option A, but the required AMI level for the on-site affordable units shifts from ELI to VLI. This option achieves slightly improved feasibility in the CC1 and CC2 zones, but still is not robust, especially given current economic uncertainties regarding tariffs on steel and other mid-rise construction materials, along with uncertain future interest rates.

[23] For a full explanation of recent changes to the RHND/RHNA process, including creating a new RHNA goal of ELI units for each jurisdiction, see: https://www.hcd.ca.gov/sites/default/files/docs/planning-and-community/rhna/cahf-2040-rhna-report-2024.pdf

- **Option C: Optimize per SDBL.** This option offers the greatest simplicity, directly aligning with the SDBL, and all 4 prototype projects across the 4 zones are feasible. However, it would eliminate serving ELI households through the IHO, including many seniors on limited fixed incomes and other small households in very low wage jobs or unemployed. There would be no revenue from an in-lieu fee, further limiting any ability to serve those with the greatest housing needs in West Hollywood. The 20% "stacking" bonus applies in this option because the project includes a 5% set-aside for Moderate-Income households. The stacking bonus under AB 1287 is triggered when the additional affordable set-aside falls within the law's qualifying income bands (e.g., VLI or MI).
- **Option D: Optimize RHNA Goals.** In Option D, RHNA goals including contributing to production across three low income categories, are optimized, along with alignment with SDBL (the ELI units count toward VLI for a 15% total VLI, leading to a 50% state density bonus, plus the additional 5% LI units makes a project eligible for a local bonus of 20%, totaling a 70% density bonus for the project). The SDBL-granted "stacking" bonus is available only where the additional affordable set-aside meets AB 1287's qualifying bands (i.e., VLI or MI), so a local bonus is included here to achieve the same goal. A project could still access the stacking bonus in addition to the local bonus if desired, by providing additional Moderate Income Units (not tested here). Option D, if structured so that a Local Density Bonus is provided, achieves financial feasibility across all 4 zones.
- **Option E: Increased Set-Aside to 25% Including In-Lieu Fee.** This option appears to be feasible across all four zones, although just barely for the CC1 and CC2 zones. However, since the real estate development market is currently facing strong headwinds, it is not an opportune time to go in this direction. This option may be worth considering, however, in several years when economic conditions stabilize.

Findings for For-Sale Projects

For ownership projects, Schedule A steps up the levels of income served in rental projects by approximately one income category, and the policy options shown on the next page follow this same pattern. This policy shift is common in affordable ownership programs, with most programs seeking to serve 50% or more commonly 80% AMI households in ownership programs.

The pro forma analysis of for-sale (e.g., condo) projects across Policy Options A through E shows that all the options achieve feasible levels of Return on Cost under 2024 economic conditions. It is important to note that due to rules regarding ownership units in the SDBL, the density bonuses resulting from each Policy Option affordable AMI mix vary from rental housing, but due to achieving feasibility, no local density program is needed.

Table 7: Summary of For-Sale Projects' Financial Analysis

A threshold Return on Cost (ROC} of at least 12% is considered feasible on a conservative basis.

	20% Set-Aside					25% Set-Aside
Sale Prices based on:	Baseline	Option A	Option B	Option C	Option D	Option E:
	Sch A (a)	HCD	HCD	HCD	HCD	HCD
	Current Policy	Build 15% VLI On-Site + 5% Fee	Build 15% LI On-Site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
ELI Units						
VLI Units	20%	15%			5%	
LI Units			15%	15%	10%	15%
MI Units				5%	5%	5%
Max Density Bonus from On-Site Mix (b)	70% (SDB)	50% (SDB)	27.5% (SDB)	27.5% (SDB)	20.0% (SDB)	27.5% (SDB)
In-Lieu Fee		5%	5%			5%
R3 Owner ROC	27.0%	27.2%	26.3%	25.5%	24.1%	22.8%
R4 Owner ROC	23.6%	22.4%	21.6%	23.4%	21.1%	18.1%
CC1 Owner ROC	21.1%	20.3%	19.8%	21.0%	19.1%	16.2%
CC2 Owner ROC	20.0%	19.9%	19.7%	21.4%	19.6%	17.0%

a) Baseline follows the current IHO for 11+ units including setting maximum rents/sale prices per local Schedule A, which sets lower $ income limits and rents/sale prices than HCD. The IHO $s for sale price maximums in West Hollywood were last updated in the 2022-2033 Schedule A. They are difficult to re-characterize per current HCD because they are very low $s, so are placed on this chart as VLI in the HCD framework.

b) The maximum Density Bonus per SDBL is calculated based on the tables in the law, which in turn are set by the percentage of voluntary set-aside under each HCD-defined income category. The SDBL treatment of for-sale units results in different density bonus outcomes for both the basic first step calculation, and then for use of the AB 1287 stacking. See detailed pro formas in Appendix F for ownership for further explanation.

Conclusions for Larger Projects

The feasibility analysis yields several conclusions, with the best Policy Option choice depending on which objectives the City wishes to prioritize in its optimal IHO.

The chart below provides a color-coded evaluation summary for each Policy Option across both rental and for-sale scenarios, highlighting the trade-offs which require City Council direction.

Figure 4: Evaluation of Policy Options for 11+ Unit Projects (Both Rental & Ownership)

***Evaluation coding expresses level of strength in meeting each objective*.**

	20% Set-Aside				25% Set-Aside (a)
	Option A	**Option B**	**Option C**	**Option D**	**Option E:**
	HCD	HCD	HCD	HCD	HCD
	Build 15% ELI (VLI for Owner) On-Site + 5% Fee	Build 15% VLI (LI for Owner)I On-Site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
Maintain at least current 20% set-aside	**Strong**	**Strong**	**Strong**	**Strong**	**Very Strong**
Serve lowest incomes possible (e.g.. ELI/VLI) per IHO intent	**Very Strong**	**Strong**	**Strong**	**Very Strong**	**Strong**
Maintain overall project financial feasibility across zones and tenures	**Weak feasibility** for CC1/CC2 rental projects.	**Moderate feasibility** for CC1/CC2 rental projects	**Strong**	**Strong**	**Moderate feasibility** for CC1/CC2 rental projects
Retain flexibility for City	**Strong** (City fee revenue to leverage elsewhere)	**Strong** (City fee revenue to leverage elsewhere)	**No Change** from current	**No Change** from current	**Strong** (City fee revenue to leverage elsewhere)

a) Option E is shown without color-coding due to not recommended for selection at this uncertain economic time (e.g., tariffs on building materials, high interest rates, development slowdowns). However, the City may want to consider this option in a few years if economic conditions improve.

Note: Further analysis of Options A and B for rental projects, such as providing a local density bonus or reducing the per-affordable unit fee amount in the CC1 and CC2 zones could improve project feasibility to above the 12% threshold. Both adjustments are likely to have better feasibility improvement for Option B than A, since B rental would require IHO VLI instead of ELI units.

5. Policy Options for Small Projects (2-10 Units)

The current IHO regulates small projects with 2 to 10 units differently than larger projects, with small projects required to provide a 10% set-aside for affordable units, and the option to comply by paying an in-lieu fee. Another notable aspect of West Hollywood's current policy implementation is that if 10% applied to the base unit count in a project results in a fractional unit, the City rounds up to the nearest whole unit as the inclusionary obligation. This practice makes the in-lieu fee, payable for fractions of units, a desirable option for many small project developers.

This lower set-aside and optional fee structure was analyzed by The Housing Workshop in 2022, with recommendations to include a 15% set-aside requirement for small projects, allowing for a fractional in-lieu fee up to 6 units, and requiring the whole affordable unit obligated under this set-aside to be built in projects with 7 to 10 units. The study recommendations were considered by City Council, but not adopted at the time, due to pending related needs to revisit the City's zoning framework and also pending plans to analyze ways to improve the IHO's alignment with State Density Bonus law (the subject of this report).

For this current study, with a focus on the entire array of project sizes covered by the IHO, and its relationship to SDBL, the approach is to review small projects in two subcategories: projects with 2 to 4 units, which are not eligible for SDBL, and projects with 5 to 10 units, which are eligible for a density bonus.

Policy Options for 2-4 Unit Projects

For this segment of project size, which encompassed 18 approved/proposed projects with a total of 46 units during the 2019-2024 period analyzed in an earlier chapter, the SDBL does not apply because eligible density bonus projects must have at least 5 or more units.

Thus, this category of projects is analyzed in this report for retaining the current IHO rules but setting the set-aside requirement at 15% (same as the prior study with updated financial assumptions). The pro formas for this analysis are included in Appendix G.

Findings

Similar to the findings from the prior study, projects at this small size under a 15% set-aside requirement at the current in-lieu fee level are feasible for both rental and owner projects.

Going further and considering a 20% set-aside, assuming an in-lieu fee, is only feasible if there were a density bonus provided locally by the IHO. It should be noted that a parallel current West Hollywood study is analyzing potential zoning regulatory changes to enable additional baseline density in the R2 and R3 zones where these small project sizes occur. If the City were to move forward with those changes (which involve decreasing the square footage of lot area per unit, which has the effect of increasing the number of units on a given parcel), then the IHO rules for these changes should be analyzed again.

Policy Options for 5–10 Unit Projects

Currently, West Hollywood's IHO requires these projects to also comply with a set-aside requirement of one unit, and developers have the option of paying an in-lieu fee.

However, in this project size category, projects are eligible for density bonuses under SDBL, which requires affordable units to be built in the project to access a density bonus. This is why some of the projects analyzed earlier in this report for the 2019-2024 period in this size range and were eligible for a density bonus, did build affordable units instead of paying the in-lieu fee, and thus, obtained the commensurate density bonus. Other projects in this size range did not build the affordable units, paid the in-lieu fee, and did not qualify for a density bonus.

It is also important to note that this project size range was previously studied in 2022, to determine if projects would remain feasible if the set-aside requirement were set at 15%, and also if the City should require the unit to be built (termed "must build"), as it does for projects with 11+ units. That 2022 study found that projects could financially support a set-aside of 15%, but raising it further to 20% did not work financially unless a density bonus was utilized.

As shown in Appendix G and summarized below, this project size range has been analyzed again for this study, with updated assumptions. Again, the same finding occurred, that a 15% set-aside could be supported feasibly by these projects, but that a 20% set-aside caused some configurations to become infeasible without a density bonus, even if the City adopts HCD income category definitions. Therefore, the following discussion presents findings for a 15% set-aside for both rental and owner projects in this size range, but does not present higher set-aside parameters due to their infeasibility in many configurations.

Rental Projects with 5-10 Units

Due to the small size of these projects, the analysis assumes R3 zoning. These kinds of projects represent small in-fill projects in either townhouse or stacked flat configurations. The table below shows the Return on Cost findings if the in-lieu fee option remains in place, at a 15% set-aside, as well as the effects of requiring on-site built units (which either the City can impose, or the developer must do to qualify for the State density bonus).

Table 8: Feasibility of Rental 5-10 Unit Base Projects and a 15% Set-Aside

A threshold Return on Cost (ROC} of at least 12% is considered feasible.

	15% Set-Aside (assumes R3 Zoning)		
	5 Unit Base Project	7 Unit Base Project	10 Unit Base Project
In-Lieu Fee (no DB)(a)			
Return on Cost (ROC)	14.7%	14.9%	15.4%
Policy SM-A: Build ELI Units			
Number of Aff Units (b)	1	1	2
Additional Market-Rate Units (c)	3	4	5
Return on Cost (ROC)	19.9%	18.7%	13.3%
Policy SM-B: Build VLI Units			
Number of Aff Units (b)	1	1	2
Additional Market-Rate Units (c)	3	4	5
Return on Cost (ROC)	21.9%	20.1%	15.4%

a) If a developer chooses to pay the in-lieu fee, the project is not eligible for a density bonus under SDBL.
b) The number of affordable units is calculated by the set-aside requirement multiplied by the base unit count, and if a fraction of a unit is the result, it is rounded up to the nearest whole unit. This has been both WEHO's policy, and SDBL requires the same process.
c) Depending on the required AMI for the inclusionary units, the State density bonus varies. This row shows the number of additional market-rate units based on applying the associated density bonus available for the level of affordability provided.

Findings for 5-10 Unit Rental Projects

All of the policy options for this size range indicate feasibility.

The City could choose to retain the structure of the current IHO for this project size range, with the option of an in-lieu fee (no requirement for “must build”) and the developer can still voluntarily build the affordable units and obtain the State density bonus. Alternatively, the City could move toward a “must build” approach in its IHO for 5+ units, which would likely result in most projects of this size obtaining and using the available State density bonus.

The City also has a policy choice for these projects of setting the level of AMI to require for the affordable units, either staying with the ELI level (which is the closest to the current system), or moving to the VLI level. This decision should probably be coordinated with policy choices and AMI levels made regarding the 11+ units.

Ownership Projects with 5-10 Units

This category of projects faces similar choices as the rental category of small projects outlined above. The summary of feasible Return on Cost for the options is shown in the table below, with all policy options showing adequate financial returns.

Table 9: Feasibility for 5-10 Unit Ownership Projects

A threshold Return on Cost (ROC} of at least 12% is considered feasible on conservative basis.

	15% Set-Aside (assumes R3 Zoning)		
	5 Unit Base Project	**7 Unit Base Project**	**10 Unit Base Project**
In-Lieu Fee (no DB)(a)			
Return on Cost (ROC)	13.5%	13. 7%	14.2%
Policy SM-A: Build VLI Units			
Number of Aff Units (b)	1	1	2
Additional Market-Rate Units (c)	3	4	5
Return on Cost (ROC)	16.6%	19.5%	15.3%
Policy SM-B: Build LI Units			
Number of Aff Units (b)	1	1	2
Additional Market-Rate Units (c)	2	2	4
Return on Cost (ROC)	16.0%	18.5%	16.6%
Policy SM-C: Build MI Units			
Number of Aff Units (b)	1	1	2
Additional Market-Rate Units (c)	1	1	2
Return on Cost (ROC)	15.8%	18.6%	15.8%

a) If a developer chooses to pay the in-lieu fee, the project is not eligible for a density bonus under SDBL.
b) The number of affordable units is calculated by the set-aside requirement multiplied by the base unit count, and if a fraction of a unit is the result, it is rounded up to the nearest whole unit. This has been both WEHO's policy, and SDBL requires the same process.
c) Depending on the required AMI for the inclusionary units, the State density bonus varies. This row shows the number of additional market-rate units based on applying the associated density bonus available for the level of affordability provided.

Findings for 5-10 Unit Ownership Projects

As indicated in the above table, all policy options for 5-10 unit projects providing ownership are feasible at the 15% set-aside rate.

Conclusions for Small Projects (2-10 Units)

As the analysis indicates, the City of West Hollywood could increase its set-aside requirements to 15% for all projects in the Small Project category (2-10 Units).

- For projects with 2 to 4 units, which are not eligible for a State density bonus, the IHO would remain as written except for the change to 15%, meaning that the in-lieu fee option would remain for both rental and ownership projects.
- For projects in the 5 to 10 unit size range, the City could retain the same structure, retaining the IHO as written except for the change to a 15% set-aside. This would mean that developers can choose to pay the in-lieu fee or voluntarily choose to build the affordable units in the project and become eligible for the associated State density bonus. Alternatively, the City could shift to a "must build" requirement, aligning even more closely with the SDBL and its own larger project structure, but this would reduce flexibility for the developers, which sometimes matters in terms of fitting units on small parcels. A "must build" requirement would also reduce revenues to the Affordable Housing Trust fund, but increase production sooner than accumulating funds to spend later on a 100% affordable project.
- For both the 2-4 and the 5-10 unit project sizes, the City will need to select the AMI level to target for each tenure type. Because HCD's 2022 letter to the City of West Hollywood effectively prevents alternating between two different AMI categories, the City will need to choose either ELI or VLI units to target for rental projects, and either VLI, LI, or MI for owner projects, depending on its other housing policy goals to provide housing for extremely low income units mixed with market-rate, and/or providing housing for "missing middle" incomes. Because of the small project sizes here, one AMI category should be chosen for renter and one for owner housing, but all work financially at the 15% set-aside level.

6. Other Housing Types

This chapter reviews the interplay between specific other housing types covered by the SDBL with West Hollywood's IHO, and offers recommendations to refine the IHO to meet City objectives.

Senior Housing

Senior housing is a broad category of housing type, ranging from age-restricted multifamily independent living in market-rate apartments or condominiums to congregate care (similar to independent living but includes a common dining room and activity rooms/services), to assisted living (licensed by the state, can be configured multiple ways), to group living (smaller, home-style facilities licensed by the state, with services similar to assisted living or more care). This category of housing in the SDBL also includes age-restricted mobile home parks and/or manufactured housing units configured as single family homes. [24] The SDBL grants a 20% density bonus with no affordability requirement to this broad category of senior housing. This means that any eligible senior housing project, be it independent living apartments, assisted living, or other types, can obtain an additional 20% unit or bed density bonus without providing income-restricted affordable housing to its occupants.

The City of West Hollywood's IHO does not have a specific requirement for senior housing. In keeping the intent of West Hollywood's IHO, it is recommended that the ordinance be amended to include the subcategory of age-restricted independent living only (defined by separate multifamily units with individual unit kitchen facilities), so that this type of housing is subject to whatever local IHO policy would apply to rental or for-sale units without an age restriction. This is recommended to provide clarity in the local ordinance so that it is applied to senior independent living projects. The economics of the other subcategories of senior housing are difficult to regulate in terms of affordable inclusionary units while maintaining overall financial feasibility, since there are so many configurations and business models. Also in many facilities, seniors needing care move from wing to wing, as care needs increase, also causing challenges in regulating affordability. Thus, we do not recommend applying the IHO to the other senior housing subcategories.

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[24] The State Density Bonus Law uses the term "senior citizen housing development." It is defined in Civil Code Sections 51.3 and 51.12, requiring at least 35 dwelling units; or a mobile home park that limits residency based on age for older persons under Civil Code Sections 798.76 or 799.5. For the purposes of a senior citizen housing development, "development" includes a shared housing development and a residential care facility for the elderly as defined in Health and Safety Code Section 1569.2. (Section 65915(b)(1)(C).)

Student Housing

The current West Hollywood IHO does not define student housing or set an affordable housing requirement for this type of housing. However, this type of housing is included as a category in the SDBL. Student housing is defined by the SDBL as a development that contains bedrooms with two or more bedspaces that have a shared or private bathroom, access to a shared or private living room and laundry facilities, and access to a shared or private kitchen.

The SDBL allows for eligible student housing projects to obtain a density bonus of 35% more market-rate bedspaces if at least 20% of base bedspaces are rent-restricted to 65% of AMI. The SDBL also has a sliding upward bonus density scale if the project provides higher affordable bed set-asides.

City staff reports that the City does not currently contain any projects which meet the definition of student housing. Because of the low incidence of this type of project, we recommend that the City adopt the SDBL definitions and affordability requirements, as a requirement of its IHO.

Condo Conversion

The City of West Hollywood's Municipal Code contains Section § 20.04.040 regarding Common Interest Developments (which includes condominiums) specifying that these projects must comply with the City's Inclusionary regulations.[25]

For informational purposes, the SDBL provides for a either (a) a 25% density bonus, or (b) an incentive of equivalent financial value if an applicant agrees to set-aside 33% of the units for low- or moderate-income households, or 15% to lower-income households (e.g. ELI and VLI). However, the SDBL (see § 65915.5(g) limits the applicability of these incentives; projects are not eligible if units have been:

- vacated or demolished in the five-year period preceding the application;
- subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to lower or very low-income households;
- subject to any other form of rent or price control through a public entity's valid exercise of its police power; or

[25] See: https://ecode360.com/43912892#43912892

- occupied by lower or very low-income households, unless the proposed condominium project replaces these units.

Because West Hollywood's Code regulates affordable housing requirements for condo conversions, we recommend retaining the current language in West Hollywood's Municipal Code Section § 20.04.040, which requires condo conversions be subject to the applicable IHO for that project size and tenure.

Other SDBL Housing Types not Covered by Current IHO

There are two additional types of housing covered by the SDBL that can obtain density bonuses but are not covered in West Hollywood's IHO. The primary policy question is whether the City would want to require affordable housing that in any way differs from the SDBL.

- **Shared Housing.** This type of housing is defined in SDBL similarly to student housing, but does not have a kitchen in the unit (a microwave only). In the SDBL, the affordability requirements and available density bonuses are provided in the same way as student housing. It is unclear if the newly-adopted shared housing development standards in West Hollywood align with this definition, and may require legal review to ascertain. If the City's definition aligns with the SDBL definition of this housing type, we recommend adopting the baseline affordability requirement of 20% of beds be set-aside for up to 65% AMI occupants. In this way, compliance with the IHO would make the project eligible for a 35% density bonus as described above in Student Housing.
- **Foster Youth/Veterans Housing**, This is housing to serve foster youth or veterans, both of which are typically developed as 100% affordable housing which is exempt from the IHO. In the SDBL there are no AMI definitions or specific affordability restrictions and this type of housing is eligible for a 20% density bonus. We recommend restating the SDBL language for this type of housing in the IHO, provided it is developed as affordable housing (with all rents below 80% of AMI).

Appendix A: Detail for CA Density Bonus Law

Appendix A1: State Density Bonus By % of Affordable Units in a Project

AFFORDABLE UNIT PERCENTAGE (a) (b)	VERY LOW INCOME DENSITY BONUS	LOW INCOME DENSITY BONUS	MODERATE INCOME DENSITY BONUS (c)
5%	20%	-	-
6%	22.5%	-	-
7%	25%	-	-
8%	27.5%	-	-
9%	30%	-	-
10%	32.5%	20%	5%
11%	35%	21.5%	6%
12%	38.75%	23%	7%
13%	42.5%	24.5%	8%
14%	46.25%	26%	9%
15%	50%	27.5%	10%
16%	50%	29%	11%
17%	50%	30.5%	12%
18%	50%	32%	13%
19%	50%	33.5%	14%
20%	50%	35%	15%
21%	50%	38.75%	16%
22%	50%	42.5%	17%
23%	50%	46.25%	18%
24%	50%	50%	19%
25%	50%	50%	20%
26%	50%	50%	21%
27%	50%	50%	22%
28%	50%	50%	23%
29%	50%	50%	24%
30%	50%	50%	25%
31%	50%	50%	26%
32%	50%	50%	27%
33%	50%	50%	28%
34%	50%	50%	29%
35%	50%	50%	30%
36%	50%	50%	31%
37%	50%	50%	32%
38%	50%	50%	33%
39%	50%	50%	34%
40%	50%	50%	35%
41%	50%	50%	38.75%
42%	50%	50%	42.5%
43%	50%	50%	46.25%
44%	50%	50%	50%
100% (d)	80%	80%	80%

Notes:
(a) All fractional density bonus units are rounded up to the next whole unit.
(b) Affordable unit percentage is calculated excluding units added by a density bonus.
(c) Moderate income density bonus applies to for sale units, not to rental units.
(d) Applies when 100% of the total units (other than manager's units) are restricted to very low, lower, and moderate income (maximum 20% moderate).
Source: Meyers Nave, 2023.

Appendix A2: Additional Stacking Bonus

Applicable for projects achieving a 50% density bonus (see prior chart), which automatically occurs in West Hollywood through its IHO requirement for 11+ unit projects (i.e., 15% of West Hollywood's required 20% set-aside are at income/rent levels equivalent to HCD Very Low Income).

Very Low Income		Moderate-Income	
% (Additiona) Very :Low Income Units	% (Additional) Density Bonus	% (Additiona) Moderate Income Units	% (Additional) Density Bonus
5%	20%	5%	20%
6%	23.75%	6%	22.5%
7%	27.50%	7%	25%
8%	31.25%	8%	27.5%
9%	35%	9%	30%
10%	38.8%	10%	32.5%
		11%	35%
		12%	38.75%
		13%	42.5%
		14%	46.25%
		15%	50%

Note:
To qualify for AB 1287's additional density bonus, a project must first propose enough very low-, low-, or moderate-income units to achieve a 50% base density bonus under the State Density Bonus Law. Applicants can then provide additional very low- or moderate-income units beyond the 50% threshold to earn a supplemental stacking bonus. Like the base bonus, the additional bonus is based on the project's base density. The stacking bonus is additive to the initial 50% bonus, allowing projects to achieve up to a 100% total density bonus, depending on the level of additional affordability provided.

Appendix B: Income Limits and Maximum Rents/Sale Prices

Appendix B1: West Hollywood and HCD Affordable Housing Income Limits, 2024

	Household Income (% of AMI)									
	30% AMI		50% AMI		80% AMI		100% AMI		120% AMI	
HH Size	WEHO (a)	HCD (b)	WEHO (a)	HCD (b)	WEHO (a)	HCD (b)	WEHO (a)	HCD (b)	WEHO (a)	HCD (b)
1	NA	$ 29,150	$ 40,160	$ 48,550	$ 64,256	$ 77,700	$ 80,320	$ 97,100	$ 96,384	$ 82,500
2	NA	$ 33,300	$ 43,373	$ 55,450	$ 65,396	$ 88,800	$ 84,746	$ 110,900	$ 104,095	$ 94,300
3	NA	$ 37,450	$ 46,586	$ 62,400	$ 74,537	$ 99,900	$ 93,171	$ 124,800	$ 111,805	$ 106,050
4	NA	$ 41,600	$ 49,798	$ 69,350	$ 79,677	$ 110,950	$ 99,597	$ 138,700	$ 119,516	$ 117,850
5	NA	$ 44,950	$ 53,011	$ 74,900	$ 84,818	$ 119,950	$ 106,022	$ 149,800	$ 127,227	$ 127,300

a) From West Hollywood 2024-2025 Inclusionary Housing Program, Affordable Housing Schedule A, 2024.
b) For Los Angeles County. HUD makes adjustments for areas with high housing costs relative in income, and these adjustments result in the low-income limit exceeding median. See below link for methodology.
https://www.huduser.gov/portal/datasets/il/il24/Medians-Methodology-FY24.pdf

Sources: City of West Hollywood; California Department of Housing and Community Development, 2024.

Appendix B2: Maximum Affordable Rents, 2024

	Maximum Affordable Rents					
	30% AMI		50% AMI		80% AMI	
Unit Size	WEHO (a)	HCD (b)	WEHO (a)	HCD (b)	WEHO (a)	HCD (b)
Studio	NA	$729	$ 526	$1,214	$ 759	$1,943
1-Bedroom	NA	$781	$ 600	$1,300	$ 868	$2,081
2-Bedroom	NA	$936	$ 792	$1,560	$ 1,267	$2,498

For both max rent programs, typically includes rent plus utilities.
a) From West Hollywood 2024-2025 Inclusionary Housing Program, Affordable Housing Schedule A, 2024.
b) Max HCD rent is determined by using the HUD income limits adjusted for areas with high housing costs relative to income.

Appendix B3: Maximum Affordable Sales Prices, 2024 (a)

	Very Low		Low		Moderate (c)	
Unit Size	**WEHO (a)**	**HCD (b)**	**WEHO (a)**	**HCD (b)**	**WEHO (a)**	**HCD (b)**
Studio (1-person)	N/A	$153,099	$85,224	$284,442	$131,114	$371,853
1-Bedroom (2-person HH)	N/A	$184,189	$97,399	$334,455	$149,844	$434,032
2-Bedroom (3-person HH)	N/A	$215,504	$115,661	$384,469	$177,940	$496,662
3-Bedroom (4-person HH)	N/A	$246,819	$132,097	$434,258	$203,226	$609,306

Notes:
(a) In 2024, WEHO did not adopt a schedule for maximum sales price because staff was reviewing the feasibility of the inclusionary program, and there were no active for-sale affordable units. This reflects the maximum sales prices adopted in 2022-2023, the last time these figures were published. Note this table compares West Hollywood's 2022/23 Schedule A sales prices to 2024 incomes derived from HCD.
(b) The HCD sales prices are based on 2024 Los Angeles County income limits and the following terms
Mortgage terms:

Annual Interest Rate (fixed)	6.50%
Term of mortgage (years)	30
Percent of sale price as down payment	20%
Property tax rate (annual)	1.20%
Annual homeowner's insurance rate as percent of sale price	0.50%
Homeowners Association Fee (monthly)	$425
Percent of household income available for housing costs	35%

(c) Moderate-income is defined as up to 120% of AMI; however, affordable sales prices are typically calibrated to 100–110% of AMI to account for ongoing ownership costs. HCD sales prices are calculated based on 100% AMI.
Sources: CA HCD, 2024; Los Angeles County Auditor-Contoller's Office, 2024; CA Dept. of Insurance, 2024; The Housing Workshop, 2024.

Appendix C: Inclusionary Programs in Other Jurisdictions

	West Hollywood	Santa Monica	Beverly Hills	Los Angeles County	Pasadena	Berkeley
Demographics and Market						
Average Rent, Aug 2025 (Zillow)	$3,100	$3,597	$4,315	Varies by market	$2,783	$2,600
Median Sales Price, Q2 2025 (Property Shark)	$965,000	$1,682,500	$3,375,000	Varies by market	$1,189,000	$1,500,000
General Inclusionary Housing Program Features						
Applicability	2+ unit projects	2+ unit projects	5+ unit projects	5+ unit projects	All non-exempt residential projects	All non-exempt residential projects
Inclusionary Set-Aside Requirement	20% for 11+ unit projects	15%	10%	Varies by tenure, AMI targets, and geography	20%	20%
Small Projects	1 unit for ≤ 10 unit projects	2-5 unit projects	1 unit for 5-9 unit projects	5-14 unit projects are permitted a 50% reduction in inclusionary obligation	N/A	N/A
Fractional Units	Fractional fee for 2-10 units; must-build rounded up to whole unit for 11+	Fractional units of ≥0.5 are rounded up to one affordable unit; fractions <0.5 may be met by paying the in-lieu fee	Fractional units of ≥0.5 are rounded up to one affordable unit	Any calculation yielding a fraction is rounded up to the nearest whole unit	To calc inclusionary units: projects with 10–20 units round up fractions ≥0.75; projects with 21+ units round up fractions ≥0.50	Any calculation yielding a fraction is rounded up to the nearest whole unit
In-Lieu Fee Applicability	2–10 unit projects can pay in-lieu fee	2-5 unit projects; fractional units <0.5	5-9 unit projects can pay in-lieu fee	N/A	Can pay in-lieu fee or combo of units & fee	Can pay in-lieu fee or combo of units & fee
In-Lieu Fee	Fee is $916,889 per aff unit w fractional fee for < 1 unit	$43.91/SF for apartments $51.30/SF for condos	$105/SF × (# of units ÷ 9)	N/A	Varies based on tenure, subarea, and project size	$56.25 per SF, applied only to floor area above 5,000 SF
Rental Projects						
Inclusionary Requirement	1 unit for ≤ 10 unit projects; 20% for 11+ unit projects	15%	1 unit for 5-9 unit projects 10% for 10+unit	Developers may choose: (1) 10% if the average affordability is 40% AMI; (2) 15% if the average affordability is 65% AMI; or (3) 20% of units at 80% AMI.	20%	20%
Affordability Target	Alternates between locally defined AMI categories which correspond to HCD ELI/VLI	80% AMI for 6-19 unit projects; split among 50%-80%-100% AMI for 20+ unit projects	If 1 affordable unit: assign to 50%, 80%, or 120% AMI; if 2+ affordable units are required, distribute among 50%, 80%, or 120% AMI as applicant chooses with density bonus		5% VLI, 5% VLI or Low, and 10% VLI/Low/Mod	Can choose combination of units & in-lieu fees. At least half of the affordable units must be for VLI (capped at 10% of total units), with balance for Low-Income households
Affordability Term	In perpetuity	55-years	55-years	In perpetuity	In perpetuity	In perpetuity
For-Sale Projects						
Inclusionary Set-Aside Requirement	1 unit for ≤ 10 unit projects; 20% for 11+ unit projects	No inclusionary units are for-sale; all inclusionary units are rentals	No inclusionary units are for-sale; all inclusionary units are rentals	Requirement varies by submarket: 5%, 15%, or 20%	20%	20%
Affordability Target	Alternates between locally defined AMI categories	See above	See above	135% AMI	Very Low, Low, or Moderate	80% AMI
Affordability Term	In perpetuity	See above	See above	Subject to an equity-sharing agreement with the County	45-years	In perpetuity
Notable Features						
Notable features	Deep affordability targets in local Schedule A roughly correspond to ELI under HCD income definitions	Projects meeting the 15% inclusionary requirement receive a 50% local density bonus. Fee waivers available for affordable units (e.g. parks, transportation, child care fees)		Local density bonus and other incentives awarded for ELI units		VLI rental units must be offered to tenants on housing wait lists, mix of on-site units and in-lieu fees, provide developer flexibility

Source: The Housing Workshop, 2025.

Los Angeles County's Local Density Bonus for Projects with ELI Units

Affordable Unit Percentage	Extremely Low Income Density Bonus	# of Incentives
5%	25%	3
6%	30%	3
7%	35%	3
8%	40%	3
9%	45%	3
10-14%	55%	3
15-19%	60.5%	3
20-24%	64%	3
25-29%	67.5%	3
30-34%	71%	3
35-39%	74.5%	3
40-44%	78%	3
45-49%	81.5%	3
50-54%	85%	3
55-59%	88.5%	3
60-64%	92%	3
65-69%	95.5%	3
70-74%	99%	3
75-79%	102.5%	3
80-84%	106%	3 or 4
85-89%	109.5%	3 or 4
90-94%	113%	3 or 4
95-99%	116.5%	3 or 4
100% (d)	120%	3 or 4

Appendix D: Consultation with Developers and Advocates

Active Developers and Advisors

Ariel Franco	8557 N W Knoll LLC / Orion Cityscape
Alex Akhtarzad	GPI Companies
Mike Schwartzman	DevelUP Inc. (consultant)
Simon Roth	E.D. Flores LLC
Mark Lehman	Law Offices of Mark E. Lehman,
Demitri Smaha	8228 ASSOCIATES / AJ Khair Development & Construction
Todd Elliot	Truman & Elliot LLP (attorneys)
Guy Benshushan	Orion Cityscape
Lina Lee	CIM Group
Ian Fishburn	1051 WH LLC
Jake Stevens	Faring
Craig Berberian	Empire Property Group LLC, Larabee Holdings, LLC
Alex Massachi	Massachi Industries, Inc.
Charles Essig	Silver Creek Development
Ramin Bassam	Pers Development
Ron Levi	Adea Properties

Affordable Housing Advocates

Scott Epstein	Abundant Housing LA
Noah Suarez-Sikes	Better Neighbors LA
Zennon Ulyate-Crow	YimbyLA
John Gregorchuk	YimbyLA/Developer

Appendix E: Market Data

Appendix E1: Land Sales Data

Acquistion Comps	Parcels	Sale Year	Land SF	Sales Price	Sales Price/ Land SF	New Units in Project	Per Unit	Zoning	Overlay	Density Bonus	Planning Approval Year
Small Projects 2-10 Units											
1019 Orange Grove Ave	1	2020	6,500	$ 1,550,000	$ 238	9	$ 172,222	R3-C		DB	2019
1027 Spaulding Ave	1	2022	6,503	$ 1,530,000	$ 235	5	$ 306,000	R3-B		IHO	2023
8615 West Knoll Drive	1	2023	9,440	$ 5,750,000	$ 609	10	$ 575,000	R3-C		DB	2024
						Average	**$ 351,074**				
Larger Projects 11+ Units (R3-R4 Zones)											
948-954 San Vicente Blvd	2	2021	13,259	$ 5,375,000	$ 405	24	$ 223,958	R4-B		DB	2022
1238-1244 Larrabee St	2	2022	13,343	$ 5,500,000	$ 412	24	$ 229,167	R4-A		DB	Pending
						Average	**$ 229,167**				
Larger Projects (CC1/CC2 Zones)											
8527-8555 Santa Monica / 8532-8552 West Knoll Drive	6	2002-2019	61,097	$ 101,301	$ 204	123	$ 101,301	CC-1/R4-B	MUIOZ	DB	2023
8500 Santa Monica Blvd	3	2020	11,349	$ 6,800,000	$ 599	30	$ 226,667	CC-1	MUIOZ	DB	2023
8025 Santa Monica Blvd	1	2022	22,005	$ 13,600,000	$ 618	110	$ 123,636	CC-2	MUIOZ	DB	2024
						Average	**$ 150,535**				

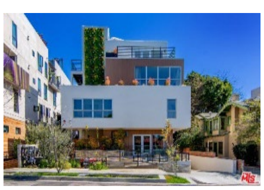
Sources: City of West Hollywood, 2024; Zillow, 2024; Property Shark, 2024.

Appendix E2: Multifamily Market Rent Data (September, 2025 Asking Rents)

		Size			Asking	
Name/Address	**Unit**	**SF**	**BD**	**BA**	**Rent**	**$/sf**
528 Flores St (stacked flats)	2BD	1,251	$2	$2	$6,500	$5.20
	Units in Bldg	4				
	Site Area (SF)	5,663				
	Year Built	2023				
	Zoning	R3-B				
Larrabee Residences (stacked flats)	3BD	1,132	3	3	$6,150	$5.43
829 Larrabee St						
	Units in Bldg	13				
	Site Area (SF)	12,197				
	Year Built	2022				
	Zoning	R4-B				
The Charlie WEHO (stacked flats)	1BD	687	1	1	$3,400	$4.95
7617 Santa Monica Blvd		721	1	1	$3,412	$4.73
		752	1	1	$3,568	$4.74
	3BD	1,407	3	3	$5,445	$3.87
		1,478	3	3	$7,525	$5.09
	Units in Bldg	71				
	Site Area (SF)	31,407				
	Year Built	2023				
	Zoning	CC-1				
Nine Thousand One (stacked flats)	2BD	1,548	2	2.5	$9,125	$5.89
9001 Santa Monica Blvd						
	Units in Bldg	46				
	Site Area (SF)	27,386				
	Year Built	2021				
	Zoning	CC-1				
Empire at Fairfax (stacked flats)	Penthouse	1,155	2	2	$5,520	$4.78
1001 Fairfax						
	Units in Bldg	34				
	Site Area (SF)	13,504				
	Year Built	2022				
	Zoning	CC-1				
1236 N. Spaulding Ave (townhouses)	2BD	1,600	2	3	$8,700	$5.44
	Units in Bldg	3				
	Site Area (SF)	6,750				
	Year Built	2022				
	Zoning	R3-B				

Sources: Zillow , 2025; City of West Hollyw ood, 2025; The Housing Workshop, 2025.

Appendix E3: Multifamily Market Sales Data (6/24-6/25)

		Size						
Name/Address	**Unit**	**SF**	**BD**	**BA**	**Sale Price**	**$/sf**	**Sale Date**	**Parking**
812 Huntley Drive								
Townhouses	#103	2,438	3	3	$2,825,000	$1,159	6/25/2024	2 spaces
	#105	2,664	3	3	$3,100,000	$1,164	2/29/2024	
					Average	**$1,161**		
	Units in Bldg	5						
	Site Area (SF)	11,422						
	Year Built	2020						
	Zoning	R2						
917-927 Hilldale Ave								
Townhouses								
	921 Hilldale	3,096	3	4	$3,700,000	$1,195	5/20/2025	2 spaces
	923 Hilldale	2,555	2	2	$2,750,000	$1,076	6/3/2025	
					Average	**$1,136**		
	Units in Bldg	9						
	Site Area (SF)	18,923						
	Year Built	2025						
	Zoning	R2						
1253 Sweetzer								
Stacked Flats	#1	1,636	2	2	$1,211,223	$740	8/13/2025	2 spaces
	#3	1,702	2	2	$1,270,309	$746	2/12/2025	
					Average	**$743**		
	Units in Bldg	12						
	Site Area (SF)	9,000						
	Year Built	2020						
	Zoning	R4-A						
8420 Sunset Blvd								
Condos/Stacked Flats	#208	2,736	2	3	$3,980,000	$1,455	7/1/2025	2 spaces
	#408	2,726	2	3	$3,525,000	$1,293	10/30/2024	
					Average	**$1,374**		
	Units in Bldg	50						
	Site Area (SF)	49,223						
	Year Built	2021						
	Zoning	SSP						
621 Kings Rd								
Townhouses	#3	1,691	2	3	$2,499,999	$1,478	6/16/2025	
	Units in Bldg	3						
	Site Area (SF)	5,750						
	Year Built	2025						
	Zoning	R3-B						
1236 N. Fairfax Ave								
Townhouses	#1	1,519	3	3	$1,499,999	$987	6/9/2025	
	#3	1,165	2	3	$1,199,000	$1,029	6/9/2025	
	#5	1,223	2	2	$1,499,000	$1,226	5/27/2025	
					Average	**$1,081**		
	Units in Bldg	7						
	Site Area (SF)	6850						
	Year Built	2025						
	Zoning	R4-B						

Sources: Zillow, 2025; City of West Hollywood, 2025; The Housing Workshop, 2025.

Appendix F: Pro Formas for 11+ Unit Projects

Table 1: Rental Housing in R-3 Zone

Stacked Flats with underground parking garage in Zone R-3

	20% Set-Aside					25% Set-Aside
	Baseline	Option A	Option B	Option C	Option D	Option E
Key Development Assumptions	Current Policy (a)	Build 15% ELI On-site + 5% Fee	Build 15% VLI On-site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
Site Size (sf) (b)	21,780	21,780	21,780	21,780	21,780	21,780
Base Units	18	18	18	18	18	18
Inclusionary % Required by WEHO	20%	20%	20%	20%	20%	25%
% Affordable Built On-Site	20%	15%	15%	20%	20%	20%
% Affordable Paid by In-Lieu Fee	0%	5%	5%	0%	0%	5%
Inclusionary Units Required by WEHO (c)	4	3	3	4	4	4
Density Bonus (d)	70%	50%	50%	70%	70%	70%
Add'l Market Rate Units from Density Bonu	13	9	9	13	13	13
Number of Market Rate Units	27	24	24	27	27	27
Total Number of Units	***31***	***27***	***27***	***31***	***31***	***31***
Dwelling Units/Acre	62	54	54	62	62	62
Average Unit Size (e)	1,300	1,300	1,300	1,300	1,300	1,300
Net Residential Space (sf)	40,300	35,100	35,100	40,300	40,300	40,300
Common Area	6,045	5,265	5,265	6,045	6,045	6,045
Total Residential Space (sf)	46,345	40,365	40,365	46,345	46,345	46,345
Parking spaces per unit (f)	1.50	1.50	1.50	1.50	1.50	1.50
Total Number of Parking Spaces	47	41	41	47	47	47
Market Rate Rents (g)						
Avg Rent per Unit	$ 6,630	$ 6,630	$ 6,630	$ 6,630	$ 6,630	$ 6,630
Average Rent per SF	$ 5.10	$ 5.10	$ 5.10	$ 5.10	$ 5.10	$ 5.10
WEHO Schedule A (a)	% #	% #	% #	% #	% #	% #
2 Bedroom - Extremely Low	0% -	0% -	0%	0% -	0% -	0% -
2 Bedroom - Very Low	15% 3	0% -	0%	0% -	0% -	0% -
2 Bedroom - Low	0% -	0% -	0%	0% -	0% -	0% -
2 Bedroom - Moderate	5% 1	0% -	0%	0% -	0% -	0% -
HCD Income Limits						
2 Bedroom - Extremely Low	0% -	15% 3	0% -	0% -	5% 1	0% -
2 Bedroom - Very Low	0% -	0% -	15% 3	15% 3	10% 2	15% 3
2 Bedroom - Low	0% -	0% -	0% -	0% -	5% 1	0% -
2 Bedroom - Moderate	0% -	0% -	0% -	5% 1	0% -	5% 1
Development Costs						
Construction Type	Type 5	Type 5	Type 5	Type 5	Type 5	Type 5
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Impact Fees (h)						
Quimby/Park Fee per Unit	$ -	$ -	$ -	$ -	$ -	$ -
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per Affordable Unit (i)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ 916,889
Financing Costs						
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Operations						
Vacancy	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
OpEx per unit (inc. prop taxes)	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250
Cap Rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

	20% Set-Aside					25% Set-Aside
	Baseline	Option A	Option B	Option C	Option D	Option E
Development Costs	Current Policy (a)	Build 15% ELI On-site + 5% Fee	Build 15% VLI On-site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
Land	$ 7,750,000	$ 6,750,000	$ 6,750,000	$ 7,750,000	$ 7,750,000	$ 7,750,000
Land per Residential Unit (j)	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000
Land per Site sf	$ 356	$ 310	$ 310	$ 356	$ 356	$ 356
Construction Costs						
Site Work	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800
Hard Costs - Residential	$ 13,903,500	$ 12,109,500	$ 12,109,500	$ 13,903,500	$ 13,903,500	$ 13,903,500
Hard Costs - Parking	$ 2,820,000	$ 2,460,000	$ 2,460,000	$ 2,820,000	$ 2,820,000	$ 2,820,000
Soft Costs	$ 2,541,195	$ 2,218,095	$ 2,218,095	$ 2,541,195	$ 2,541,195	$ 2,541,195
Quimby/Park Fee	$ -	$ -	$ -	$ -	$ -	$ -
Public Beautification Fee	$ 169,413	$ 147,873	$ 147,873	$ 169,413	$ 169,413	$ 169,413
School Fee	$ 239,604	$ 208,687	$ 208,687	$ 239,604	$ 239,604	$ 239,604
Transportation Fee	$ 13,888	$ 12,096	$ 12,096	$ 13,888	$ 13,888	$ 13,888
Affordable Housing In-Lieu Fee (k)	$ -	$ 550,133	$ 550,133	$ -	$ -	$ 458,445
Subtotal Const Costs Before Financing	*$ 19,905,400*	*$ 17,924,184*	*$ 17,924,184*	*$ 19,905,400*	*$ 19,905,400*	*$ 20,363,844*
Financing Costs						
Points	$ 179,149	$ 161,318	$ 161,318	$ 179,149	$ 179,149	$ 183,275
Construction Period Interest	$ 1,003,232	$ 903,379	$ 903,379	$ 1,003,232	$ 1,003,232	$ 1,026,338
Subtotal Financing Costs	*$ 1,182,381*	*$ 1,064,697*	*$ 1,064,697*	*$ 1,182,381*	*$ 1,182,381*	*$ 1,209,612*
Total Development Costs	**$ 28,837,780**	**$ 25,738,881**	**$ 25,738,881**	**$ 28,837,780**	**$ 28,837,780**	**$ 29,323,456**
Total Development Cost per Unit (inc. land)	*$ 930,251*	*$ 953,292*	*$ 953,292*	*$ 930,251*	*$ 930,251*	*$ 945,918*
Total Development Cost per Unit (exc. land)	*$ 680,251*	*$ 703,292*	*$ 703,292*	*$ 680,251*	*$ 680,251*	*$ 695,918*
Valuation						
Operations						
Gross Income - Market Rate Units	$ 2,148,120	$ 1,909,440	$ 1,909,440	$ 2,148,120	$ 2,148,120	$ 2,148,120
Gross Income - Affordable Units	$ 47,520	$ 33,696	$ 56,160	$ 93,600	$ 78,624	$ 93,600
Less: Vacancy	$ (109,782)	$ (97,157)	$ (98,280)	$ (112,086)	$ (111,337)	$ (112,086)
Less: Op Expenses	$ (441,750)	$ (384,750)	$ (384,750)	$ (441,750)	$ (441,750)	$ (441,750)
Net Operating Income (NOI)	$ 1,644,108	$ 1,461,229	$ 1,482,570	$ 1,687,884	$ 1,673,657	$ 1,687,884
Value at Stabilization	**$ 36,535,733**	**$ 32,471,760**	**$ 32,946,000**	**$ 37,508,533**	**$ 37,192,373**	**$ 37,508,533**
Return on Cost						
Value at Stabilization	$ 36,535,733	$ 32,471,760	$ 32,946,000	$ 37,508,533	$ 37,192,373	$ 37,508,533
Less: Total Development Costs	$ (28,837,780)	$ (25,738,881)	$ (25,738,881)	$ (28,837,780)	$ (28,837,780)	$ (29,323,456)
Profit	$ 7,697,953	$ 6,732,879	$ 7,207,119	$ 8,670,753	$ 8,354,593	$ 8,185,077
% Return on Cost	**26.7%**	**26.2%**	**28.0%**	**30.1%**	**29.0%**	**27.9%**
Feasible? (l)	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (m)	*12.9%*	*11.1%*	*11.1%*	*12.9%*	*12.9%*	*12.9%*

Notes:

a) The Baseline maintains the current 20% inclusionary requirement for larger projects, based on West Hollywood's published "Schedule A: 2024–2025 Inclusionary Housing Program Affordable Housing Schedule." When converted to HCD income limits, the resulting affordability levels are roughly equivalent to ELI and VLI rents.

b) Base density in this zone is 1,210 sq.ft. of site area per unit

c) This reflects the minimum number of affordable units required to satisfy the local inclusionary policy option. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the stacking bonus.

d) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. Actual bonus percentages may vary slightly based on the base unit count and rounding conventions.

e) The average unit size is based on projects approved in R3 zones between 2019 and 2024. Units tend to be larger because the base density is capped at 36 dwelling units per acre. With this limit, developers typically build larger units to maximize profits, compared to projects in other zoning districts.

f) The city's ordinance requires parking based on bedroom count and allows reduced ratios for density bonus projects. This proforma assumes an average of 1.5 spaces per unit, aligning with the incentives. All parking is subterranean.

g) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

h) The current fees that apply to residential projects are:

Quimby (for condominiums, does not apply to rentals)		
Public beautification and art fee	1.0%	
School fee	$5.17	psf
Transportation facilities fee	$ 448	per unit

(i) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

j) The land cost per unit was derived from properties sales in R3 zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

k) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

l) Project feasibility assumes a minimum return on co: 12.0%

m) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 2: Rental Housing in R-4 Zone

Stacked Flats with underground parking garage in Zone R-4

	20% Set-Aside					25% Set-Aside
	Baseline	Option A	Option B	Option C	Option D	Option E
Key Development Assumptions	Current Policy (a)	Build 15% ELI On-site + 5% Fee	Build 15% VLI On-site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
Site Size (sf) (b)	21,780	21,780	21,780	21,780	21,780	21,780
Base Units	25	25	25	25	25	25
Inclusionary % Required by WEHO	20%	20%	20%	20%	20%	25%
% Affordable Built On-Site	20%	15%	15%	20%	20%	20%
% Affordable Paid by In-Lieu Fee	0%	5%	5%	0%	0%	5%
Inclusionary Units Required by WEHO (c)	5	4	4	5	5	5
Density Bonus (d)	70%	50%	50%	70%	70%	70%
Additional Market Rate Units from Density	18	13	13	18	18	18
Number of Market Rate Units	38	34	34	38	38	38
Total Number of Units	***43***	***38***	***38***	***43***	***43***	***43***
Dwelling Units/Acre	86	76	76	86	86	86
Average Unit Size (e)	1,100	1,100	1,100	1,100	1,100	1,100
Net Residential Space (sf)	47,300	41,800	41,800	47,300	47,300	47,300
Common Area	7,095	6,270	6,270	7,095	7,095	7,095
Total Residential Space (sf)	54,395	48,070	48,070	54,395	54,395	54,395
Parking spaces per unit (f)	1.50	1.50	1.50	1.50	1.50	1.50
Total Number of Parking Spaces	65	57	57	65	65	65
Market Rate Rents (g)						
Avg Rent per Unit	$ 5,610	$ 5,610	$ 5,610	$ 5,610	$ 5,610	$ 5,610
Average Rent per SF	$ 5.10	$ 5.10	$ 5.10	$ 5.10	$ 5.10	$ 5.10
WEHO Schedule A (a)	% #	% #	% #	% #	% #	% #
2 Bedroom - Extremely Low	0% -	0% -	0%	0% -	0% -	0% -
2 Bedroom - Very Low	15% 4	0% -	0%	0% -	0% -	0% -
2 Bedroom - Low	0% -	0% -	0%	0% -	0% -	0% -
2 Bedroom - Moderate	5% 1	0% -	0%	0% -	0% -	0% -
HCD Income Limits						
2 Bedroom - Extremely Low	0% -	15% 4	0% -	0% -	5% 2	0% -
2 Bedroom - Very Low	0% -	0% -	15% 4	15% 4	10% 2	15% 4
2 Bedroom - Low	0% -	0% -	0% -	0% -	5% 1	0% -
2 Bedroom - Moderate	0% -	0% -	0% -	5% 1	0% -	5% 1
Development Costs						
Construction Type	Type 5	Type 5	Type 5	Type 5	Type 5	Type 5
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Impact Fees (h)						
Quimby/Park Fee per Unit	$ -	$ -	$ -	$ -	$ -	$ -
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per Affordable Unit (i)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ 916,889
Financing Costs						
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Operations						
Vacancy	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
OpEx per unit (inc. prop taxes)	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250
Cap Rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

	20% Set-Aside					25% Set-Aside
	Baseline	Option A	Option B	Option C	Option D	Option E
Development Costs	Current Policy (a)	Build 15% ELI On-site + 5% Fee	Build 15% VLI On-site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
Land	$ 9,675,000	$ 8,550,000	$ 8,550,000	$ 9,675,000	$ 9,675,000	$ 9,675,000
Land per Residential Unit (j)	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000
Land per Site sf	$ 444	$ 393	$ 393	$ 444	$ 444	$ 444
Construction Costs						
Site Work	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800
Hard Costs - Residential	$ 16,318,500	$ 14,421,000	$ 14,421,000	$ 16,318,500	$ 16,318,500	$ 16,318,500
Hard Costs - Parking	$ 3,900,000	$ 3,420,000	$ 3,420,000	$ 3,900,000	$ 3,900,000	$ 3,900,000
Soft Costs	$ 3,065,445	$ 2,708,820	$ 2,708,820	$ 3,065,445	$ 3,065,445	$ 3,065,445
Quimby/Park Fee	$ -	$ -	$ -	$ -	$ -	$ -
`	$ 204,363	$ 180,588	$ 180,588	$ 204,363	$ 204,363	$ 204,363
School Fee	$ 281,222	$ 248,522	$ 248,522	$ 281,222	$ 281,222	$ 281,222
Transportation Fee	$ 19,264	$ 17,024	$ 17,024	$ 19,264	$ 19,264	$ 19,264
Affordable Housing In-Lieu Fee (k)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ 1,146,111
Subtotal Const Costs Before Financing	*$ 24,006,594*	*$ 22,130,643*	*$ 22,130,643*	*$ 24,006,594*	*$ 24,006,594*	*$ 25,152,705*
Financing Costs						
Points	$ 216,059	$ 199,176	$ 199,176	$ 216,059	$ 216,059	$ 226,374
Construction Period Interest	$ 1,209,932	$ 1,115,384	$ 1,115,384	$ 1,209,932	$ 1,209,932	$ 1,267,696
Subtotal Financing Costs	*$ 1,425,992*	*$ 1,314,560*	*$ 1,314,560*	*$ 1,425,992*	*$ 1,425,992*	*$ 1,494,071*
Total Development Costs	**$ 35,107,586**	**$ 31,995,203**	**$ 31,995,203**	**$ 35,107,586**	**$ 35,107,586**	**$ 36,321,776**
Total Development Cost per Unit (inc. land)	*$ 816,455*	*$ 841,979*	*$ 841,979*	*$ 816,455*	*$ 816,455*	*$ 844,692*
Total Development Cost per Unit (exc. land)	*$ 591,455*	*$ 616,979*	*$ 616,979*	*$ 591,455*	*$ 591,455*	*$ 619,692*
Valuation						
Operations						
Gross Income - Market Rate Units	$ 2,558,160	$ 2,288,880	$ 2,288,880	$ 2,558,160	$ 2,558,160	$ 2,558,160
Gross Income - Affordable Units	$ 57,024	$ 44,928	$ 74,880	$ 112,320	$ 89,856	$ 112,320
Less: Vacancy	$ (130,759)	$ (116,690)	$ (118,188)	$ (133,524)	$ (132,401)	$ (133,524)
Less: Op Expenses	$ (612,750)	$ (541,500)	$ (541,500)	$ (612,750)	$ (612,750)	$ (612,750)
Net Operating Income (NOI)	$ 1,871,675	$ 1,675,618	$ 1,704,072	$ 1,924,206	$ 1,902,865	$ 1,924,206
Value at Stabilization	**$ 41,592,773**	**$ 37,235,947**	**$ 37,868,267**	**$ 42,760,133**	**$ 42,285,893**	**$ 42,760,133**
Return on Cost						
Value at Stabilization	$ 41,592,773	$ 37,235,947	$ 37,868,267	$ 42,760,133	$ 42,285,893	$ 42,760,133
Less: Total Development Costs	$ (35,107,586)	$ (31,995,203)	$ (31,995,203)	$ (35,107,586)	$ (35,107,586)	$ (36,321,776)
Profit	$ 6,485,187	$ 5,240,744	$ 5,873,064	$ 7,652,547	$ 7,178,307	$ 6,438,357
% Return on Cost	**18.5%**	**16.4%**	**18.4%**	**21.8%**	**20.4%**	**17.7%**
Feasible? (l)	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (m)	*11.6%*	*10.5%*	*10.5%*	*11.6%*	*11.6%*	*11.6%*

Notes:

a) The Baseline maintains the current 20% inclusionary requirement for larger projects, based on West Hollywood's published "Schedule A: 2024–2025 Inclusionary Housing Program Affordable Housing Schedule." When converted to HCD income limits, the resulting affordability levels are roughly equivalent to ELI and VLI rents.

b) Base density in this zone is 872 sq.ft. of site area per unit

c) This reflects the minimum number of affordable units required to satisfy the local inclusionary policy option. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the stacking bonus.

d) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. Actual bonus percentages may vary slightly based on the base unit count and rounding conventions.

e) The average unit size is based on projects approved in R3 zones between 2019 and 2024. Units tend to be larger because the base density is capped at 50 dwelling units per acre. With this limit, developers typically build larger units to maximize profits, compared to projects in other zoning districts.

f) The city's ordinance requires parking based on bedroom count and allows reduced ratios for density bonus projects. This proforma assumes an average of 1.5 spaces per unit, aligning with the incentives. All parking is subterranean.

g) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

h) The current fees that apply to residential projects are:

Quimby (for condominiums, does not apply to rentals)		
Public beautification and art fee	1.0%	
School fee	$5.17	psf
Transportation facilities fee	$ 448	per unit

(i) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

j) The land cost per unit was derived from properties sales in R4 zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

k) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

l) Project feasibility assumes a minimum return on co: 12.0%

m) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 3: Rental Housing in CC-1 Zone

Stacked Flats with underground parking garage in Zone CC-1

	20% Set-Aside					25% Set-Aside
	Baseline	Option A	Option B	Option C	Option D	Option E
Key Development Assumptions	Current Policy (a)	Build 15% ELI On-site + 5% Fee	Build 15% VLI On-site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
Site Size (sf) (b)	21,780	21,780	21,780	21,780	21,780	21,780
Base Units	29	29	29	29	29	29
Inclusionary % Required by WEHO	20%	20%	20%	20%	20%	25%
% Affordable Built On-Site	20%	15%	15%	20%	20%	20%
% Affordable Paid by In-Lieu Fee	0%	5%	5%	0%	0%	5%
Inclusionary Units Required by WEHO (c)	6	5	5	6	6	6
Density Bonus (d)	70%	50%	50%	70%	70%	70%
Additional Market Rate Units from Density	21	15	15	21	21	21
Number of Market Rate Units	44	39	39	44	44	44
Total Number of Units	***50***	***44***	***44***	***50***	***50***	***50***
Dwelling Units/Acre	100	88	88	100	100	100
Average Unit Size (e)	975	975	975	975	975	975
Net Residential Space (sf)	48,750	42,900	42,900	48,750	48,750	48,750
Common Area	7,313	6,435	6,435	7,313	7,313	7,313
Total Residential Space (sf)	56,063	49,335	49,335	56,063	56,063	56,063
Parking spaces per unit (f)	1.25	1.25	1.25	1.25	1.25	1.25
Total Number of Parking Spaces	63	55	55	63	63	63
Market Rate Rents (g)						
Avg Rent per Unit	$ 5,070	$ 5,070	$ 5,070	$ 5,070	$ 5,070	$ 5,070
Average Rent per SF	$ 5.20	$ 5.20	$ 5.20	$ 5.20	$ 5.20	$ 5.20
WEHO Schedule A (a)	% #	% #	% #	% #	% #	% #
2 Bedroom - Extremely Low	0% -	0% -	0% -	0% -	0% -	0% -
2 Bedroom - Very Low	15% 5	0% -	0% -	0% -	0% -	0% -
2 Bedroom - Low	0% -	0% -	0% -	0% -	0% -	0% -
2 Bedroom - Moderate	5% 1	0% -	0% -	0% -	0% -	0% -
HCD Income Limits						
2 Bedroom - Extremely Low	0% -	15% 5	0% -	0% -	5% 2	0.0% -
2 Bedroom - Very Low	0% -	0% -	15% 5	15% 5	10% 3	15.0% 5
2 Bedroom - Low	0% -	0% -	0% -	0% -	5% 1	0% -
2 Bedroom - Moderate	0% -	0% -	0% -	5% 1	0% -	5.0% 1
Development Costs						
Construction Type	Type 3	Type 3	Type 3	Type 3	Type 3	Type 3
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 360	$ 360	$ 360	$ 360	$ 360	$ 360
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Impact Fees (h)						
Quimby/Park Fee per Unit	$ -	$ -	$ -	$ -	$ -	$ -
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per Affordable Unit (i)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ 916,889
Financing Costs						
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Operations						
Vacancy	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
OpEx per unit (inc. prop taxes)	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250
Cap Rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

	20% Set-Aside					25% Set-Aside
	Baseline	Option A	Option B	Option C	Option D	Option E
Development Costs	Current Policy (a)	Build 15% ELI On-site + 5% Fee	Build 15% VLI On-site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
Land	$ 7,500,000	$ 6,600,000	$ 6,600,000	$ 7,500,000	$ 7,500,000	$ 7,500,000
Land per Residential Unit (j)	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
Land per Site sf	$ 344	$ 303	$ 303	$ 344	$ 344	$ 344
Construction Costs						
Site Work	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800
Hard Costs - Residential	$ 20,182,500	$ 17,760,600	$ 17,760,600	$ 20,182,500	$ 20,182,500	$ 20,182,500
Hard Costs - Parking	$ 3,780,000	$ 3,300,000	$ 3,300,000	$ 3,780,000	$ 3,780,000	$ 3,780,000
Soft Costs	$ 3,627,045	$ 3,191,760	$ 3,191,760	$ 3,627,045	$ 3,627,045	$ 3,627,045
Quimby/Park Fee	$ -	$ -	$ -	$ -	$ -	$ -
Public Beautification Fee	$ 241,803	$ 212,784	$ 212,784	$ 241,803	$ 241,803	$ 241,803
School Fee	$ 289,843	$ 255,062	$ 255,062	$ 289,843	$ 289,843	$ 289,843
Transportation Fee	$ 22,400	$ 19,712	$ 19,712	$ 22,400	$ 22,400	$ 22,400
Affordable Housing In-Lieu Fee (k)	$ -	$ 733,511	$ 733,511	$ -	$ -	$ 1,146,111
Subtotal Const Costs Before Financing	*$ 28,361,391*	*$ 25,691,229*	*$ 25,691,229*	*$ 28,361,391*	*$ 28,361,391*	*$ 29,507,502*
Financing Costs						
Points	$ 255,253	$ 231,221	$ 231,221	$ 255,253	$ 255,253	$ 265,568
Construction Period Interest	$ 1,429,414	$ 1,294,838	$ 1,294,838	$ 1,429,414	$ 1,429,414	$ 1,487,178
Subtotal Financing Costs	*$ 1,684,667*	*$ 1,526,059*	*$ 1,526,059*	*$ 1,684,667*	*$ 1,684,667*	*$ 1,752,746*
Total Development Costs	**$ 37,546,058**	**$ 33,817,288**	**$ 33,817,288**	**$ 37,546,058**	**$ 37,546,058**	**$ 38,760,248**
Total Development Cost per Unit (inc. land)	*$ 750,921*	*$ 768,575*	*$ 768,575*	*$ 750,921*	*$ 750,921*	*$ 775,205*
Total Development Cost per Unit (exc. land)	*$ 600,921*	*$ 618,575*	*$ 618,575*	*$ 600,921*	*$ 600,921*	*$ 625,205*
Valuation						
Operations						
Gross Income - Market Rate Units	$ 2,676,960	$ 2,372,760	$ 2,372,760	$ 2,676,960	$ 2,676,960	$ 2,676,960
Gross Income - Affordable Units	$ 66,528	$ 56,160	$ 93,600	$ 131,040	$ 108,576	$ 131,040
Less: Vacancy	$ (137,174)	$ (121,446)	$ (123,318)	$ (140,400)	$ (139,277)	$ (140,400)
Less: Op Expenses	$ (712,500)	$ (627,000)	$ (627,000)	$ (712,500)	$ (712,500)	$ (712,500)
Net Operating Income (NOI)	$ 1,893,814	$ 1,680,474	$ 1,716,042	$ 1,955,100	$ 1,933,759	$ 1,955,100
Value at Stabilization	**$ 42,084,747**	**$ 37,343,867**	**$ 38,134,267**	**$ 43,446,667**	**$ 42,972,427**	**$ 43,446,667**
Return on Cost						
Value at Stabilization	$ 42,084,747	$ 37,343,867	$ 38,134,267	$ 43,446,667	$ 42,972,427	$ 43,446,667
Less: Total Development Costs	$ (37,546,058)	$ (33,817,288)	$ (33,817,288)	$ (37,546,058)	$ (37,546,058)	$ (38,760,248)
Profit	$ 4,538,689	$ 3,526,579	$ 4,316,979	$ 5,900,609	$ 5,426,369	$ 4,686,419
% Return on Cost	**12.1%**	**10.4%**	**12.8%**	**15.7%**	**14.5%**	**12.1%**
Feasible? (l)	**Yes**	**No**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (m)	*12.0%*	*11.4%*	*11.4%*	*12.0%*	*12.0%*	*12.0%*

Notes:

a) The Baseline maintains the current 20% inclusionary requirement for larger projects, based on West Hollyw ood’s published "Schedule A: 2024–2025 Inclusionary Housing Program Affordable Housing Schedule." When converted to HCD income limits, the resulting affordability levels are roughly equivalent to ELI and VLI rents.

b) The base density is determined by a Floor Area Ratio (FAF 1.5 sq.ft. of site area

c) This reflects the minimum number of affordable units required to satisfy the local inclusionary policy option. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the stacking bonus.

d) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional “stacking bonus” under AB 1287 for projects that go beyond standard affordability thresholds. Actual bonus percentages may vary slightly based on the base unit count and rounding conventions.

e) The average unit size is based on projects approved in the CC zoning district betw een 2019 and 2024. Units in CC districts are generally smaller than those in R3 and R4 zones because density is determined based on Floor Area Ratio (FAR) rather than dw elling units/acre (DU/Acre).

f) The city's ordinance requires parking based on bedroom count and allow s reduced ratios for density bonus projects. This proforma assumes an average of 1.25 spaces per unit, aligning w ith the incentives. All parking is subterranean.

g) Market rents are based on comparable rents from new ly constructed rental projects in West Hollyw ood.

h) The current fees that apply to residential projects are:

Quimby (for condominiums, does not apply to rentals)		
Public beautification and art fee	1.0%	
School fee	$5.17	psf
Transportation facilities fee	$ 448	per unit

(i) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, w ith adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost w as $916,889 in 2024-2025.

j) The land cost per unit w as derived from properties sales in CC zones betw een 2021 and 2023, reflecting the premium developers w ere w illing to pay due to the state density bonus aw arded to projects.

k) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

l) Project feasibility assumes a minimum return on co: 12.0%

m) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 4: Rental Housing in CC-2 Zone

Stacked Flats with underground parking garage in Zone CC-2

	20% Set-Aside					25% Set-Aside
	Baseline	Option A	Option B	Option C	Option D	Option E
Key Development Assumptions	Current Policy (a)	Build 15% ELI On-site + 5% Fee	Build 15% VLI On-site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
Site Size (sf) (b)	21,780	21,780	21,780	21,780	21,780	21,780
Base Units	38	38	38	38	38	38
Inclusionary % Required by WEHO	20%	20%	20%	20%	20%	25%
% Affordable Built On-Site	20%	15%	15%	20%	20%	20%
% Affordable Paid by In-Lieu Fee	0%	5%	5%	0%	0%	5%
Inclusionary Units Required by WEHO (c)	8	6	6	8	8	8
Density Bonus (d)	70%	50%	50%	70%	70%	70%
Additional Market Rate Units from Density	27	19	19	27	27	27
Number of Market Rate Units	57	51	51	57	57	57
Total Number of Units	***65***	***57***	***57***	***65***	***65***	***65***
Dwelling Units/Acre	130	114	114	130	130	130
Average Unit Size (e)	975	975	975	975	975	975
Net Residential Space (sf)	63,375	55,575	55,575	63,375	63,375	63,375
Common Area	9,506	8,336	8,336	9,506	9,506	9,506
Total Residential Space (sf)	72,881	63,911	63,911	72,881	72,881	72,881
Parking spaces per unit (f)	1.25	1.25	1.25	1.25	1.25	1.25
Total Number of Parking Spaces	82	72	72	82	82	82
Market Rate Rents (g)						
Avg Rent per Unit	$ 5,070	$ 5,070	$ 5,070	$ 5,070	$ 5,070	$ 5,070
Average Rent per SF	$ 5.20	$ 5.20	$ 5.20	$ 5.20	$ 5.20	$ 5.20
WEHO Schedule A (a)	% #	% #	% #	% #	% #	% #
2 Bedroom - Extremely Low	0% -	0% -	0% -	0% -	0% -	0% -
2 Bedroom - Very Low	15% 6	0% -	0% -	0% -	0% -	0% -
2 Bedroom - Low	0% -	0% -	0% -	0% -	0% -	0% -
2 Bedroom - Moderate	5% 2	0% -	0% -	0% -	0% -	0% -
HCD Income Limits						
2 Bedroom - Extremely Low	0% -	15% 6	0% -	0% -	5% 2	0% -
2 Bedroom - Very Low	0% -	0% -	15% 6	15% 6	10% 4	15% 6
2 Bedroom - Low	0% -	0% -	0% -	0% -	5% 2	0% -
2 Bedroom - Moderate	0% -	0% -	0% -	5% 2	0% -	5% 2
Development Costs						
Construction Type	Type 3	Type 3	Type 3	Type 3	Type 3	Type 3
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 360	$ 360	$ 360	$ 360	$ 360	$ 360
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Impact Fees (h)						
Quimby/Park Fee per Unit	$ -	$ -	$ 1	$ -	$ -	$ -
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per Affordable Unit (i)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ 916,889
Financing Costs						
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Operations						
Vacancy	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
OpEx per unit (inc. prop taxes)	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250
Cap Rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

	20% Set-Aside					25% Set-Aside
	Baseline	Option A	Option B	Option C	Option D	Option E
Development Costs	Current Policy (a)	Build 15% ELI On-site + 5% Fee	Build 15% VLI On-site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
Land	$ 9,750,000	$ 8,550,000	$ 8,550,000	$ 9,750,000	$ 9,750,000	$ 9,750,000
Land per Residential Unit (j)	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
Land per Site sf	$ 448	$ 393	$ 393	$ 448	$ 448	$ 448
Construction Costs						
Site Work	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800
Hard Costs - Residential	$ 26,237,250	$ 23,008,050	$ 23,008,050	$ 26,237,250	$ 26,237,250	$ 26,237,250
Hard Costs - Parking	$ 4,920,000	$ 4,320,000	$ 4,320,000	$ 4,920,000	$ 4,920,000	$ 4,920,000
Soft Costs	$ 4,706,258	$ 4,131,878	$ 4,131,878	$ 4,706,258	$ 4,706,258	$ 4,706,258
Quimby/Park Fee	$ -	$ -	$ 57	$ -	$ -	$ -
Public Beautification Fee	$ 313,751	$ 275,459	$ 275,459	$ 313,751	$ 313,751	$ 313,751
School Fee	$ 376,796	$ 330,421	$ 330,421	$ 376,796	$ 376,796	$ 376,796
Transportation Fee	$ 29,120	$ 25,536	$ 25,536	$ 29,120	$ 29,120	$ 29,120
Affordable Housing In-Lieu Fee (k)	$ -	$ 1,467,022	$ 1,467,022	$ -	$ -	$ 1,375,334
Subtotal Const Costs Before Financing	*$ 36,800,974*	*$ 33,776,166*	*$ 33,776,223*	*$ 36,800,974*	*$ 36,800,974*	*$ 38,176,308*
Financing Costs						
Points	$ 331,209	$ 303,985	$ 303,986	$ 331,209	$ 331,209	$ 343,587
Construction Period Interest	$ 1,854,769	$ 1,702,319	$ 1,702,322	$ 1,854,769	$ 1,854,769	$ 1,924,086
Subtotal Financing Costs	*$ 2,185,978*	*$ 2,006,304*	*$ 2,006,308*	*$ 2,185,978*	*$ 2,185,978*	*$ 2,267,673*
Total Development Costs	**$ 48,736,952**	**$ 44,332,470**	**$ 44,332,530**	**$ 48,736,952**	**$ 48,736,952**	**$ 50,193,980**
Total Development Cost per Unit (inc. land)	*$ 749,799*	*$ 777,763*	*$ 777,764*	*$ 749,799*	*$ 749,799*	*$ 772,215*
Total Development Cost per Unit (exc. land)	*$ 599,799*	*$ 627,763*	*$ 627,764*	*$ 599,799*	*$ 599,799*	*$ 622,215*
Valuation						
Operations						
Gross Income - Market Rate Units	$ 3,467,880	$ 3,102,840	$ 3,102,840	$ 3,467,880	$ 3,467,880	$ 3,467,880
Gross Income - Affordable Units	$ 95,040	$ 67,392	$ 112,320	$ 187,200	$ 157,248	$ 187,200
Less: Vacancy	$ (178,146)	$ (158,512)	$ (160,758)	$ (182,754)	$ (181,256)	$ (182,754)
Less: Op Expenses	$ (926,250)	$ (812,250)	$ (812,250)	$ (926,250)	$ (926,250)	$ (926,250)
Net Operating Income (NOI)	$ 2,458,524	$ 2,199,470	$ 2,242,152	$ 2,546,076	$ 2,517,622	$ 2,546,076
Value at Stabilization	**$ 54,633,867**	**$ 48,877,120**	**$ 49,825,600**	**$ 56,579,467**	**$ 55,947,147**	**$ 56,579,467**
Return on Cost						
Value at Stabilization	$ 54,633,867	$ 48,877,120	$ 49,825,600	$ 56,579,467	$ 55,947,147	$ 56,579,467
Less: Total Development Costs	$ (48,736,952)	$ (44,332,470)	$ (44,332,530)	$ (48,736,952)	$ (48,736,952)	$ (50,193,980)
Profit	$ 5,896,915	$ 4,544,650	$ 5,493,070	$ 7,842,515	$ 7,210,195	$ 6,385,486
% Return on Cost	**12.1%**	**10.3%**	**12.4%**	**16.1%**	**14.8%**	**12.7%**
Feasible? (l)	**Yes**	**No**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (m)	*12.3%*	*10.5%*	*10.5%*	*12.3%*	*12.3%*	*12.3%*

Notes:

a) The Baseline maintains the current 20% inclusionary requirement for larger projects, based on West Hollyw ood’s published "Schedule A: 2024–2025 Inclusionary Housing Program Affordable Housing Schedule." When converted to HCD income limits, the resulting affordability levels are roughly equivalent to ELI and VLI rents.

b) The base density is determined by a Floor Area Ratio (FAF 2.0 sq.ft. of site area

c) This reflects the minimum number of affordable units required to satisfy the local inclusionary policy option. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the stacking bonus.

d) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional “stacking bonus” under AB 1287 for projects that go beyond standard affordability thresholds. Actual bonus percentages may vary slightly based on the base unit count and rounding conventions.

e) The average unit size is based on projects approved in the CC zoning district betw een 2019 and 2024. Units in CC districts are generally smaller than those in R3 and R4 zones because density is determined based on Floor Area Ratio (FAR) rather than dw elling units/acre (DU/Acre).

f) The city's ordinance requires parking based on bedroom count and allow s reduced ratios for density bonus projects. This proforma assumes an average of 1.25 spaces per unit, aligning w ith the incentives. All parking is subterranean.

g) Market rents are based on comparable rents from new ly constructed rental projects in West Hollyw ood.

h) The current fees that apply to residential projects are:

Quimby (for condominiums, does not apply to rentals)

Public beautification and art fee	1.0%	
School fee	$5.17	psf
Transportation facilities fee	$ 448	per unit

(i) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, w ith adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost w as $916,889 in 2024-2025.

j) The land cost per unit w as derived from properties sales in CC zones betw een 2021 and 2023, reflecting the premium developers w ere w illing to pay due to the state density bonus aw arded to projects.

k) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

l) Project feasibility assumes a minimum return on co: 12.0%

m) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 5: Ownership Housing in R-3 Zone

Stacked Flats with underground parking garage in Zone R-3

	20% Set-Aside					25% Set-Aside
	Baseline	Option A	Option B	Option C	Option D	Option E
Key Development Assumptions	Current Policy (a)	Build 15% VLI On-site + 5% Fee	Build 15% LI On-site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
Site Size (sf) (b)	21,780	21,780	21,780	21,780	21,780	21,780
Base Units	18	18	18	18	18	18
Inclusionary % Required by WEHO (c)	20%	20%	20%	20%	20%	25%
% Affordable Built On-Site	20%	15%	15%	20%	20%	20%
% Affordable Paid by In-Lieu Fee	0%	5%	5%	0%	0%	5%
Inclusionary Units Required by WEHO	4	3	3	4	4	4
Density Bonus (d)	70%	50%	27.5%	27.5%	20.0%	27.5%
Additional Market Rate Units from Density	13	9	5	5	4	5
Number of Market Rate Units	27	24	20	19	18	19
Total Number of Units	***31***	***27***	***23***	***23***	***22***	***23***
Dwelling Units/Acre	62	54	46	46	44	46
Average Unit Size (e)	1,300	1,300	1,300	1,300	1,300	1,300
Net Residential Space (sf)	40,300	35,100	29,900	29,900	28,600	29,900
Common Area	6,045	5,265	4,485	4,485	4,290	4,485
Total Residential Space (sf)	46,345	40,365	34,385	34,385	32,890	34,385
Parking spaces per unit (f)	1.50	1.50	1.50	1.50	1.50	1.50
Total Number of Parking Spaces	47	41	35	35	33	35
Market Rate Sales Prices (g)						
Avg Sales Price per Unit	$ 1,462,500	$ 1,462,500	$ 1,462,500	$ 1,462,500	$ 1,462,500	$ 1,462,500
Average Sales Price per SF	$ 1,125.00	$ 1,125.00	$ 1,125.00	$ 1,125.00	$ 1,125.00	$ 1,125.00
WEHO Schedule A (a)	% #	% #	% #	% #	% #	% #
2 Bedroom - Extremely Low	0% -	0% -	0%	0% -	0% -	0% -
2 Bedroom - Very Low	0% -	0% -	0%	0% -	0% -	0% -
2 Bedroom - Low	15% 3	0% -	0%	0% -	0% -	0% -
2 Bedroom - Moderate	5% 1	0% -	0%	0% -	0% -	0% -
HCD Income Limits						
2 Bedroom - Extremely Low	0% -	0% -	0% -	0% -	0% -	0%
2 Bedroom - Very Low	0% -	15% 3	0% -	0% -	5% 1	0% -
2 Bedroom - Low	0% -	0% -	15% 3	15% 3	10% 2	15% 3
2 Bedroom - Moderate	0% -	0% -	0% -	5% 1	5% 1	5% 1
Development Costs						
Construction Type	Type 5	Type 5	Type 5	Type 5	Type 5	Type 5
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Insurance for Construction Defects (per u	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000
Impact Fees (h)						
Quimby/Park Fee per Unit	$ 3,323	$ 3,323	$ 3,323	$ 3,323	$ 3,323	$ 3,323
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per Affordable Unit (i)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ 916,889
Financing Costs						
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Sales Assumptions						
Marketing Costs	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

	20% Set-Aside					25% Set-Aside
	Baseline	Option A	Option B	Option C	Option D	Option E
Development Costs	Current Policy (a)	Build 15% VLI On-site + 5% Fee	Build 15% LI On-site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
Land	$ 7,750,000	$ 6,750,000	$ 5,750,000	$ 5,750,000	$ 5,500,000	$ 5,750,000
Land per Residential Unit (j)	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000
Land per Site sf	$ 356	$ 310	$ 264	$ 264	$ 253	$ 264
Construction Costs						
Site Work	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800
Hard Costs - Residential	$ 13,903,500	$ 12,109,500	$ 10,315,500	$ 10,315,500	$ 9,867,000	$ 10,315,500
Hard Costs - Parking	$ 2,820,000	$ 2,460,000	$ 2,100,000	$ 2,100,000	$ 1,980,000	$ 2,100,000
Soft Costs	$ 2,541,195	$ 2,218,095	$ 1,894,995	$ 1,894,995	$ 1,809,720	$ 1,894,995
Wrap Insurance for Construction Defects	$ 930,000	$ 810,000	$ 690,000	$ 690,000	$ 660,000	$ 690,000
Quimby/Park Fee	$ 103,009	$ 89,718	$ 76,426	$ 76,426	$ 73,103	$ 76,426
Public Beautification Fee	$ 169,413	$ 147,873	$ 126,333	$ 126,333	$ 120,648	$ 126,333
School Fee	$ 239,604	$ 208,687	$ 177,770	$ 177,770	$ 170,041	$ 177,770
Transportation Fee	$ 13,888	$ 12,096	$ 10,304	$ 10,304	$ 9,856	$ 10,304
Affordable Housing In-Lieu Fee (k)	$ -	$ 550,133	$ 550,133	$ -	$ -	$ 458,445
Subtotal Const Costs Before Financing	*$ 20,938,409*	*$ 18,823,902*	*$ 16,159,262*	*$ 15,609,129*	*$ 14,908,168*	*$ 16,067,573*
Financing Costs						
Points	$ 188,446	$ 169,415	$ 145,433	$ 140,482	$ 134,174	$ 144,608
Construction Period Interest	$ 1,055,296	$ 948,725	$ 814,427	$ 786,700	$ 751,372	$ 809,806
Subtotal Financing Costs	*$ 1,243,741*	*$ 1,118,140*	*$ 959,860*	*$ 927,182*	*$ 885,545*	*$ 954,414*
Total Development Costs	**$ 29,932,150**	**$ 26,692,042**	**$ 22,869,122**	**$ 22,286,311**	**$ 21,293,714**	**$ 22,771,987**
Total Development Cost per Unit (inc. land)	*$ 965,553*	*$ 988,594*	*$ 994,310*	*$ 968,970*	*$ 967,896*	*$ 990,086*
Total Development Cost per Unit (exc. land)	*$ 715,553*	*$ 738,594*	*$ 744,310*	*$ 718,970*	*$ 717,896*	*$ 740,086*
Valuation						
Operations						
Sales Revenue - Market Rate Units	$ 39,487,500	$ 35,100,000	$ 29,250,000	$ 27,787,500	$ 26,325,000	$ 27,787,500
Sales Revenue - Affordable Units	$ 524,923	$ 646,511	$ 1,153,408	$ 1,650,070	$ 1,481,104	$ 1,650,070
Less: Marketing Costs	$ (2,000,621)	$ (1,787,326)	$ (1,520,170)	$ (1,471,878)	$ (1,390,305)	$ (1,471,878)
Net Sales Revenue	**$ 38,011,802**	**$ 33,959,185**	**$ 28,883,237**	**$ 27,965,691**	**$ 26,415,799**	**$ 27,965,691**
Return on Cost						
Net Sales Revenue	$ 38,011,802	$ 33,959,185	$ 28,883,237	$ 27,965,691	$ 26,415,799	$ 27,965,691
Less: Total Development Costs	$ (29,932,150)	$ (26,692,042)	$ (22,869,122)	$ (22,286,311)	$ (21,293,714)	$ (22,771,987)
Profit	$ 8,079,652	$ 7,267,143	$ 6,014,115	$ 5,679,381	$ 5,122,085	$ 5,193,705
% Return on Cost	**27.0%**	**27.2%**	**26.3%**	**25.5%**	**24.1%**	**22.8%**
Feasible? (l)	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (m)	*12.9%*	*11.1%*	*13.0%*	*17.4%*	*18.2%*	*17.4%*

Notes:

a) The Baseline maintains the current 20% inclusionary requirement for larger projects, based on West Hollyw ood's published "Schedule A: 2024–2025 Inclusionary Housing Program Affordable Housing Schedule." When converted to HCD income limits, the resulting affordability levels are roughly equivalent to ELI and VLI prices.

b) Base density in this zone is 1,210 sq.ft. of site area per unit

c) This reflects the minimum number of affordable units required to satisfy the local inclusionary policy option. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the density bonus.

d) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. Actual bonus percentages may vary slightly based on the base unit count and rounding conventions.

e) The average unit size is based on projects approved in R3 zones betw een 2019 and 2024. Units tend to be larger because the base density is capped at 36 dw elling units per acre. With this limit, developers typically build larger units to maximize profits, compared to projects in other zoning districts.

f) The city's ordinance requires parking based on bedroom count and allow s reduced ratios for density bonus projects. This proforma assumes an average of 1.5 spaces per unit, aligning w ith the incentives. All parking is subterranean.

g) Market rents are based on comparable rents from new ly constructed rental projects in West Hollyw ood.

h) The current fees that apply to residential projects are:

Quimby	$3,323	per unit
Public beautification and art fee	1.0%	
School fee	$ 5.17	psf
Transportation facilities fee	$ 448	per unit

(i) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, w ith adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost w as $916,889 in 2024-2025.

j) The land cost per unit w as derived from properties sales in R3 zones betw een 2021 and 2023, reflecting the premium developers w ere w illing to pay due to the state density bonus aw arded to projects.

k) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

l) Project feasibility assumes a minimum return on cost 12.0%

m) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 6: Ownership Housing in R-4 Zone

Stacked Flats with underground parking garage in Zone R-4

	20% Set-Aside					25% Set-Aside
	Baseline	Option A	Option B	Option C	Option D	Option E
Key Development Assumptions	Current Policy (a)	Build 15% VLI On-site + 5% Fee	Build 15% LI On-site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
Site Size (sf) (b)	21,780	21,780	21,780	21,780	21,780	21,780
Base Units	25	25	25	25	25	25
Inclusionary % Required by WEHO (c)	20%	20%	20%	20%	20%	25%
% Affordable Built On-Site	20%	15%	15%	20%	20%	20%
% Affordable Paid by In-Lieu Fee	0%	5%	5%	0%	0%	5%
Inclusionary Units Required by WEHO	5	4	4	5	5	5
Density Bonus (d)	70%	50%	27.5%	27.5%	20.0%	27.5%
Additional Market Rate Units from Density	18	13	7	7	5	7
Number of Market Rate Units	38	34	28	27	25	27
Total Number of Units	***43***	***38***	***32***	***32***	***30***	***32***
Dwelling Units/Acre	86	76	64	64	60	64
Average Unit Size (e)	1,100	1,100	1,100	1,100	1,100	1,100
Net Residential Space (sf)	47,300	41,800	35,200	35,200	33,000	35,200
Common Area	7,095	6,270	5,280	5,280	4,950	5,280
Total Residential Space (sf)	54,395	48,070	40,480	40,480	37,950	40,480
Parking spaces per unit (f)	1.50	1.50	1.50	1.50	1.50	1.50
Total Number of Parking Spaces	65	57	48	48	45	48
Market Rate Sales Prices (g)						
Avg Sales Price per Unit	$ 1,237,500	$ 1,237,500	$ 1,237,500	$ 1,237,500	$ 1,237,500	$ 1,237,500
Average Sales Price per SF	$ 1,125.00	$ 1,125.00	$ 1,125.00	$ 1,125.00	$ 1,125.00	$ 1,125.00
WEHO Schedule A (a)	% #	% #	% #	% #	% #	% #
2 Bedroom - Extremely Low	0% -	0% -	0% -	0% -	0% -	0% -
2 Bedroom - Very Low	0% -	0% -	0% -	0% -	0% -	0% -
2 Bedroom - Low	15% 4	0% -	0% -	0% -	0% -	0% -
2 Bedroom - Moderate	5% 1	0% -	0% -	0% -	0% -	0% -
HCD Income Limits						
2 Bedroom - Extremely Low	0% -	0% -	0% -	0% -	0% -	0% -
2 Bedroom - Very Low	0% -	15% 4	0% -	0% -	5% 1	0% -
2 Bedroom - Low	0% -	0% -	15% 4	15% 4	10% 3	15% 4
2 Bedroom - Moderate	0% -	0% -	0% -	5% 1	5% 1	5% 1
Development Costs						
Construction Type	Type 5	Type 5	Type 5	Type 5	Type 5	Type 5
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Insurance for Construction Defects (per u	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000
Impact Fees (h)						
Quimby/Park Fee per Unit	$ 3,323	$ 3,323	$ 3,323	$ 3,323	$ 3,323	$ 3,323
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per Affordable Unit (i)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ 916,889
Financing Costs						
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Sales Assumptions						
Marketing Costs	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

	20% Set-Aside					25% Set-Aside
	Baseline	Option A	Option B	Option C	Option D	Option E
Development Costs	Current Policy (a)	Build 15% VLI On-site + 5% Fee	Build 15% LI On-site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
Land	$ 9,675,000	$ 8,550,000	$ 7,200,000	$ 7,200,000	$ 6,750,000	$ 7,200,000
Land per Residential Unit (j)	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000
Land per Site sf	$ 444	$ 393	$ 331	$ 331	$ 310	$ 331
Construction Costs						
Site Work	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800
Hard Costs - Residential	$ 16,318,500	$ 14,421,000	$ 12,144,000	$ 12,144,000	$ 11,385,000	$ 12,144,000
Hard Costs - Parking	$ 3,900,000	$ 3,420,000	$ 2,880,000	$ 2,880,000	$ 2,700,000	$ 2,880,000
Soft Costs	$ 3,065,445	$ 2,708,820	$ 2,286,270	$ 2,286,270	$ 2,145,420	$ 2,286,270
Wrap Insurance for Construction Defects	$ 1,290,000	$ 1,140,000	$ 960,000	$ 960,000	$ 900,000	$ 960,000
Quimby/Park Fee	$ 142,883	$ 126,269	$ 106,332	$ 106,332	$ 99,686	$ 106,332
Public Beautification Fee	$ 204,363	$ 180,588	$ 152,418	$ 152,418	$ 143,028	$ 152,418
School Fee	$ 281,222	$ 248,522	$ 209,282	$ 209,282	$ 196,202	$ 209,282
Transportation Fee	$ 19,264	$ 17,024	$ 14,336	$ 14,336	$ 13,440	$ 14,336
Affordable Housing In-Lieu Fee (k)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ 1,146,111
Subtotal Const Costs Before Financing	*$ 25,439,478*	*$ 23,396,912*	*$ 19,887,327*	*$ 18,970,438*	*$ 17,800,576*	*$ 20,116,549*
Financing Costs						
Points	$ 228,955	$ 210,572	$ 178,986	$ 170,734	$ 160,205	$ 181,049
Construction Period Interest	$ 1,282,150	$ 1,179,204	$ 1,002,321	$ 956,110	$ 897,149	$ 1,013,874
Subtotal Financing Costs	*$ 1,511,105*	*$ 1,389,777*	*$ 1,181,307*	*$ 1,126,844*	*$ 1,057,354*	*$ 1,194,923*
Total Development Costs	**$ 36,625,583**	**$ 33,336,689**	**$ 28,268,634**	**$ 27,297,281**	**$ 25,607,930**	**$ 28,511,472**
Total Development Cost per Unit (inc. land)	*$ 851,758*	*$ 877,281*	*$ 883,395*	*$ 853,040*	*$ 853,598*	*$ 890,983*
Total Development Cost per Unit (exc. land)	*$ 626,758*	*$ 652,281*	*$ 658,395*	*$ 628,040*	*$ 628,598*	*$ 665,983*
Valuation						
Operations						
Sales Revenue - Market Rate Units	$ 47,025,000	$ 42,075,000	$ 34,650,000	$ 33,412,500	$ 30,937,500	$ 33,412,500
Sales Revenue - Affordable Units	$ 640,584	$ 862,014	$ 1,537,877	$ 2,034,539	$ 1,865,573	$ 2,034,539
Less: Marketing Costs	$ (2,383,279)	$ (2,146,851)	$ (1,809,394)	$ (1,772,352)	$ (1,640,154)	$ (1,772,352)
Net Sales Revenue	**$ 45,282,305**	**$ 40,790,164**	**$ 34,378,483**	**$ 33,674,687**	**$ 31,162,920**	**$ 33,674,687**
Return on Cost						
Net Sales Revenue	$ 45,282,305	$ 40,790,164	$ 34,378,483	$ 33,674,687	$ 31,162,920	$ 33,674,687
Less: Total Development Costs	$ (36,625,583)	$ (33,336,689)	$ (28,268,634)	$ (27,297,281)	$ (25,607,930)	$ (28,511,472)
Profit	$ 8,656,722	$ 7,453,475	$ 6,109,849	$ 6,377,406	$ 5,554,990	$ 5,163,215
% Return on Cost	**23.6%**	**22.4%**	**21.6%**	**23.4%**	**21.7%**	**18.1%**
Feasible? (l)	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (m)	*11.6%*	*10.5%*	*12.5%*	*15.6%*	*16.7%*	*15.6%*

Notes:

a) The Baseline maintains the current 20% inclusionary requirement for larger projects, based on West Hollywood's published "Schedule A: 2024–2025 Inclusionary Housing Program Affordable Housing Schedule." When converted to HCD income limits, the resulting affordability levels are roughly equivalent to ELI and VLI prices.

b) Base density in this zone is 872 sq.ft. of site area per unit

c) This reflects the minimum number of affordable units required to satisfy the local inclusionary policy option. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the density bonus.

d) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. Actual bonus percentages may vary slightly based on the base unit count and rounding conventions.

e) The average unit size is based on projects approved in R3 zones between 2019 and 2024. Units tend to be larger because the base density is capped at 50 dwelling units per acre. With this limit, developers typically build larger units to maximize profits, compared to projects in other zoning districts.

f) The city's ordinance requires parking based on bedroom count and allows reduced ratios for density bonus projects. This proforma assumes an average of 1.5 spaces per unit, aligning with the incentives. All parking is subterranean.

g) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

h) The current fees that apply to residential projects are:

Quimby	$3,323	per unit
Public beautification and art fee	1.0%	
School fee	$ 5.17	psf
Transportation facilities fee	$ 448	per unit

(i) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

j) The land cost per unit was derived from properties sales in R4 zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

k) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

l) Project feasibility assumes a minimum return on cost 12.0%

m) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 7: Ownership Housing in CC-1 Zone

Stacked Flats with underground parking garage in Zone CC-1

	20% Set-Aside										25% Set-Aside	
	Baseline		Option A		Option B		Option C		Option D		Option E	
Key Development Assumptions	**Current Policy (a)**		**Build 15% VLI On-site + 5% Fee**		**Build 15% LI On-site + 5% Fee**		**Optimize per SDBL**		**Optimize RHNA Goals**		**Option C + 5% Fee**	
Site Size (sf) (b)	21,780		21,780		21,780		21,780		21,780		21,780	
Base Units	29		29		29		29		29		29	
Inclusionary % Required by WEHO (c)	20%		20%		20%		20%		20%		25%	
% Affordable Built On-Site	20%		15%		15%		20%		20%		20%	
% Affordable Paid by In-Lieu Fee	0%		5%		5%		0%		0%		5%	
Inclusionary Units Required by WEHO	6		5		5		6		6		6	
Density Bonus (d)	70%		50%		27.50%		27.5%		20.0%		27.5%	
Additional Market Rate Units from Density	21		15		8		8		6		8	
Number of Market Rate Units	44		39		32		31		29		31	
Total Number of Units	***50***		***44***		***37***		***37***		***35***		***37***	
Dwelling Units/Acre	100		88		74		74		70		74	
Average Unit Size (e)	975		975		975		975		975		975	
Net Residential Space (sf)	48,750		42,900		36,075		36,075		34,125		36,075	
Common Area	7,313		6,435		5,411		5,411		5,119		5,411	
Total Residential Space (sf)	56,063		49,335		41,486		41,486		39,244		41,486	
Parking spaces per unit (f)	1.25		1.25		1.25		1.25		1.25		1.25	
Total Number of Parking Spaces	63		55		47		47		44		47	
Market Rate Sales Prices (g)												
Avg Sales Price per Unit	$ 1,121,250		$ 1,121,250		$ 1,121,250		$ 1,121,250		$ 1,121,250		$ 1,121,250	
Average Sales Price per SF	$ 1,150.00		$ 1,150.00		$ 1,150.00		$ 1,150.00		$ 1,150.00		$ 1,150.00	
WEHO Schedule A (a)	%	#	%	#	%	#	%	#	%	#	%	#
2 Bedroom - Extremely Low	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
2 Bedroom - Very Low	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
2 Bedroom - Low	15%	5	0%	-	0%	-	0%	-	0%	-	0%	-
2 Bedroom - Moderate	5%	1	0%	-	0%	-	0%	-	0%	-	0%	-
HCD Income Limits												
2 Bedroom - Extremely Low	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
2 Bedroom - Very Low	0%	-	15%	5	0%	-	0%	-	5%	2	0%	-
2 Bedroom - Low	0%	-	0%	-	15%	5	15%	5	10%	3	15%	5
2 Bedroom - Moderate	0%	-	0%	-	0%	-	5%	1	5%	1	5%	1
Development Costs												
Construction Type	Type 3		Type 3		Type 3		Type 3		Type 3		Type 3	
Site Work (per sq.ft. of site)	$ 10.00		$ 10.00		$ 10.00		$ 10.00		$ 10.00		$ 10.00	
Hard Costs - Residential	$ 360		$ 360		$ 360		$ 360		$ 360		$ 360	
Parking Costs (per subterranean space)	$ 60,000		$ 60,000		$ 60,000		$ 60,000		$ 60,000		$ 60,000	
Soft Costs exc Fees (as % of hard)	15.0%		15.0%		15.0%		15.0%		15.0%		15.0%	
Insurance for Construction Defects (per u	$ 30,000		$ 30,000		$ 30,000		$ 30,000		$ 30,000		$ 30,000	
Impact Fees (h)												
Quimby/Park Fee per Unit	$ 3,323		$ 3,323		$ 3,323		$ 3,323		$ 3,323		$ 3,323	
Public Beautification Fee (% bldg cost)	1.0%		1.0%		1.0%		1.0%		1.0%		1.0%	
School Fee per sq. ft.	$ 5.17		$ 5.17		$ 5.17		$ 5.17		$ 5.17		$ 5.17	
Transportation Fee per unit	$ 448		$ 448		$ 448		$ 448		$ 448		$ 448	
In-Lieu Fee per Affordable Unit (i)	$ -		$ 916,889		$ 916,889		$ -		$ -		$ 916,889	
Financing Costs												
Loan to Cost Ratio	60.0%		60.0%		60.0%		60.0%		60.0%		60.0%	
Interest Rate	7.0%		7.0%		7.0%		7.0%		7.0%		7.0%	
Loan Fees	1.5%		1.5%		1.5%		1.5%		1.5%		1.5%	
Construction Period (months)	24		24		24		24		24		24	
Avg. Outstanding Bal During Construction	60.0%		60.0%		60.0%		60.0%		60.0%		60.0%	
Sales Assumptions												
Marketing Costs	5.0%		5.0%		5.0%		5.0%		5.0%		5.0%	

	20% Set-Aside					25% Set-Aside
	Baseline	Option A	Option B	Option C	Option D	Option E
Development Costs	**Current Policy (a)**	**Build 15% VLI On-site + 5% Fee**	**Build 15% LI On-site + 5% Fee**	**Optimize per SDBL**	**Optimize RHNA Goals**	**Option C + 5% Fee**
Land	$ 7,500,000	$ 6,600,000	$ 5,550,000	$ 5,550,000	$ 5,250,000	$ 5,550,000
Land per Residential Unit (j)	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
Land per Site sf	$ 344	$ 303	$ 255	$ 255	$ 241	$ 255
Construction Costs						
Site Work	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800
Hard Costs - Residential	$ 20,182,500	$ 17,760,600	$ 14,935,050	$ 14,935,050	$ 14,127,750	$ 14,935,050
Hard Costs - Parking	$ 3,780,000	$ 3,300,000	$ 2,820,000	$ 2,820,000	$ 2,640,000	$ 2,820,000
Soft Costs	$ 3,627,045	$ 3,191,760	$ 2,695,928	$ 2,695,928	$ 2,547,833	$ 2,695,928
Wrap Insurance for Construction Defects	$ 1,500,000	$ 1,320,000	$ 1,110,000	$ 1,110,000	$ 1,050,000	$ 1,110,000
Quimby/Park Fee	$ 166,144	$ 146,206	$ 122,946	$ 122,946	$ 116,301	$ 122,946
Public Beautification Fee	$ 241,803	$ 212,784	$ 179,729	$ 179,729	$ 169,856	$ 179,729
School Fee	$ 289,843	$ 255,062	$ 214,484	$ 214,484	$ 202,890	$ 214,484
Transportation Fee	$ 22,400	$ 19,712	$ 16,576	$ 16,576	$ 15,680	$ 16,576
Affordable Housing In-Lieu Fee (k)	$ -	$ 733,511	$ 733,511	$ -	$ -	$ 1,146,111
Subtotal Const Costs Before Financing	*$ 30,027,535*	*$ 27,157,436*	*$ 23,046,023*	*$ 22,312,512*	*$ 21,088,109*	*$ 23,458,623*
Financing Costs						
Points	$ 270,248	$ 244,417	$ 207,414	$ 200,813	$ 189,793	$ 211,128
Construction Period Interest	$ 1,513,388	$ 1,368,735	$ 1,161,520	$ 1,124,551	$ 1,062,841	$ 1,182,315
Subtotal Financing Costs	*$ 1,783,636*	*$ 1,613,152*	*$ 1,368,934*	*$ 1,325,363*	*$ 1,252,634*	*$ 1,393,442*
Total Development Costs	**$ 39,311,170**	**$ 35,370,587**	**$ 29,964,957**	**$ 29,187,875**	**$ 27,590,742**	**$ 30,402,066**
Total Development Cost per Unit (inc. land)	*$ 786,223*	*$ 803,877*	*$ 809,864*	*$ 788,861*	*$ 788,307*	*$ 821,677*
Total Development Cost per Unit (exc. land)	*$ 636,223*	*$ 653,877*	*$ 659,864*	*$ 638,861*	*$ 638,307*	*$ 671,677*
Valuation						
Operations						
Sales Revenue - Market Rate Units	$ 49,335,000	$ 43,728,750	$ 35,880,000	$ 34,758,750	$ 32,516,250	$ 34,758,750
Sales Revenue - Affordable Units	$ 756,245	$ 1,077,518	$ 1,922,346	$ 2,419,008	$ 2,081,077	$ 2,419,008
Less: Marketing Costs	$ (2,504,562)	$ (2,240,313)	$ (1,890,117)	$ (1,858,888)	$ (1,729,866)	$ (1,858,888)
Net Sales Revenue	**$ 47,586,683**	**$ 42,565,954**	**$ 35,912,229**	**$ 35,318,870**	**$ 32,867,461**	**$ 35,318,870**
Return on Cost						
Net Sales Revenue	$ 47,586,683	$ 42,565,954	$ 35,912,229	$ 35,318,870	$ 32,867,461	$ 35,318,870
Less: Total Development Costs	$ (39,311,170)	$ (35,370,587)	$ (29,964,957)	$ (29,187,875)	$ (27,590,742)	$ (30,402,066)
Profit	$ 8,275,512	$ 7,195,367	$ 5,947,271	$ 6,130,995	$ 5,276,718	$ 4,916,805
% Return on Cost	**21.1%**	**20.3%**	**19.8%**	**21.0%**	**19.1%**	**16.2%**
Feasible? (l)	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (m)	*12%*	*11%*	*14%*	*16%*	*17%*	*16%*

Notes:
a) The Baseline maintains the current 20% inclusionary requirement for larger projects, based on West Hollywood's published "Schedule A: 2024–2025 Inclusionary Housing Program Affordable Housing Schedule." When converted to HCD income limits, the resulting affordability levels are roughly equivalent to ELI and VLI prices.
b) The base density is determined by a Floor Area Ratio (FAR) 1.5 sq.ft. of site area
c) This reflects the minimum number of affordable units required to satisfy the local inclusionary policy option. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the density bonus.
d) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. Actual bonus percentages may vary slightly based on the base unit count and rounding conventions.
e) The average unit size is based on projects approved in the CC zoning district between 2019 and 2024. Units in CC districts are generally smaller than those in R3 and R4 zones because density is determined based on Floor Area Ratio (FAR) rather than dwelling units/acre (DU/Acre).
f) The city's ordinance requires parking based on bedroom count and allows reduced ratios for density bonus projects. This proforma assumes an average of 1.25 spaces per unit, aligning with the incentives. All parking is subterranean.
g) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.
h) The current fees that apply to residential projects are:

Quimby	$3,323	per unit
Public beautification and art fee	1.0%	
School fee	$ 5.17	psf
Transportation facilities fee	$ 448	per unit

(i) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.
j) The land cost per unit was derived from properties sales in CC zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.
k) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.
l) Project feasibility assumes a minimum return on cost 12.0%
m) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 8: Ownership Housing in CC-2 Zone

Stacked Flats with underground parking garage in Zone CC-2

	20% Set-Aside					25% Set-Aside
	Baseline	Option A	Option B	Option C	Option D	Option E
Key Development Assumptions	Current Policy (a)	Build 15% VLI On-site + 5% Fee	Build 15% LI On-site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
Site Size (sf) (b)	21,780	21,780	21,780	21,780	21,780	21,780
Base Units	38	38	38	38	38	38
Inclusionary % Required by WEHO (c)	20%	20%	20%	20%	20%	25%
% Affordable Built On-Site	20%	15%	15%	20%	20%	20%
% Affordable Paid by In-Lieu Fee	0%	5%	5%	0%	0%	5%
Inclusionary Units Required by WEHO	8	6	6	8	8	8
Density Bonus (d)	70%	50%	27.5%	27.5%	20.0%	27.5%
Additional Market Rate Units from Density	27	19	11	11	8	11
Number of Market Rate Units	57	51	43	41	38	41
Total Number of Units	***65***	***57***	***49***	***49***	***46***	***49***
Dwelling Units/Acre	130	114	98	98	92	98
Average Unit Size (e)	975	975	975	975	975	975
Net Residential Space (sf)	63,375	55,575	47,775	47,775	44,850	47,775
Common Area	9,506	8,336	7,166	7,166	6,728	7,166
Total Residential Space (sf)	72,881	63,911	54,941	54,941	51,578	54,941
Parking spaces per unit (f)	1.25	1.25	1.25	1.25	1.25	1.25
Total Number of Parking Spaces	82	72	62	62	58	62
Market Rate Sales Prices (g)						
Avg Sales Price per Unit	$ 1,121,250	$ 1,121,250	$ 1,121,250	$ 1,121,250	$ 1,121,250	$ 1,121,250
Average Sales Price per SF	$ 1,150.00	$ 1,150.00	$ 1,150.00	$ 1,150.00	$ 1,150.00	$ 1,150.00
WEHO Schedule A (a)	% #	% #	% #	% #	% #	% #
2 Bedroom - Extremely Low	0% -	0% -	0% -	0% -	0% -	0% -
2 Bedroom - Very Low	0% -	0% -	0% -	0% -	0% -	0% -
2 Bedroom - Low	15% 6	0% -	0% -	0% -	0% -	0% -
2 Bedroom - Moderate	5% 2	0% -	0% -	0% -	0% -	0% -
HCD Income Limits						
2 Bedroom - Extremely Low	0% -	0% -	0% -	0% -	0% -	0% -
2 Bedroom - Very Low	0% -	15% 6	0% -	0% -	5% 2	0% -
2 Bedroom - Low	0% -	0% -	15% 6	15% 6	10% 4	15% 6
2 Bedroom - Moderate	0% -	0% -	0% -	5% 2	5% 2	5% 2
Development Costs						
Construction Type	Type 3	Type 3	Type 3	Type 3	Type 3	Type 3
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 360	$ 360	$ 360	$ 360	$ 360	$ 360
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Insurance for Construction Defects (per u	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000
Impact Fees (h)						
Quimby/Park Fee per Unit	$ 3,323	$ 3,323	$ 3,323	$ 3,323	$ 3,323	$ 3,323
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per Affordable Unit (i)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ 916,889
Financing Costs						
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Sales Assumptions						
Marketing Costs	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

	20% Set-Aside					25% Set-Aside
	Baseline	Option A	Option B	Option C	Option D	Option E
Development Costs	Current Policy (a)	Build 15% VLI On-site + 5% Fee	Build 15% LI On-site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option C + 5% Fee
Land	$ 9,750,000	$ 8,550,000	$ 7,350,000	$ 7,350,000	$ 6,900,000	$ 7,350,000
Land per Residential Unit (j)	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
Land per Site sf	$ 448	$ 393	$ 337	$ 337	$ 317	$ 337
Construction Costs						
Site Work	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800
Hard Costs - Residential	$ 26,237,250	$ 23,008,050	$ 19,778,850	$ 19,778,850	$ 18,567,900	$ 19,778,850
Hard Costs - Parking	$ 4,920,000	$ 4,320,000	$ 3,720,000	$ 3,720,000	$ 3,480,000	$ 3,720,000
Soft Costs	$ 4,706,258	$ 4,131,878	$ 3,557,498	$ 3,557,498	$ 3,339,855	$ 3,557,498
Wrap Insurance for Construction Defects	$ 1,950,000	$ 1,710,000	$ 1,470,000	$ 1,470,000	$ 1,380,000	$ 1,470,000
Quimby/Park Fee	$ 215,987	$ 189,404	$ 162,821	$ 162,821	$ 152,852	$ 162,821
Public Beautification Fee	$ 313,751	$ 275,459	$ 237,167	$ 237,167	$ 222,657	$ 237,167
School Fee	$ 376,796	$ 330,421	$ 284,046	$ 284,046	$ 266,656	$ 284,046
Transportation Fee	$ 29,120	$ 25,536	$ 21,952	$ 21,952	$ 20,608	$ 21,952
Affordable Housing In-Lieu Fee (k)	$ -	$ 1,467,022	$ 1,467,022	$ -	$ -	$ 1,375,334
Subtotal Const Costs Before Financing	*$ 38,966,961*	*$ 35,675,569*	*$ 30,917,155*	*$ 29,450,133*	*$ 27,648,328*	*$ 30,825,466*
Financing Costs						
Points	$ 350,703	$ 321,080	$ 278,254	$ 265,051	$ 248,835	$ 277,429
Construction Period Interest	$ 1,963,935	$ 1,798,049	$ 1,558,225	$ 1,484,287	$ 1,393,476	$ 1,553,604
Subtotal Financing Costs	*$ 2,314,637*	*$ 2,119,129*	*$ 1,836,479*	*$ 1,749,338*	*$ 1,642,311*	*$ 1,831,033*
Total Development Costs	**$ 51,031,598**	**$ 46,344,698**	**$ 40,103,634**	**$ 38,549,471**	**$ 36,190,638**	**$ 40,006,499**
Total Development Cost per Unit (inc. land)	*$ 785,102*	*$ 813,065*	*$ 818,442*	*$ 786,724*	*$ 786,753*	*$ 816,459*
Total Development Cost per Unit (exc. land)	*$ 635,102*	*$ 663,065*	*$ 668,442*	*$ 636,724*	*$ 636,753*	*$ 666,459*
Valuation						
Operations						
Sales Revenue - Market Rate Units	$ 63,911,250	$ 57,183,750	$ 48,213,750	$ 45,971,250	$ 42,607,500	$ 45,971,250
Sales Revenue - Affordable Units	$ 1,049,846	$ 1,293,021	$ 2,306,815	$ 3,300,140	$ 2,962,208	$ 3,300,140
Less: Marketing Costs	$ (3,248,055)	$ (2,923,839)	$ (2,526,028)	$ (2,463,569)	$ (2,278,485)	$ (2,463,569)
Net Sales Revenue	**$ 61,713,041**	**$ 55,552,933**	**$ 47,994,537**	**$ 46,807,820**	**$ 43,291,223**	**$ 46,807,820**
Return on Cost						
Net Sales Revenue	$ 61,713,041	$ 55,552,933	$ 47,994,537	$ 46,807,820	$ 43,291,223	$ 46,807,820
Less: Total Development Costs	$ (51,031,598)	$ (46,344,698)	$ (40,103,634)	$ (38,549,471)	$ (36,190,638)	$ (40,006,499)
Profit	$ 10,681,443	$ 9,208,235	$ 7,890,902	$ 8,258,349	$ 7,100,585	$ 6,801,321
% Return on Cost	**20.9%**	**19.9%**	**19.7%**	**21.4%**	**19.6%**	**17.0%**
Feasible? (l)	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (m)	*12%*	*11%*	*12%*	*16%*	*17%*	*16%*

Notes:

a) The Baseline maintains the current 20% inclusionary requirement for larger projects, based on West Hollyw ood's published "Schedule A: 2024–2025 Inclusionary Housing Program Affordable Housing Schedule." When converted to HCD income limits, the resulting affordability levels are roughly equivalent to ELI and VLI prices.

b) The base density is determined by a Floor Area Ratio (FAR) 2.0 sq.ft. of site area

c) This reflects the minimum number of affordable units required to satisfy the local inclusionary policy option. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the density bonus.

d) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. Actual bonus percentages may vary slightly based on the base unit count and rounding conventions.

e) The average unit size is based on projects approved in the CC zoning district betw een 2019 and 2024. Units in CC districts are generally smaller than those in R3 and R4 zones because density is determined based on Floor Area Ratio (FAR) rather than dw elling units/acre (DU/Acre).

f) The city's ordinance requires parking based on bedroom count and allow s reduced ratios for density bonus projects. This proforma assumes an average of 1.25 spaces per unit, aligning w ith the incentives. All parking is subterranean.

g) Market rents are based on comparable rents from new ly constructed rental projects in West Hollyw ood.

h) The current fees that apply to residential projects are:

Quimby	$3,323	per unit
Public beautification and art fee	1.0%	
School fee	$ 5.17	psf
Transportation facilities fee	$ 448	per unit

(i) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, w ith adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost w as $916,889 in 2024-2025.

j) The land cost per unit w as derived from properties sales in CC zones betw een 2021 and 2023, reflecting the premium developers w ere w illing to pay due to the state density bonus aw arded to projects.

k) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

l) Project feasibility assumes a minimum return on cost 12.0%

m) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Appendix G: Pro Formas for Small Projects (2-10 Units)

Table G-1: 4-Unit Rental Projects with In-Lieu Fee Payment Only

This proforma tests varying the in-lieu fee requirement at 10%, 15%, and 20% for a 4-unit project.

Key Development Assuptions	Current Policy: 10% Set-Aside In-	15% Set-Aside (In-Lieu Fee)	20% Set-Aside (In-Lieu Fee)
Site Size (sf) (b)	4,840	4,840	4,840
Base Units	4	4	4
Inclusionary % Required by WEHO	10%	15%	20%
% Affordable Built On-Site	0%	0%	0%
% Affordable Paid by In-Lieu Fee	10%	15%	20%
Inclusionary Units Required by WEHO	-	-	-
Density Bonus (c)	0%	0%	0%
Additional Market Rate Units from DB	-	-	-
Number of Market Rate Units	4	4	4
Total Number of Units	***4***	***4***	***4***
Dwelling Units/Acre	36	36	36
Average Unit Size (d)	1,500	1,500	1,500
Net Residential Space (sf)	6,000	6,000	6,000
Common Area	300	300	300
Total Residential Space (sf)	6,300	6,300	6,300
Parking spaces per unit (e)	2.00	2.00	2.00
Total Number of Parking Spaces	8	8	8
Market Rate Rents (f)			
Avg Rent per Unit	$ 7,500	$ 7,500	$ 7,500
Average Rent per SF	$ 5.00	$ 5.00	$ 5.00
WEHO Schedule A (a)	% #	% #	% #
2 Bedroom - Extremely Low			
2 Bedroom - Very Low			
2 Bedroom - Low			
2 Bedroom - Moderate			
HCD Income Limits			
2 Bedroom - Extremely Low			
2 Bedroom - Very Low			
2 Bedroom - Low			
2 Bedroom - Moderate			
Development Costs			
Construction Type	Type 5	Type 5	Type 5
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 300	$ 300	$ 300
Hard Cost - Premium for luxury product	25.0%	25.0%	25.0%
Parking Costs (per at-grade space)	$ 40,000	$ 40,000	$ 40,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%
Impact Fees (g)			
Quimby/Park Fee per Unit	$ -	$ -	$ -
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448
In-Lieu Fee per affordable unit (h)	$ 916,889	$ 916,889	$ 916,889
Financing Costs			
Loan to Cost Ratio	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%
Operations			
Vacancy	5.0%	5.0%	5.0%
OpEx per unit (inc. prop taxes)	$ 14,250	$ 14,250	$ 14,250
Cap Rate	4.50%	4.50%	4.50%

Development Costs	Current Policy: 10% In-Lieu Fee (a)	15% Set-Aside (In-Lieu Fee)	20% Set-Aside (In-Lieu Fee)
Land	$ 1,600,000	$ 1,600,000	$ 1,600,000
Land per Residential Unit (i)	$ 400,000	$ 400,000	$ 400,000
Land per Site sf	$ 331	$ 331	$ 331
Construction Costs			
Site Work	$ 48,400	$ 48,400	$ 48,400
Hard Costs - Residential	$ 2,362,500	$ 2,362,500	$ 2,362,500
Hard Costs - Parking	$ 320,000	$ 320,000	$ 320,000
Soft Costs	$ 409,635	$ 409,635	$ 409,635
Quimby/Park Fee	$ -	$ -	$ -
Public Beautification Fee	$ 27,309	$ 27,309	$ 27,309
School Fee	$ 32,571	$ 32,571	$ 32,571
Transportation Fee	$ 1,792	$ 1,792	$ 1,792
Affordable Housing In-Lieu Fee (j)	$ 366,756	$ 550,133	$ 733,511
Subtotal Const Costs Before Financing	*$ 3,568,963*	*$ 3,752,340*	*$ 3,935,718*
Financing Costs			
Points	$ 32,121	$ 33,771	$ 35,421
Construction Period Interest	$ 179,876	$ 189,118	$ 198,360
Subtotal Financing Costs	*$ 211,996*	*$ 222,889*	*$ 233,782*
Total Development Costs	**$ 5,380,959**	**$ 5,575,229**	**$ 5,769,500**
Total Development Cost per Unit (inc. land)	*$ 1,345,240*	*$ 1,393,807*	*$ 1,442,375*
Total Development Cost per Unit (exc. land)	*$ 945,240*	*$ 993,807*	*$ 1,042,375*
Valuation			
Operations			
Gross Income - Market Rate Units	$ 360,000	$ 360,000	$ 360,000
Gross Income - Affordable Units	$ -	$ -	$ -
Less: Vacancy	$ (18,000)	$ (18,000)	$ (18,000)
Less: Op Expenses	$ (57,000)	$ (57,000)	$ (57,000)
Net Operating Income (NOI)	$ 285,000	$ 285,000	$ 285,000
Value at Stabilization	**$ 6,333,333**	**$ 6,333,333**	**$ 6,333,333**
Return on Cost			
Value at Stabilization	$ 6,333,333	$ 6,333,333	$ 6,333,333
Less: Total Development Costs	$ 5,380,959	$ 5,575,229	$ 5,769,500
Profit	$ 952,374	$ 758,104	$ 563,833
% Return on Cost	**17.7%**	**13.6%**	**9.8%**
Feasible? (k)	**Yes**	**Yes**	**No**
Effective Inclusionary Rate (l)	*0%*	*0%*	*0%*

Notes:

a) The baseline assumes a 10% inclusionary requirement. For projects with 2 to 10 units, the policy allows the requirement to be satisfied through payment of an in-lieu fee.

b) Base density in R3-A zoning is 1,210 sq.ft. of site area per unit

c) Projects that satisfy the inclusionary requirement through an in-lieu fee are not eligible for a density bonus.

d) The average unit size is based on 2–4-unit projects sold in 2025. While R-2 zoning does not impose a maximum unit size, R-3 zoning limits units to 1,500 SF, which is reflected in the 4-unit project assumptions.

e) Parking ratios are based on comparable 2–4-unit projects entitled in West Hollywood. Most feature townhouse-style designs with at-grade 2-car garages, while some include underground parking. The current market standard for small 2–4-unit projects is 2.0 spaces per unit.

f) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

g) The current fees that apply to residential projects are:

Quimby (for condominiums, does not apply to rentals)

Public beautification and art fee	1.0%	
School fee	$5.17	psf
Transportation facilities fee	$ 448	per unit

h) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

i) Land cost per unit is based on properties sold in R2 and R3 zones between 2019 and 2024 that were entitled for development as 2–4-unit projects.

j) The in-lieu fee is calculated by multiplying the inclusionary percentage by the base units by the Affordable Housing In-Lieu fee.

k) Project feasibility assumes a minimum return on cost 12.0%

l) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table G2: 4-Unit For-Sale Projects with In-Lieu Fee Payment Only

This proforma tests varying the in-lieu fee requirement at 10%, 15%, and 20% for a 4-unit project.

Key Development Assuptions	Current Policy: 10% Set-Aside In-Lieu Fee (a)	15% Set-Aside (In-Lieu Fee)	20% Set-Aside (In-Lieu Fee)
Site Size (sf) (b)	4,840	4,840	4,840
Base Units	4	4	4
Inclusionary % Required by WEHO	10%	15%	20%
% Affordable Built On-Site	0%	0%	0%
% Affordable Paid by In-Lieu Fee	10%	15%	20%
Inclusionary Units Required by WEHO	-	-	-
Density Bonus (c)	0%	0%	0%
Additional Market Rate Units from DB	-	-	-
Number of Market Rate Units	4	4	4
Total Number of Units	***4***	***4***	***4***
Dwelling Units/Acre	36	36	36
Average Unit Size (d)	1,500	1,500	1,500
Net Residential Space (sf)	6,000	6,000	6,000
Common Area	300	300	300
Total Residential Space (sf)	6,300	6,300	6,300
Parking spaces per unit (e)	2.00	2.00	2.00
Total Number of Parking Spaces	8	8	8
Market Rate Sales Prices (f)			
Avg Sales Price per Unit	$ 1,800,000	$ 1,800,000	$ 1,800,000
Average Sales Price per SF	$ 1,200.00	$ 1,200.00	$ 1,200.00
WEHO Schedule A (a)	% #	% #	% #
2 Bedroom - Extremely Low			
2 Bedroom - Very Low			
2 Bedroom - Low			
2 Bedroom - Moderate			
HCD Income Limits			
2 Bedroom - Extremely Low			
2 Bedroom - Very Low			
2 Bedroom - Low			
2 Bedroom - Moderate			
Development Costs			
Construction Type	Type 5	Type 5	Type 5
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 300	$ 300	$ 300
Hard Cost - Premium for luxury product	25.0%	25.0%	25.0%
Parking Costs (per at-grade space)	$ 40,000	$ 40,000	$ 40,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%
Insurance for Construction Defects (per unit	$ 30,000	$ 30,000	$ 30,000
Impact Fees (g)			
Quimby/Park Fee per Unit	$ 3,323	$ 3,323	$ 3,323
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448
In-Lieu Fee per affordable unit (h)	$ 916,889	$ 916,889	$ 916,889
Financing Costs			
Loan to Cost Ratio	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%
Sales Assumptions			
Marketing Costs	5.0%	5.0%	5.0%

Development Costs	Current Policy: 10% In-Lieu Fee (a)	15% Set-Aside (In-Lieu Fee)	20% Set-Aside (In-Lieu Fee)
Land	$ 1,600,000	$ 1,600,000	$ 1,600,000
Land per Residential Unit (i)	$ 400,000	$ 400,000	$ 400,000
Land per Site sf	$ 331	$ 331	$ 331
Construction Costs			
Site Work	$ 48,400	$ 48,400	$ 48,400
Hard Costs - Residential	$ 2,362,500	$ 2,362,500	$ 2,362,500
Hard Costs - Parking	$ 320,000	$ 320,000	$ 320,000
Soft Costs	$ 409,635	$ 409,635	$ 409,635
Wrap Insurance for Construction Defects	$ 1	$ 1	$ 1
Quimby/Park Fee	$ 13,291	$ 13,291	$ 13,291
Public Beautification Fee	$ 27,309	$ 27,309	$ 27,309
School Fee	$ 32,571	$ 32,571	$ 32,571
Transportation Fee	$ 1,792	$ 1,792	$ 1,792
Affordable Housing In-Lieu Fee (j)	$ 366,756	$ 550,133	$ 733,511
Subtotal Const Costs Before Financing	*$ 3,582,255*	*$ 3,765,632*	*$ 3,949,010*
Financing Costs			
Points	$ 32,240	$ 33,891	$ 35,541
Construction Period Interest	$ 180,546	$ 189,788	$ 199,030
Subtotal Financing Costs	*$ 212,786*	*$ 223,679*	*$ 234,571*
Total Development Costs	**$ 5,395,041**	**$ 5,589,311**	**$ 5,783,581**
Total Development Cost per Unit (inc. land)	*$ 1,348,760*	*$ 1,397,328*	*$ 1,445,895*
Total Development Cost per Unit (exc. land)	*$ 948,760*	*$ 997,328*	*$ 1,045,895*
Valuation			
Operations			
Sales Revenue - Market Rate Units	$ 7,200,000	$ 7,200,000	$ 7,200,000
Sales Revenue - Affordable Units	$ -	$ -	$ -
Less: Marketing Costs	$ (360,000)	$ (360,000)	$ (360,000)
Net Sales Revenue	**$ 6,840,000**	**$ 6,840,000**	**$ 6,840,000**
Return on Cost			
Value at Stabilization	$ 6,840,000	$ 6,840,000	$ 6,840,000
Less: Total Development Costs	$ 5,395,041	$ 5,589,311	$ 5,783,581
Profit	$ 1,444,959	$ 1,250,689	$ 1,056,419
% Return on Cost	**26.8%**	**22.4%**	**18.3%**
Feasible? (k)	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (l)	*0%*	*0%*	*0%*

Notes:

a) The baseline assumes a 10% inclusionary requirement. For projects with 2 to 10 units, the policy allows the requirement to be satisfied through payment of an in-lieu fee.

b) Base density in R3-A zoning is 1,210 sq.ft. of site area per unit

c) Projects that satisfy the inclusionary requirement through an in-lieu fee are not eligible for a density bonus.

d) The average unit size is based on 2–4-unit projects sold in 2025. While R-2 zoning does not impose a maximum unit size, R-3 zoning limits units to 1,500 SF, which is reflected in the 4-unit project assumptions.

e) Parking ratios are based on comparable 2–4-unit projects entitled in West Hollywood. Most feature townhouse-style designs with at-grade 2-car garages, while some include underground parking. The current market standard for small 2–4-unit projects is 2.0 spaces per unit.

f) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

g) The current fees that apply to residential projects are:

Quimby (for condominiums, does not apply to rentals)	$ 3,323	per unit
Public beautification and art fee	1.0%	
School fee	$ 5.17	psf
Transportation facilities fee	$ 448	per unit

h) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

i) Land cost per unit is based on properties

j) The in-lieu fee is calculated by multiplying the inclusionary percentage by the base units by the Affordable Housing In-Lieu fee.

k) Project feasibility assumes a minimum return on cost 12.0%

l) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table G3: Small Project (5-Units) Rental Housing in R-3 Zone

Stacked Flats with underground parking garage in Zone R-3

For small projects, the proformas model a 10%, 15%, and 20% inclusionary requirement. Fractional units ≥0.5 are rounded up. Any remaining fractional obligation would be paid as an in-lieu fee.

Key Development Assumptions	15% In-Lieu Fee	15% Set-Aside ELI	15% Set-Aside VLI
Site Size (sf) (b)	6,050	6,050	6,050
Base Units	5	5	5
Inclusionary % Required by WEHO	15%	15%	15%
Inclusionary Obligation (c)	0.8	0.8	0.8
Must-Build Units	-	1.0	1.0
Units to Pay In-Lieu Fee (d)	0.8	-	-
% Affordable Built On-Site	0%	20%	20%
% Affordable Paid by In-Lieu Fee	15%	0%	0%
Density Bonus (e)	0%	50%	50%
Additional Market Rate Units from Density	-	3	3
Number of Market Rate Units	5	7	7
Total Number of Units	***5***	***8***	***8***
Dwelling Units/Acre	36	58	58
Average Unit Size (f)	1,300	1,300	1,300
Net Residential Space (sf)	6,500	10,400	10,400
Common Area	975	1,560	1,560
Total Residential Space (sf)	7,475	11,960	11,960
Parking spaces per unit (g)	1.50	1.50	1.50
Total Number of Parking Spaces	8	12	12
Market Rate Rents (h)			
Avg Rent per Unit	$ 6,630	$ 6,630	$ 6,630
Average Rent per SF	$ 5.10	$ 5.10	$ 5.10
WEHO Schedule A (a)	% #	% #	# #
2 Bedroom - Extremely Low			
2 Bedroom - Very Low			
2 Bedroom - Low			
2 Bedroom - Moderate			
HCD Income Limits			
2 Bedroom - Extremely Low		15.0% 1	
2 Bedroom - Very Low			15.0% 1
2 Bedroom - Low			
2 Bedroom - Moderate			
Development Costs			
Construction Type	Type 5	Type 5	Type 5
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 300	$ 300	$ 300
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%
Impact Fees (i)			
Quimby/Park Fee per Unit	$ -	$ -	$ -
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448
In-Lieu Fee per affordable unit (j)	$ 916,889	$ -	$ -
Financing Costs			
Loan to Cost Ratio	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%
Operations			
Vacancy	5.0%	5.0%	5.0%
OpEx per unit (inc. prop taxes)	$ 14,250	$ 14,250	$ 14,250
Cap Rate	4.50%	4.50%	4.50%

Development Costs	15% In-Lieu Fee	15% Set-Aside ELI	15% Set-Aside VLI
Land	$ 1,750,000	$ 2,800,000	$ 2,800,000
Land per Residential Unit (k)	$ 350,000	$ 350,000	$ 350,000
Land per Site sf	$ 289	$ 463	$ 463
Construction Costs			
Site Work	$ 60,500	$ 60,500	$ 60,500
Hard Costs - Residential	$ 2,242,500	$ 3,588,000	$ 3,588,000
Hard Costs - Parking	$ 480,000	$ 720,000	$ 720,000
Soft Costs	$ 417,450	$ 655,275	$ 655,275
Quimby/Park Fee	$ -	$ -	$ -
Public Beautification Fee	$ 27,830	$ 43,685	$ 43,685
School Fee	$ 38,646	$ 61,833	$ 61,833
Transportation Fee	$ 2,240	$ 3,584	$ 3,584
Affordable Housing In-Lieu Fee (l)	$ 687,667	$ -	$ -
Subtotal Const Costs Before Financing	*$ 3,956,833*	*$ 5,132,877*	*$ 5,132,877*
Financing Costs			
Points	$ 35,611	$ 46,196	$ 46,196
Construction Period Interest	$ 199,424	$ 258,697	$ 258,697
Subtotal Financing Costs	*$ 235,036*	*$ 304,893*	*$ 304,893*
Total Development Costs	**$ 5,941,868**	**$ 8,237,770**	**$ 8,237,770**
Total Development Cost per Unit (inc. land)	*$ 1,188,374*	*$ 8,587,770*	*$ 8,587,770*
Total Development Cost per Unit (exc. land)	*$ 838,374*	*$ 8,634,429*	*$ 8,634,429*
Valuation			
Operations			
Gross Income - Market Rate Units	$ 397,800	$ 576,810	$ 576,810
Gross Income - Affordable Units	$ -	$ 11,232	$ 18,720
Less: Vacancy	$ (19,890)	$ (29,402)	$ (29,777)
Less: Op Expenses	$ (71,250)	$ (114,000)	$ (114,000)
Net Operating Income (NOI)	$ 306,660	$ 444,640	$ 451,754
Value at Stabilization	**$ 6,814,667**	**$ 9,880,887**	**$ 10,038,967**
Return on Cost			
Value at Stabilization	$ 6,814,667	$ 9,880,887	$ 10,038,967
Less: Total Development Costs	$ 5,941,868	$ 8,237,770	$ 8,237,770
Profit	$ 872,798	$ 1,643,117	$ 1,801,197
% Return on Cost	**14.7%**	**19.9%**	**21.9%**
Feasible? (m)	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (n)	*0.0%*	*12.5%*	*12.5%*

Notes:

a) The baseline scenario assumes a 10% inclusionary requirement, satisfied by paying the an in-lieu fee based on WEHO's 2024-25 Schedule A: Inclusionary Housing Program Affordable Housing Schedule.

b) Base density in this zone is 1,210 sq.ft. of site area per unit

c) This reflects the requirement under the local inclusionary policy. For small projects, the must-build obligation is calculated by rounding fractional units to the nearest whole number.

d) Any remaining inclusionary obligation not met through on-site units can be fulfilled by paying an in-lieu fee.

e) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional “stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the state density bonus. Actual bonus percentage may vary based on the base unit count and rounding conventions.

f) The average unit size is based on projects approved in R3 zones between 2019 and 2024. Units tend to be larger because the base density is capped at 36 dwelling units per acre. With this limit, developers typically build larger units to maximize profits, compared to projects in other zoning districts.

g) The city's ordinance requires parking based on bedroom count, permitting reduced ratios for density bonus projects. This proforma assumes an average of 1.5 spaces per unit, aligning with the incentives. All parking is subterranean.

h) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

i) The current fees that apply to residential projects are:

Quimby (for condominiums, does not apply to rentals)

Public beautification and art fee 1.0%

School fee $5.17 psf

Transportation facilities fee $ 448 per unit

(j) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

k) The land cost per unit was derived from properties sales in R3 zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

l) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

m) Project feasibility assumes a minimum return on cost of

n) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table G4: Small Project (7-Units) Rental Housing in R-3 Zone

Stacked Flats with underground parking garage in Zone R-3

For small projects, the proformas model a 10%, 15%, and 20% inclusionary requirement. Fractional units ≥0.5 are rounded up. Any remaining fractional obligation would be paid as an in-lieu fee.

For example, a 7-unit project would trigger a 1.1-unit requirement under the 15% inclusionary scenario. The developer would provide 1 on-site affordable unit (qualifying for a density bonus), and pay an in-lieu fee for the remaining 0.1 unit.

		15% Set-Aside	
Key Development Assumptions	**15% In-Lieu Fee**	**ELI**	**VLI**
Site Size (sf) (b)	8,470	8,470	8,470
Base Units	7	7	7
Inclusionary % Required by WEHO	15%	15%	15%
Inclusionary Obligation (c)	1.1	1.05	1.05
Must-Build Units	-	1.0	1.0
Units to Pay In-Lieu Fee (d)	1.1	0.05	0.05
% Affordable Built On-Site	0%	14.3%	14.3%
% Affordable Paid by In-Lieu Fee	100%	1%	1%
Density Bonus (e)	0%	50%	50%
Additional Market Rate Units from Density	-	4	4
Number of Market Rate Units	7	10	10
Total Number of Units	***7***	***11***	***11***
Dwelling Units/Acre	36	57	57
Average Unit Size (f)	1,300	1,300	1,300
Net Residential Space (sf)	9,100	14,300	14,300
Common Area	1,365	2,145	2,145
Total Residential Space (sf)	10,465	16,445	16,445
Parking spaces per unit (g)	1.50	1.50	1.50
Total Number of Parking Spaces	11	17	17
Market Rate Rents (h)			
Avg Rent per Unit	$ 6,630	$ 6,630	$ 6,630
Average Rent per SF	$ 5.10	$ 5.10	$ 5.10
WEHO Schedule A (a)	% #	% #	# #
2 Bedroom - Extremely Low			
2 Bedroom - Very Low			
2 Bedroom - Low			
2 Bedroom - Moderate			
HCD Income Limits			
2 Bedroom - Extremely Low		15.0% 1	
2 Bedroom - Very Low			15.0% 1
2 Bedroom - Low			
2 Bedroom - Moderate			
Development Costs			
Construction Type	Type 5	Type 5	Type 5
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 300	$ 300	$ 300
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%
Impact Fees (i)			
Quimby/Park Fee per Unit	$ -	$ -	$ -
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448
In-Lieu Fee per affordable unit (j)	$ 916,889	$ 916,889	$ 916,889
Financing Costs			
Loan to Cost Ratio	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%
Operations			
Vacancy	5.0%	5.0%	5.0%
OpEx per unit (inc. prop taxes)	$ 14,250	$ 14,250	$ 14,250
Cap Rate	4.50%	4.50%	4.50%

		15% Set-Aside	
Development Costs	**15% In-Lieu Fee**	**ELI**	**VLI**
Land	$ 2,450,000	$ 3,850,000	$ 3,850,000
Land per Residential Unit (k)	$ 350,000	$ 350,000	$ 350,000
Land per Site sf	$ 289	$ 455	$ 455
Construction Costs			
Site Work	$ 84,700	$ 84,700	$ 84,700
Hard Costs - Residential	$ 3,139,500	$ 4,933,500	$ 4,933,500
Hard Costs - Parking	$ 660,000	$ 1,020,000	$ 1,020,000
Soft Costs	$ 582,630	$ 905,730	$ 905,730
Quimby/Park Fee	$ -	$ -	$ -
Public Beautification Fee	$ 38,842	$ 60,382	$ 60,382
School Fee	$ 54,104	$ 85,021	$ 85,021
Transportation Fee	$ 3,136	$ 4,928	$ 4,928
Affordable Housing In-Lieu Fee (l)	$ 962,733	$ 45,844	$ 45,844
Subtotal Const Costs Before Financing	*$ 5,525,646*	*$ 7,140,105*	*$ 7,140,105*
Financing Costs			
Points	$ 49,731	$ 64,261	$ 64,261
Construction Period Interest	$ 278,493	$ 359,861	$ 359,861
Subtotal Financing Costs	*$ 328,223*	*$ 424,122*	*$ 424,122*
Total Development Costs	**$ 8,303,869**	**$ 11,414,227**	**$ 11,414,227**
Total Development Cost per Unit (inc. land)	*$ 1,186,267*	*$ 11,764,227*	*$ 11,764,227*
Total Development Cost per Unit (exc. land)	*$ 836,267*	*$ 11,828,943*	*$ 11,828,943*
Valuation			
Operations			
Gross Income - Market Rate Units	$ 556,920	$ 795,600	$ 795,600
Gross Income - Affordable Units	$ -	$ 11,232	$ 18,720
Less: Vacancy	$ (27,846)	$ (40,342)	$ (40,716)
Less: Op Expenses	$ (99,750)	$ (156,750)	$ (156,750)
Net Operating Income (NOI)	$ 429,324	$ 609,740	$ 616,854
Value at Stabilization	**$ 9,540,533**	**$ 13,549,787**	**$ 13,707,867**
Return on Cost			
Value at Stabilization	$ 9,540,533	$ 13,549,787	$ 13,707,867
Less: Total Development Costs	$ 8,303,869	$ 11,414,227	$ 11,414,227
Profit	$ 1,236,664	$ 2,135,559	$ 2,293,639
% Return on Cost	**14.9%**	**18.7%**	**20.1%**
Feasible? (m)	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (n)	*0.0%*	*9.1%*	*9.1%*

Notes:

a) The baseline scenario assumes a 10% inclusionary requirement, satisfied by paying the an in-lieu fee based on WEHO's 2024-25 Schedule A: Inclusionary Housing Program Affordable Housing Schedule.

b) Base density in this zone is 1,210 sq.ft. of site area per unit

c) This reflects the requirement under the local inclusionary policy. For small projects, the must-build obligation is calculated by rounding fractional units to the nearest whole number.

d) Any remaining inclusionary obligation not met through on-site units can be fulfilled by paying an in-lieu fee.

e) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the state density bonus. Actual bonus percentages may vary based on the base unit count and rounding conventions.

f) The average unit size is based on projects approved in R3 zones between 2019 and 2024. Units tend to be larger because the base density is capped at 36 dwelling units per acre. With this limit, developers typically build larger units to maximize profits, compared to projects in other zoning districts.

g) The city's ordinance requires parking based on bedroom count, permitting reduced ratios for density bonus projects. This proforma assumes an average of 1.5 spaces per unit, aligning with the incentives. All parking is subterranean.

h) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

i) The current fees that apply to residential projects are:

Quimby (for condominiums, does not apply to rentals)

Public beautification and art fee	1.0%	
School fee	$5.17	psf
Transportation facilities fee	$ 448	per unit

(j) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

k) The land cost per unit was derived from properties sales in R3 zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

l) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

m) Project feasibility assumes a minimum return on cost of 12.0%

n) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table G5: Small Project (10-Units) Rental Housing in R-3 Zone

Stacked Flats with underground parking garage in Zone R-3

For small projects, the proformas model a 10%, 15%, and 20% inclusionary requirement. Fractional units ≥0.5 are rounded up. Any remaining fractional obligation would be paid as an in-lieu fee.

For example, a 10-unit project would trigger a 1.5-unit requirement under the 15% inclusionary scenario. The developer would provide 1 on-site affordable unit (qualifying for a density bonus), and pay an in-lieu fee for the remaining 0.5 unit.

		15% Set-Aside	
Key Development Assumptions	**15% In-Lieu Fee**	**ELI**	**VLI**
Site Size (sf) (b)	12,100	12,100	12,100
Base Units	10	10	10
Inclusionary % Required by WEHO	15%	15%	15%
Inclusionary Obligation (c)	1.5	1.5	1.5
Must-Build Units	-	2.0	2.0
Units to Pay In-Lieu Fee (d)	1.5	-	-
% Affordable Built On-Site	0%	20.0%	20.0%
% Affordable Paid by In-Lieu Fee	15%	0%	0%
Density Bonus (e)	0%	50.0%	50.0%
Additional Market Rate Units from Density	-	5	5
Number of Market Rate Units	10	13	13
Total Number of Units	***10***	***15***	***15***
Dwelling Units/Acre	36	54	54
Average Unit Size (f)	1,300	1,300	1,300
Net Residential Space (sf)	13,000	19,500	19,500
Common Area	1,950	2,925	2,925
Total Residential Space (sf)	14,950	22,425	22,425
Parking spaces per unit (g)	1.50	1.50	1.50
Total Number of Parking Spaces	15	23	23
Market Rate Rents (h)			
Avg Rent per Unit	$ 6,630	$ 6,630	$ 6,630
Average Rent per SF	$ 5.10	$ 5.10	$ 5.10
WEHO Schedule A (a)	% #	% #	# #
2 Bedroom - Extremely Low			
2 Bedroom - Very Low			
2 Bedroom - Low			
2 Bedroom - Moderate			
HCD Income Limits			
2 Bedroom - Extremely Low		15.0% 2	
2 Bedroom - Very Low			15.0% 2
2 Bedroom - Low			
2 Bedroom - Moderate			
Development Costs			
Construction Type	Type 5	Type 5	Type 5
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 300	$ 300	$ 300
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%
Impact Fees (i)			
Quimby/Park Fee per Unit	$ -	$ -	$ -
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448
In-Lieu Fee per affordable unit (j)	$ 916,889	$ -	$ -
Financing Costs			
Loan to Cost Ratio	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%
Operations			
Vacancy	5.0%	5.0%	5.0%
OpEx per unit (inc. prop taxes)	$ 14,250	$ 14,250	$ 14,250
Cap Rate	4.50%	4.50%	4.50%

		15% Set-Aside	
Development Costs	**15% In-Lieu Fee**	**ELI**	**VLI**
Land	$ 3,500,000	$ 5,250,000	$ 5,250,000
Land per Residential Unit (k)	$ 350,000	$ 350,000	$ 350,000
Land per Site sf	$ 289	$ 434	$ 434
Construction Costs			
Site Work	$ 121,000	$ 121,000	$ 121,000
Hard Costs - Residential	$ 4,485,000	$ 6,727,500	$ 6,727,500
Hard Costs - Parking	$ 900,000	$ 1,380,000	$ 1,380,000
Soft Costs	$ 825,900	$ 1,234,275	$ 1,234,275
Quimby/Park Fee	$ -	$ -	$ -
Public Beautification Fee	$ 55,060	$ 82,285	$ 82,285
School Fee	$ 77,292	$ 115,937	$ 115,937
Transportation Fee	$ 4,480	$ 6,720	$ 6,720
Affordable Housing In-Lieu Fee (l)	$ 1,375,334	$ -	$ -
Subtotal Const Costs Before Financing	*$ 7,844,065*	*$ 9,667,717*	*$ 9,667,717*
Financing Costs			
Points	$ 70,597	$ 87,009	$ 87,009
Construction Period Interest	$ 395,341	$ 487,253	$ 487,253
Subtotal Financing Costs	*$ 465,937*	*$ 574,262*	*$ 574,262*
Total Development Costs	**$ 11,810,002**	**$ 15,491,980**	**$ 15,491,980**
Total Development Cost per Unit (inc. land)	*$ 1,181,000*	*$ 15,841,980*	*$ 15,841,980*
Total Development Cost per Unit (exc. land)	*$ 831,000*	*$ 15,929,423*	*$ 15,929,423*
Valuation			
Operations			
Gross Income - Market Rate Units	$ 795,600	$ 1,034,280	$ 1,034,280
Gross Income - Affordable Units	$ -	$ 22,464	$ 37,440
Less: Vacancy	$ (39,780)	$ (52,837)	$ (53,586)
Less: Op Expenses	$ (142,500)	$ (213,750)	$ (213,750)
Net Operating Income (NOI)	$ 613,320	$ 790,157	$ 804,384
Value at Stabilization	**$ 13,629,333**	**$ 17,559,040**	**$ 17,875,200**
Return on Cost			
Value at Stabilization	$ 13,629,333	$ 17,559,040	$ 17,875,200
Less: Total Development Costs	$ 11,810,002	$ 15,491,980	$ 15,491,980
Profit	$ 1,819,331	$ 2,067,060	$ 2,383,220
% Return on Cost	**15.4%**	**13.3%**	**15.4%**
Feasible? (m)	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (n)	*0.0%*	*13.3%*	*13.3%*

Notes:

a) The baseline scenario assumes a 10% inclusionary requirement, satisfied by paying the an in-lieu fee based on WEHO's 2024-25 Schedule A: Inclusionary Housing Program Affordable Housing Schedule.

b) Base density in this zone is 1,210 sq.ft. of site area per unit

c) This reflects the requirement under the local inclusionary policy. For small projects, the must-build obligation is calculated by rounding fractional units to the nearest whole number.

d) Any remaining inclusionary obligation not met through on-site units can be fulfilled by paying an in-lieu fee.

e) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the state density bonus. Actual bonus percentages may vary based on the base unit count and rounding conventions.

f) The average unit size is based on projects approved in R3 zones between 2019 and 2024. Units tend to be larger because the base density is capped at 36 dwelling units per acre. With this limit, developers typically build larger units to maximize profits, compared to projects in other zoning districts.

g) The city's ordinance requires parking based on bedroom count, permitting reduced ratios for density bonus projects. This proforma assumes an average of 1.5 spaces per unit, aligning with the incentives. All parking is subterranean.

h) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

i) The current fees that apply to residential projects are:

Quimby (for condominiums, does not apply to rentals)
Public beautification and art fee 1.0%
School fee $ 5.17 psf
Transportation facilities fee $ 448 per unit

(j) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

k) The land cost per unit was derived from properties sales in R3 zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

l) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

m) Project feasibility assumes a minimum return on cost of 12.0%

n) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table G6: Small Project (5-Units) For-Sale Housing in R-3 Zone

Stacked Flats with underground parking garage in Zone R-3

For small projects, the proformas model a 10%, 15%, and 20% inclusionary requirement. Fractional units ≥0.5 are rounded up. Any remaining fractional obligation would be paid as an in-lieu fee.

		15% Set-Aside		
Key Development Assumptions	**15% In-Lieu Fee**	**VLI**	**Low**	**Mod**
Site Size (sf) (b)	6,050	6,050	6,050	6,050
Base Units	5	5	5	5
Inclusionary % Required by WEHO	15%	15%	15%	15%
Inclusionary Obligation (c)	0.8	0.8	0.8	0.8
Must-Build Units	-	1.0	1.0	1.0
Units to Pay In-Lieu Fee (d)	0.8	-	-	-
% Affordable Built On-Site	0%	20.0%	20.0%	20.0%
% Affordable Paid by In-Lieu Fee	15%	0%	0%	0%
Density Bonus (e)	0%	50%	35.0%	15%
Additional Market Rate Units from Density	-	3	2	1
Number of Market Rate Units	5	7	6	5
Total Number of Units	***5***	***8***	***7***	***6***
Dwelling Units/Acre	36	58	50	43
Average Unit Size (f)	1,300	1,300	1,300	1,300
Net Residential Space (sf)	6,500	10,400	9,100	7,800
Common Area	975	1,560	1,365	1,170
Total Residential Space (sf)	7,475	11,960	10,465	8,970
Parking spaces per unit (g)	1.50	1.50	1.50	1.50
Total Number of Parking Spaces	8	12	11	9
Market Rate Rents (h)				
Avg Sales Price per Unit	$ 1,462,500	$ 1,462,500	$ 1,462,500	$ 1,462,500
Average Sales Price per SF	$ 1,125.00	$ 1,125.00	$ 1,125.00	$ 1,125.00
WEHO Schedule A (a)	% #	% #	# #	# #
2 Bedroom - Extremely Low				
2 Bedroom - Very Low				
2 Bedroom - Low				
2 Bedroom - Moderate				
HCD Income Limits				
2 Bedroom - Extremely Low				
2 Bedroom - Very Low		15.0% 1		
2 Bedroom - Low			15.0% 1	
2 Bedroom - Moderate				15.0% 1
Development Costs				
Construction Type	Type 5	Type 5	Type 5	Type 5
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 300	$ 300	$ 300	$ 300
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%
Insurance for Construction Defects (per u	$ 30,000	$ 30,000	$ 30,000	$ 30,000
Impact Fees (i)				
Quimby/Park Fee per Unit	$ 3,323	$ 3,323	$ 3,323	$ 3,323
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per affordable unit (j)	$ 916,889	$ -	$ -	$ -
Financing Costs				
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%
Sales Assumptions				
Marketing Costs	5.0%	5.0%	5.0%	5.0%
OpEx per unit (inc. prop taxes)	$ 14,250	$ 14,250	$ 14,250	$ 14,250
Cap Rate	4.50%	4.50%	4.50%	4.50%

		15% Set-Aside		
Development Costs	**15% In-Lieu Fee**	**VLI**	**Low**	**Mod**
Land	$ 1,750,000	$ 2,800,000	$ 2,450,000	$ 2,100,000
Land per Residential Unit (k)	$ 350,000	$ 350,000	$ 350,000	$ 350,000
Land per Site sf	$ 289	$ 463	$ 405	$ 347
Construction Costs				
Site Work	$ 60,500	$ 60,500	$ 60,500	$ 60,500
Hard Costs - Residential	$ 2,242,500	$ 3,588,000	$ 3,139,500	$ 2,691,000
Hard Costs - Parking	$ 480,000	$ 720,000	$ 660,000	$ 540,000
Soft Costs	$ 417,450	$ 655,275	$ 579,000	$ 493,725
Wrap Insurance for Construction Defects	$ 150,000	$ 240,000	$ 210,000	$ 180,000
Quimby/Park Fee	$ 16,614	$ 26,583	$ 23,260	$ 19,937
Public Beautification Fee	$ 27,830	$ 43,685	$ 38,600	$ 32,915
School Fee	$ 38,646	$ 61,833	$ 54,104	$ 46,375
Transportation Fee	$ 2,240	$ 3,584	$ 3,136	$ 2,688
Affordable Housing In-Lieu Fee (l)	$ 687,667	$ -	$ -	$ -
Subtotal Const Costs Before Financing	*$ 4,123,447*	*$ 5,399,460*	*$ 4,768,100*	*$ 4,067,140*
Financing Costs				
Points	$ 37,111	$ 48,595	$ 42,913	$ 36,604
Construction Period Interest	$ 207,822	$ 272,133	$ 240,312	$ 204,984
Subtotal Financing Costs	*$ 244,933*	*$ 320,728*	*$ 283,225*	*$ 241,588*
Total Development Costs	**$ 6,118,380**	**$ 8,520,188**	**$ 7,501,325**	**$ 6,408,728**
Total Development Cost per Unit (inc. land)	*$ 1,223,676*	*$ 8,870,188*	*$ 7,851,325*	*$ 6,758,728*
Total Development Cost per Unit (exc. land)	*$ 873,676*	*$ 8,919,246*	*$ 7,894,643*	*$ 6,795,680*
Valuation				
Operations				
Sales Revenue - Market Rate Units	$ 7,312,500	$ 10,237,500	$ 8,775,000	$ 7,312,500
Sales Revenue - Affordable Units	$ -	$ 215,504	$ 384,469	$ 496,662
Less: Marketing Costs	$ (365,625)	$ (522,650)	$ (457,973)	$ (390,458)
Net Sales Revenue	$ 6,946,875	$ 9,930,353	$ 8,701,496	$ 7,418,704
Return on Cost				
Net Sales Revenue	$ 6,946,875	$ 9,930,353	$ 8,701,496	$ 7,418,704
Less: Total Development Costs	$ (6,118,380)	$ (8,520,188)	$ (7,501,325)	$ (6,408,728)
Profit	$ 828,495	$ 1,410,165	$ 1,200,170	$ 1,009,976
% Return on Cost	**13.5%**	**16.6%**	**16.0%**	**15.8%**
Feasible? (m)	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (n)	*0.0%*	*12.5%*	*14.3%*	*16.7%*

Notes:

a) The baseline scenario assumes a 10% inclusionary requirement, satisfied by paying the an in-lieu fee based on WEHO's 2024-25 Schedule A: Inclusionary Housing Program Affordable Housing Schedule.

b) Base density in this zone is 1,210 sq.ft. of site area per unit

c) This reflects the requirement under the local inclusionary policy. For small projects, the must-build obligation is calculated by rounding fractional units to the nearest whole number.

d) Any remaining inclusionary obligation not met through on-site units can be fulfilled by paying an in-lieu fee.

e) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the state density bonus. Actual bonus percentages may vary based on the base unit count and rounding conventions.

f) The average unit size is based on projects approved in R3 zones between 2019 and 2024. Units tend to be larger because the base density is capped at 36 dwelling units per acre. With this limit, developers typically build larger units to maximize profits, compared to projects in other zoning districts.

g) The city's ordinance requires parking based on bedroom count, permitting reduced ratios for density bonus projects. This proforma assumes an average of 1.5 spaces per unit, aligning with the incentives. All parking is subterranean.

h) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

i) The current fees that apply to residential projects are:

Quimby	$ 3,323	per unit
Public beautification and art fee	1.0%	
School fee	$ 5.17	psf
Transportation facilities fee	$ 448	per unit

(j) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

k) The land cost per unit was derived from properties sales in R3 zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

l) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

m) Project feasibility assumes a minimum return on cost of 12.0%

n) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table G7: Small Project (7-Units) For-Sale Housing in R-3 Zone

Stacked Flats with underground parking garage in Zone R-3

For small projects, the proformas model a 10%, 15%, and 20% inclusionary requirement. Fractional units ≥0.5 are rounded up. Any remaining fractional obligation would be paid as an in-lieu fee.

For example, a 7-unit project would trigger a 1.1-unit requirement under the 15% inclusionary scenario. The developer would provide 1 on-site affordable unit (qualifying for a density bonus), and pay an in-lieu fee for the remaining 0.1 unit.

		15% Set-Aside		
Key Development Assumptions	**15% In-Lieu Fee**	**VLI**	**Low**	**Mod**
Site Size (sf) (b)	8,470	8,470	8,470	8,470
Base Units	7	7	7	7
Inclusionary % Required by WEHO	15%	15%	15%	15%
Inclusionary Obligation (c)	1.1	1.1	1.1	1.1
Must-Build Units	-	1.00	1.00	1.00
Units to Pay In-Lieu Fee (d)	1.1	0.05	0.05	0.05
% Affordable Built On-Site	0%	14.3%	14.3%	14.3%
% Affordable Paid by In-Lieu Fee	15%	1%	1%	1%
Density Bonus (e)	0%	50%	27.5%	10%
Additional Market Rate Units from Density	-	4	2	1
Number of Market Rate Units	7	10	8	7
Total Number of Units	***7***	***11***	***9***	***8***
Dwelling Units/Acre	36	57	46	41
Average Unit Size (f)	1,300	1,300	1,300	1,300
Net Residential Space (sf)	9,100	14,300	11,700	10,400
Common Area	1,365	2,145	1,755	1,560
Total Residential Space (sf)	10,465	16,445	13,455	11,960
Parking spaces per unit (g)	1.50	1.50	1.50	1.50
Total Number of Parking Spaces	11	17	14	12
Market Rate Rents (h)				
Avg Sales Price per Unit	$ 1,462,500	$ 1,462,500	$ 1,462,500	$ 1,462,500
Average Sales Price per SF	$ 1,125.00	$ 1,125.00	$ 1,125.00	$ 1,125.00
WEHO Schedule A (a)	% #	% #	# #	# #
2 Bedroom - Extremely Low				
2 Bedroom - Very Low				
2 Bedroom - Low				
2 Bedroom - Moderate				
HCD Income Limits				
2 Bedroom - Extremely Low				
2 Bedroom - Very Low		15.0% 1		
2 Bedroom - Low			15.0% 1	
2 Bedroom - Moderate				15.0% 1
Development Costs				
Construction Type	Type 5	Type 5	Type 5	Type 5
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 300	$ 300	$ 300	$ 300
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%
Insurance for Construction Defects (per u	$ 30,000	$ 30,000	$ 30,000	$ 30,000
Impact Fees (i)				
Quimby/Park Fee per Unit	$ 3,323	$ 3,323	$ 3,323	$ 3,323
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per affordable unit (j)	$ 916,889	$ 916,889	$ 916,889	$ 916,889
Financing Costs				
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%
Sales Assumptions				
Marketing Costs	5.0%	5.0%	5.0%	5.0%
OpEx per unit (inc. prop taxes)	$ 14,250	$ 14,250	$ 14,250	$ 14,250
Cap Rate	4.50%	4.50%	4.50%	4.50%

		15% Set-Aside		
Development Costs	**15% In-Lieu Fee**	**VLI**	**Low**	**Mod**
Land	$ 2,450,000	$ 3,850,000	$ 3,150,000	$ 2,800,000
Land per Residential Unit (k)	$ 350,000	$ 350,000	$ 350,000	$ 350,000
Land per Site sf	$ 289	$ 455	$ 372	$ 331
Construction Costs				
Site Work	$ 84,700	$ 84,700	$ 84,700	$ 84,700
Hard Costs - Residential	$ 3,139,500	$ 4,933,500	$ 4,036,500	$ 3,588,000
Hard Costs - Parking	$ 660,000	$ 1,020,000	$ 840,000	$ 720,000
Soft Costs	$ 582,630	$ 905,730	$ 744,180	$ 658,905
Wrap Insurance for Construction Defects	$ 210,000	$ 330,000	$ 270,000	$ 240,000
Quimby/Park Fee	$ 23,260	$ 36,552	$ 29,906	$ 26,583
Public Beautification Fee	$ 38,842	$ 60,382	$ 49,612	$ 43,927
School Fee	$ 54,104	$ 85,021	$ 69,562	$ 61,833
Transportation Fee	$ 3,136	$ 4,928	$ 4,032	$ 3,584
Affordable Housing In-Lieu Fee (l)	$ 962,733	$ 45,844	$ 45,844	$ 45,844
Subtotal Const Costs Before Financing	*$ 5,758,906*	*$ 7,506,657*	*$ 6,174,337*	*$ 5,473,377*
Financing Costs				
Points	$ 51,830	$ 67,560	$ 55,569	$ 49,260
Construction Period Interest	$ 290,249	$ 378,335	$ 311,187	$ 275,858
Subtotal Financing Costs	*$ 342,079*	*$ 445,895*	*$ 366,756*	*$ 325,119*
Total Development Costs	**$ 8,550,985**	**$ 11,802,552**	**$ 9,691,092**	**$ 8,598,495**
Total Development Cost per Unit (inc. land)	*$ 1,221,569*	*$ 12,152,552*	*$ 10,041,092*	*$ 8,948,495*
Total Development Cost per Unit (exc. land)	*$ 871,569*	*$ 12,220,567*	*$ 10,097,033*	*$ 8,998,086*
Valuation				
Operations				
Sales Revenue - Market Rate Units	$ 10,237,500	$ 14,625,000	$ 11,700,000	$ 10,237,500
Sales Revenue - Affordable Units	$ -	$ 215,504	$ 384,469	$ 496,662
Less: Marketing Costs	$ (511,875)	$ (742,025)	$ (604,223)	$ (536,708)
Net Sales Revenue	$ 9,725,625	$ 14,098,478	$ 11,480,246	$ 10,197,454
Return on Cost				
Net Sales Revenue	$ 9,725,625	$ 14,098,478	$ 11,480,246	$ 10,197,454
Less: Total Development Costs	$ (8,550,985)	$ (11,802,552)	$ (9,691,092)	$ (8,598,495)
Profit	$ 1,174,640	$ 2,295,926	$ 1,789,153	$ 1,598,959
% Return on Cost	**13.7%**	**19.5%**	**18.5%**	**18.6%**
Feasible? (m)	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (n)	*0.0%*	*9.1%*	*11.1%*	*12.5%*

Notes:

a) The baseline scenario assumes a 10% inclusionary requirement, satisfied by paying the an in-lieu fee based on WEHO's 2024-25 Schedule A: Inclusionary Housing Program Affordable Housing Schedule.

b) Base density in this zone is 1,210 sq.ft. of site area per unit

c) This reflects the requirement under the local inclusionary policy. For small projects, the must-build obligation is calculated by rounding fractional units to the nearest whole number.

d) Any remaining inclusionary obligation not met through on-site units can be fulfilled by paying an in-lieu fee.

e) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the state density bonus. Actual bonus percentages may vary based on the base unit count and rounding conventions.

f) The average unit size is based on projects approved in R3 zones between 2019 and 2024. Units tend to be larger because the base density is capped at 36 dwelling units per acre. With this limit, developers typically build larger units to maximize profits, compared to projects in other zoning districts.

g) The city's ordinance requires parking based on bedroom count, permitting reduced ratios for density bonus projects. This proforma assumes an average of 1.5 spaces per unit, aligning with the incentives. All parking is subterranean.

h) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

i) The current fees that apply to residential projects are:

Quimby	$3,323	per unit
Public beautification and art fee	1.0%	
School fee	$ 5.17	psf
Transportation facilities fee	$ 448	per unit

(j) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

k) The land cost per unit was derived from properties sales in R3 zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

l) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

m) Project feasibility assumes a minimum return on cost of 12.0%

n) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table G8: Small Project (10-Units) For-Sale Housing in R-3 Zone

Stacked Flats with underground parking garage in Zone R-3

For small projects, the proformas model a 10%, 15%, and 20% inclusionary requirement. Fractional units ≥0.5 are rounded up. Any remaining fractional obligation would be paid as an in-lieu fee.

For example, an 8-unit project would trigger a 1.2-unit requirement under the 15% inclusionary scenario. The developer would provide 1 on-site affordable unit (qualifying for a density bonus), and pay an in-lieu fee for the remaining 0.2 unit.

		15% Set-Aside		
Key Development Assumptions	**15% In-Lieu Fee**	**VLI**	**Low**	**Mod**
Site Size (sf) (b)	12,100	12,100	12,100	12,100
Base Units	10	10	10	10
Inclusionary % Required by WEHO	15%	15%	15%	15%
Inclusionary Obligation (c)	1.5	1.5	1.5	1.5
Must-Build Units	-	2.0	2.0	2.0
Units to Pay In-Lieu Fee (d)	1.5	-	-	-
% Affordable Built On-Site	0%	20.0%	20.0%	20.0%
% Affordable Paid by In-Lieu Fee	15%	0%	0%	0%
Density Bonus (e)	0%	50.0%	35.0%	15.0%
Additional Market Rate Units from Density	-	5	4	2
Number of Market Rate Units	10	13	12	10
Total Number of Units	***10***	***15***	***14***	***12***
Dwelling Units/Acre	36	54	50	43
Average Unit Size (f)	1,300	1,300	1,300	1,300
Net Residential Space (sf)	13,000	19,500	18,200	15,600
Common Area	1,950	2,925	2,730	2,340
Total Residential Space (sf)	14,950	22,425	20,930	17,940
Parking spaces per unit (g)	1.50	1.50	1.50	1.50
Total Number of Parking Spaces	15	23	21	18
Market Rate Rents (h)				
Avg Sales Price per Unit	$ 1,462,500	$ 1,462,500	$ 1,462,500	$ 1,462,500
Average Sales Price per SF	$ 1,125.00	$ 1,125.00	$ 1,125.00	$ 1,125.00
WEHO Schedule A (a)	% #	% #	# #	# #
2 Bedroom - Extremely Low				
2 Bedroom - Very Low				
2 Bedroom - Low				
2 Bedroom - Moderate				
HCD Income Limits				
2 Bedroom - Extremely Low				
2 Bedroom - Very Low		15.0% 2		
2 Bedroom - Low			15.0% 2	
2 Bedroom - Moderate				15.0% 2
Development Costs				
Construction Type	Type 5	Type 5	Type 5	Type 5
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 300	$ 300	$ 300	$ 300
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%
Insurance for Construction Defects (per u	$ 30,000	$ 30,000	$ 30,000	$ 30,000
Impact Fees (i)				
Quimby/Park Fee per Unit	$ 3,323	$ 3,323	$ 3,323	$ 3,323
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per affordable unit (j)	$ 916,889	$ -	$ -	$ -
Financing Costs				
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%
Sales Assumptions				
Marketing Costs	5.0%	5.0%	5.0%	5.0%
OpEx per unit (inc. prop taxes)	$ 14,250	$ 14,250	$ 14,250	$ 14,250
Cap Rate	4.50%	4.50%	4.50%	4.50%

		15% Set-Aside		
Development Costs	**15% In-Lieu Fee**	**VLI**	**Low**	**Mod**
Land	$ 3,500,000	$ 5,250,000	$ 4,900,000	$ 4,200,000
Land per Residential Unit (k)	$ 350,000	$ 350,000	$ 350,000	$ 350,000
Land per Site sf	$ 289	$ 434	$ 405	$ 347
Construction Costs				
Site Work	$ 121,000	$ 121,000	$ 121,000	$ 121,000
Hard Costs - Residential	$ 4,485,000	$ 6,727,500	$ 6,279,000	$ 5,382,000
Hard Costs - Parking	$ 900,000	$ 1,380,000	$ 1,260,000	$ 1,080,000
Soft Costs	$ 825,900	$ 1,234,275	$ 1,149,000	$ 987,450
Wrap Insurance for Construction Defects	$ 300,000	$ 450,000	$ 420,000	$ 360,000
Quimby/Park Fee	$ 33,229	$ 49,843	$ 46,520	$ 39,874
Public Beautification Fee	$ 55,060	$ 82,285	$ 76,600	$ 65,830
School Fee	$ 77,292	$ 115,937	$ 108,208	$ 92,750
Transportation Fee	$ 4,480	$ 6,720	$ 6,272	$ 5,376
Affordable Housing In-Lieu Fee (l)	$ 1,375,334	$ -	$ -	$ -
Subtotal Const Costs Before Financing	*$ 8,177,294*	*$ 10,167,560*	*$ 9,466,600*	*$ 8,134,280*
Financing Costs				
Points	$ 73,596	$ 91,508	$ 85,199	$ 73,209
Construction Period Interest	$ 412,136	$ 512,445	$ 477,117	$ 409,968
Subtotal Financing Costs	*$ 485,731*	*$ 603,953*	*$ 562,316*	*$ 483,176*
Total Development Costs	**$ 12,163,025**	**$ 16,021,513**	**$ 14,928,916**	**$ 12,817,457**
Total Development Cost per Unit (inc. land)	*$ 1,216,302*	*$ 16,371,513*	*$ 15,278,916*	*$ 13,167,457*
Total Development Cost per Unit (exc. land)	*$ 866,302*	*$ 16,463,455*	*$ 15,364,521*	*$ 13,241,012*
Valuation				
Operations				
Sales Revenue - Market Rate Units	$ 14,625,000	$ 19,012,500	$ 17,550,000	$ 14,625,000
Sales Revenue - Affordable Units	$ -	$ 431,007	$ 768,938	$ 993,325
Less: Marketing Costs	$ (731,250)	$ (972,175)	$ (915,947)	$ (780,916)
Net Sales Revenue	$ 13,893,750	$ 18,471,332	$ 17,402,991	$ 14,837,408
Return on Cost				
Net Sales Revenue	$ 13,893,750	$ 18,471,332	$ 17,402,991	$ 14,837,408
Less: Total Development Costs	$ (12,163,025)	$ (16,021,513)	$ (14,928,916)	$ (12,817,457)
Profit	$ 1,730,725	$ 2,449,818	$ 2,474,075	$ 2,019,952
% Return on Cost	**14.2%**	**15.3%**	**16.6%**	**15.8%**
Feasible? (m)	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (n)	*0.0%*	*13.3%*	*14.3%*	*16.7%*

Notes:

a) The baseline scenario assumes a 10% inclusionary requirement, satisfied by paying the an in-lieu fee based on WEHO's 2024-25 Schedule A: Inclusionary Housing Program Affordable Housing Schedule.

b) Base density in this zone is 1,210 sq.ft. of site area per unit

c) This reflects the requirement under the local inclusionary policy. For small projects, the must-build obligation is calculated by rounding fractional units to the nearest whole number.

d) Any remaining inclusionary obligation not met through on-site units can be fulfilled by paying an in-lieu fee.

e) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code §65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the state density bonus. Actual bonus percentages may vary based on the base unit count and rounding conventions.

f) The average unit size is based on projects approved in R3 zones between 2019 and 2024. Units tend to be larger because the base density is capped at 36 dwelling units per acre. With this limit, developers typically build larger units to maximize profits, compared to projects in other zoning districts.

g) The city's ordinance requires parking based on bedroom count, permitting reduced ratios for density bonus projects. This proforma assumes an average of 1.5 spaces per unit, aligning with the incentives. All parking is subterranean.

h) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

i) The current fees that apply to residential projects are:

Quimby	$ 3,323	per unit
Public beautification and art fee	1.0%	
School fee	$ 5.17	psf
Transportation facilities fee	$ 448	per unit

(j) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

k) The land cost per unit was derived from properties sales in R3 zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

l) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

m) Project feasibility assumes a minimum return on cost of 12.0%

n) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Addendum to
West Hollywood Inclusionary Housing Update

The Housing Workshop
Urban Math
June 2026

Table of Contents

Introduction

This document serves as an Addendum to the previously published report entitled *West Hollywood Inclusionary Housing Update: Improving Coordination with the State Density Bonus Law (October 2025).* The City of West Hollywood commissioned the original study in 2024 to review the ways its longstanding Inclusionary Housing Ordinance (IHO) regulations interact with the State Density Bonus Law (SDBL), and to consider refinements to the local ordinance to better support housing production in West Hollywood. The original study findings, along with staff recommendations regarding next steps, were discussed by the Planning Commission in October 2025, and by City Council in November 2025. At that time, City Council requested several follow-up pieces of research and analysis and also requested a Special Study Session to further discuss the study findings/recommendations. The Study Session was held on April 20, 2026, when additional items were requested for further research.

This Addendum compiles additional research and analysis items requested by City Council since the publication of the original study (October 2025), and includes the following:

New Research Items

1. West Hollywood progress towards RHNA goals compared to peer cities (permitted units).
2. West Hollywood housing production compared to peer cities (completed units).
3. Impact of market rate housing production on average rents in West Hollywood.
4. Impacts of new market rate housing development on nearby rent-stabilized vacant unit "new" rents."
5. Expert opinions/other studies' findings regarding effects of inclusionary housing on market rate housing production.

Additional Policy Considerations: Large Projects

1. Consideration of varying IHO regulations for projects with 11+ units depending on their underlying zoning category to reflect the City's General Plan.
2. Potential refinement of Policy Option D to equally split the ELI and VLI components.

Additional Policy Considerations: Small Projects

3. Expanded discussion of a must-build versus in-lieu fee option for small projects with 5 to 10 units.
4. Additional approaches to increase affordable unit yield in small projects beyond IHO requirements through other City initiatives.

New Research Items

RHNA Progress Compared to Peer Cities

This research item measures Regional Housing Needs Allocation (RHNA) progress for peer cities. The California Department of Housing and Community Development (HCD) tracks RHNA progress for each Housing Element cycle, based on each jurisdiction's reporting of building permits issued annually for new housing units.

It is important to note that even if building permits have been secured (the metric used to gauge RHNA progress), a project may not subsequently move forward through construction and occupancy for various reasons and is not added to available supply until it has reached construction completion (as documented by a Certificate of Occupancy). Thus, this metric, which marks the endpoint of local government oversight into the development process, is an appropriate stage to measure for compliance with Housing Element law but may not actually add to occupiable new units for several years or may never be constructed.

West Hollywood, along with other jurisdictions in the Los Angeles region, is halfway through the current 8-year Housing Element cycle and RHNA process, which began on October 15, 2021 and will end on October 15, 2029. Thus, achieving 50% of a jurisdiction's RHNA allocation in each income category represents the benchmark for progress through 2025.

However, it is important to note that the publicly available housing production data found in HCD's Annual Progress Report Dashboard is based on a calendar year, and 2025 data will not be publicly available until July 1, 2026. Additionally, HCD permits "pipeline" projects from the period immediately preceding the start of the 6th Cycle (in 2021) to be counted toward the 6th Cycle RHNA. The HCD Dashboard does not include the pipeline projects and therefore underrepresents the City's total RHNA progress at any given time.

For this analysis, the City of West Hollywood used HCD Dashboard data for 2021-2024 and also directly collected locally-approved but as of yet, unpublished data from each peer city.[1] As shown in the table and graph below, West Hollywood, with a 16.1% overall RHNA progress, currently exceeds Beverly Hills (10.0% progress) and Glendale (15.9% progress). West Hollywood's progress also falls roughly in the same category as the City of Los Angeles (at 16.8%), Pasadena (18.7%), and Santa Monica (19.5%). Among the peer cities, Culver City most

[1] The analysis for this Addendum was conducted in late May/early June 2026.

closely approaches the 50% overall progress goal, achieving 30.1% of its RHNA in the 4-year period. It should be noted that these progress percentages are "lumpy," meaning the completion of one new large apartment building in a smaller jurisdiction such as West Hollywood or Culver City, can rapidly increase its RHNA progress percentage, so that after 2026 is tallied, these relative levels of progress can shift.

Table 1: RHNA Progress In West Hollywood and Peer Cities, 2021-2025 (a)

	West Hollywood (b)		
	Permitted	RHNA	% Progress
Very Low	124	1,066	11.6%
Low	78	689	11.3%
Moderate	12	682	1.8%
Above Moderate	418	1,496	27.9%
Total	**632**	**3,933**	**16.1%**

	Beverly Hills			Santa Monica			Culver City		
	Permitted	RHNA	% Progress	Permitted	RHNA	% Progress	Permitted	RHNA	% Progress
Very Low	30	1,008	3.0%	300	2,794	10.7%	156	1,108	14.1%
Low	26	680	3.8%	80	1,672	4.8%	3	604	0.5%
Moderate	8	602	1.3%	179	1,702	10.5%	8	560	1.4%
Above Moderate	247	814	30.3%	1,179	2,727	43.2%	838	1,069	78.4%
Total	**311**	**3,104**	**10.0%**	**1,738**	**8,895**	**19.5%**	**1,005**	**3,341**	**30.1%**

	Los Angeles			Pasadena			Glendale		
	Permitted	RHNA	% Progress	Permitted	RHNA	% Progress	Permitted	RHNA	% Progress
Very Low	4,134	115,978	3.6%	54	2,747	2.0%	241	3,439	7.0%
Low	8,923	68,743	13.0%	51	1,662	3.1%	341	2,163	15.8%
Moderate	1,499	75,091	2.0%	282	1,565	18.0%	-	2,249	0.0%
Above Moderate	62,019	196,831	31.5%	1,377	3,455	39.9%	1,551	5,574	27.8%
Total	**76,575**	**456,643**	**16.8%**	**1,764**	**9,429**	**18.7%**	**2,133**	**13,425**	**15.9%**

(a) Due to changes in record-keeping during the current Housing Element cycle, HCD's progress reports aggregate Acutely Low Income (0-15% AMI), Extremely Low Income (15-30% AMI), and Very Low Income (30-50% AMI) into one data point called Very Low Income.
(b) Due to West Hollywood's use of local income definitions resulting in lower $ income segments, its reported affordable production by income category, if adjusted to match HCD definitions (used by all peer cities), would almost all be counted as Very Low Income per this summary table, further increasing WEHO's progress towards its 1,066 unit VLI RHNA goal.

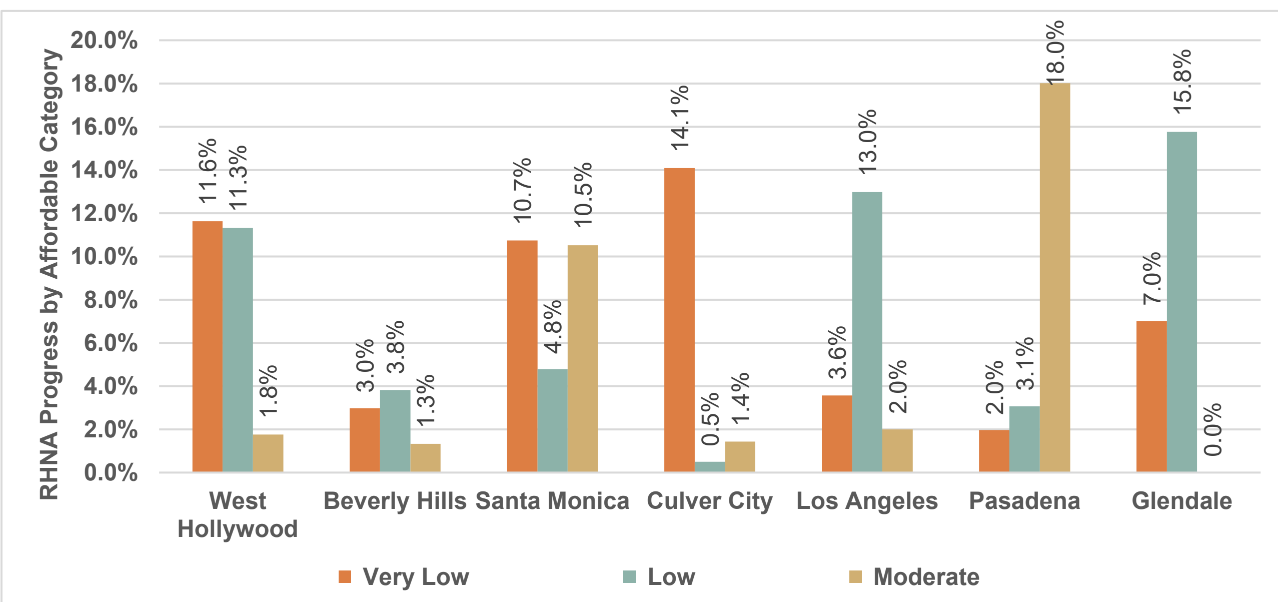
Sources: CA HCD Annual Progress Report Dashboard as of June 1, 2026 (does not yet include 2025 data); City of West Hollywood who obtained 2025 permitted data from each peer city directly; The Housing Workshop, 2026.

In addition to the simple overall metric of RHNA progress, it is important to also examine the mix of units permitted in each jurisdiction compared to its RHNA allocation by income category. This provides insight into how effectively a jurisdiction's housing policies are meeting affordability needs across the income spectrum.

The figure below amplifies the same data presented in the previous table for just the affordable housing categories to indicate relative RHNA percentage progress by low income band. As shown, West Hollywood's affordable housing RHNA progress is relatively strong, due in part to its existing inclusionary policies as well as its direct investment in 100% affordable projects from its Affordable Housing Trust Fund. It should be noted that due to West Hollywood's current local income definitions (e.g., per Schedule A), if past units were adjusted to HCD income definitions used by all of the peer cities, West Hollywood's RHNA progress for Very Low would rise by several more percentage points, while its Moderate and some of its Low progress would be reduced.

Thus, West Hollywood's affordable housing policies, including its existing IHO, compare relatively well to peer cities. The proposed Policy Option D, which would spread the inclusionary obligation between Extremely Low/Very-Low Income (ELI/VLI) and Low Income (LI), along with a shift to HCD income definitions, would further distribute affordable RHNA progress across income categories with affordable housing needs.

Figure 1: Affordable Housing RHNA Progress for Peer Cities, 2021-2025



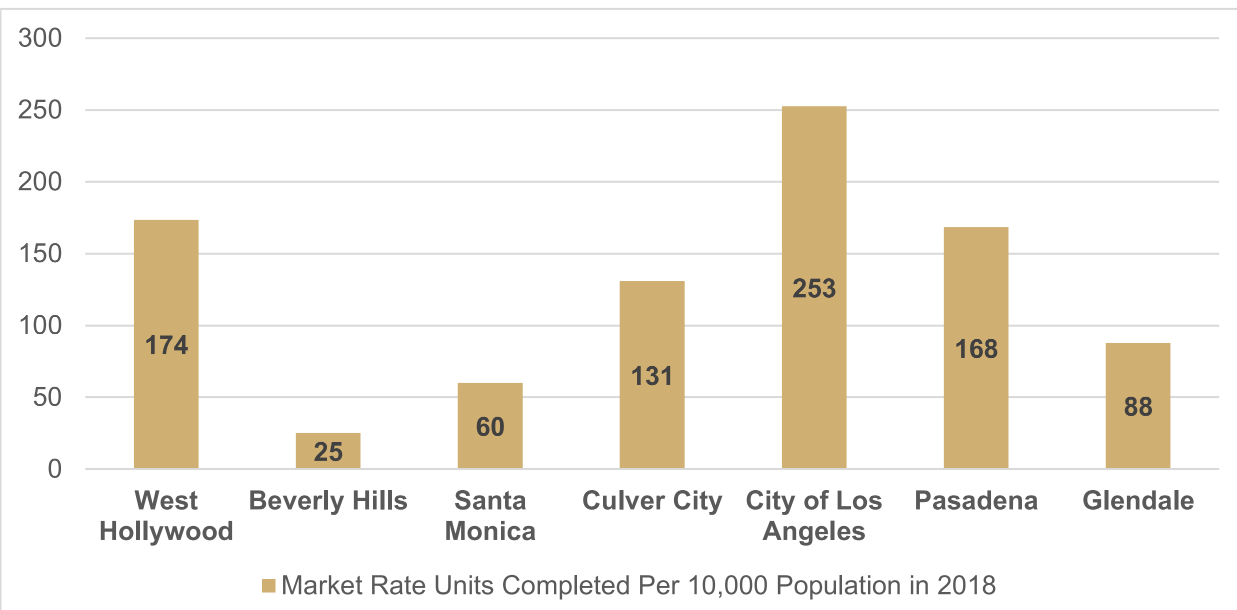
Note: HCD does not report Extremely Low Income (ELI) separately from Very Low Income (VLI); instead these two categories are reported as one combined Very Low Income (VLI) number.

Completed Market Rate Housing Production Compared to Peer Cities’

One of the main concerns of elected officials amidst the current housing production crisis in California is whether specific local inclusionary rules dampen market rate housing production. This item examines that concern across peer cities.

The data graphed below is based on HCD’s Annual Progress Dashboard, as reported by each jurisdiction to HCD. It tracks completed market rate units across a longer time period than the prior RHNA progress data, which tracked permitted units for both affordable and market rate categories, and only for the current 6th Housing Element cycle to date (2021-2025).[2] The data below also normalizes units built per 10,000 base population in 2018 to enable comparison across differently sized cities. The longer time period analyzed here also provides a more complete picture of trends in production because many new projects are large multifamily buildings which can take many years to complete, and the completion of one large building in a small jurisdiction can dramatically change the supply trend.

Figure 2: Completed Market Rate Units per 10,000 Population, 2018-2024 (a)



a) Data here ends in calendar year 2024 because 2025 information was not available for all peer cities.

Sources: Department of Finance, January 1, 2018 population estimate, HCD Annual Progress Dashboard, The Housing Workshop, 2026.

[2] RHNA progress calculations are based on permitted units, because approval of building permits represents that last stage under public sector control. The next stages, construction completion, may be subject to delays and/or developer decision-making about when and whether to proceed given rent trends, interest rates, financing models, changes to the developer’s business status, and/or construction delays caused by many factors.

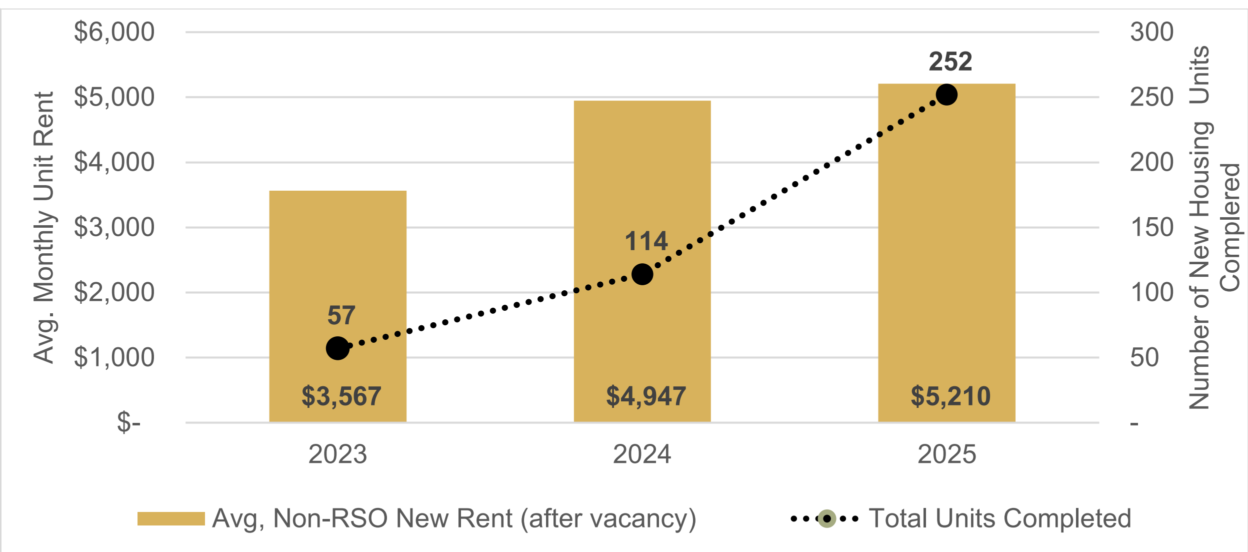
As indicated, between 2018 and 2024, West Hollywood achieved higher market rate housing production per 10,000 residents than any of the other peer cities except the City of Los Angeles. This ranking of peer cities, from a low of 25 units per 10,000 residents in Beverly Hills to higher levels in Pasadena, Glendale, and Los Angeles, with West Hollywood exceeding all peer cities except Los Angeles, illustrates that West Hollywood has a relatively strong pace of market rate housing production, suggesting that its IHO requirements have not materially dampened production relative to peer cities. This pattern is most likely due in large part to strong market demand for West Hollywood housing and its quality of life.

Impact of New Housing Supply on Market Rents

City Council requested data on West Hollywood's market rate rent trends as it has added new market rate housing supply in the past few years. The graph below presents data from West Hollywood's required Rent Stabilization registry ("Registry"), which since 2023 has required rental units that are not subject to the Rent Stabilization Ordinance (i.e., rental units built after July 1, 1979) to register rental units and their annual rents and lease terms with the City. The expansion of the Registry now allows the City to track and compare rent trends and turnover rents in both rent-stabilized and non-rent-stabilized units, providing a more comprehensive picture of changes in the local rental market. This data, graphed below compares non-RSO turnover rents against new housing unit supply completing construction each year.

As shown, West Hollywood completed 423 new housing units over the three-year period (2023-2025). Over the same time period, the average rent charged for turnover rents on market rate (non-RSO) units averaged $3,567 per month in 2023, rising to $5,210 in 2025, an increase of 46%. These figures reflect rents charged on turnover units across the City's non-RSO housing stock built after July 1, 1979. Thus, the data suggests, at least in the short run, the addition of substantial new housing units did not correspond with lower rents for newly leased market rate units.

Figure 3: New Housing Supply & Average Turnover Market Rent, 2023-2025



Sources: HCD Annual Progress Report Dashboard, City of West Hollywood, The Housing Workshop, 2026.

Impact of New Market Rate Housing on Nearby RSO Units

A City Council member requested an analysis of whether newly constructed market rate housing projects affect rents charged in nearby RSO units when those units turn over and are re-leased to new tenants, theoretically achieving market rates for those older units. This request can be rephrased as “do new market rate housing projects cause gentrification by raising rents in nearby older RSO units upon turnover?” While the causal relationships between new market rate construction in a neighborhood and rent levels in older buildings in the same neighborhood could be analyzed in various ways, the analysis presented here is observational; it does not directly assess more complex causal relationships.[3]

For this Addendum, the analysis mapped all new market-rate rental developments with 5+ units that received final building permits in West Hollywood during calendar years 2022 and 2023.[4] The resulting map revealed a cluster of new developments on the west side of the City, totaling 130 new market-rate units. Using a ½-mile buffer around this concentration of new housing (“Area A”), turnover rents for RSO units within the ½-mile area were compared with the same category of rents in the balance of the City. This approach allowed for the examination of RSO turnover rents from 2020 through 2024, capturing rent trends both before and after the approval and construction of new market rate buildings. The geospatial distribution of new market rate buildings and locations of turnover RSO rental units is mapped in Appendix A.

As indicated in the table and graph on the following page, RSO turnover rents in Area A were consistently higher than in the rest of the City throughout the study period. In 2020, the average rent charged upon RSO unit turnover was $2,398 in Area A, compared with $2,323 in areas outside Area A. Compared with the citywide average, rents in Area A were roughly 3 percent higher (a differential of $75 per month), while rents outside Area A were approximately 1 percent lower. This gap has persisted across all years analyzed, indicating that Area A has historically been a relatively stronger rental market than the rest of West Hollywood.

Turnover rents for vacant RSO units increased 14.5% citywide from 2020 through 2024, while turnover rents in Area A increased at a slightly faster rate of 14.7% over the same period. Area A

[3] There is extensive literature covering statistical and likely causal relationships between new market rate construction impacts and surrounding neighborhood rents to identify gentrification and potential displacement outcomes. However, often these types of studies explore older, disinvested neighborhoods experiencing substantial new construction, which is not the situation in West Hollywood’s rental market. Pinpointing causal relationships between new construction and submarket or neighborhood rents would require extensive statistical analysis that was not conducted for this Addendum.

[4] This analysis focused on developments completed during 2022 and 2023, after the market distortions of the pandemic years had elapsed.

experienced a somewhat larger increase in turnover rents between 2021 and 2022 than the balance of the city, coinciding in time with when the nearby market rate projects were receiving final building approvals. However, turnover rents in RSO units outside Area A increased more rapidly the following year and largely caught up. As a result, between 2020 and 2024, the overall growth in RSO turnover rents was nearly identical inside and outside Area A, suggesting that any differences in rent growth are small and not clearly attributable to the nearby market-rate developments.

Table 2: Summary of Impact of New Market Rate Construction on RSO Rents, 2020-2024

Avg. Rents for Vacant RSO Units (a)	**2020**	**2021**	**2022**	**2023**	**2024**	**Change 2020-2024**
Citywide	$ 2,338	$ 2,290	$ 2,607	$ 2,717	$ 2,678	14.5%
Area A	$ 2,398	$ 2,377	$ 2,799	$ 2,818	$ 2,750	14.7%
Balance of the City	$ 2,323	$ 2,268	$ 2,565	$ 2,694	$ 2,660	14.5%
Area A $ Differential vs. Balance of City	$ 75	$ 108	$ 234	$ 124	$ 91	
Area A % Differential vs. Balance of City	3.2%	4.8%	9.1%	4.6%	3.4%	
New Market Rate Units Built in Area A (b	0	0	122	8	0	

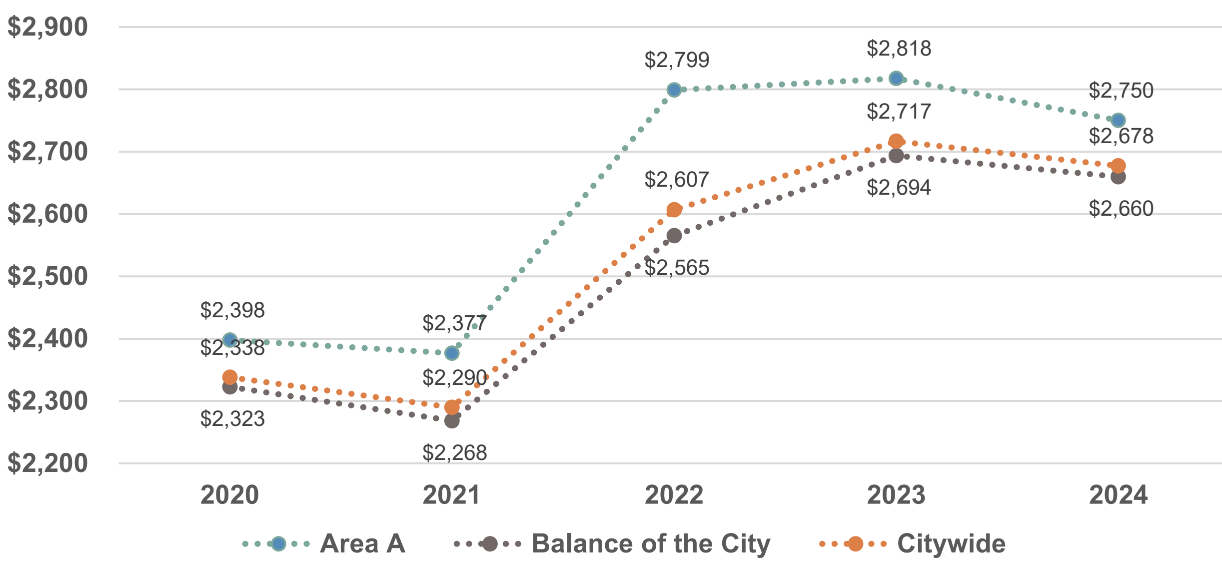
a) This data shows avg. new rents charged for vacant RSO units upon re-lease, for units covered by West Hollywood's F Stabilization Ordinance (RS), which applies to rental units built before 1979. The number of vacant RSO units is:

						Total
Citywide	527	2,349	1,554	1,457	1,556	7,443
Area A	107	461	277	271	305	1,421
Balance of the City	420	1,888	1,277	1,186	1,251	6,022

b) New market-rate units in projects with 5+ units in Area A with final bldg permit issued

Sources: City of West Hollywood; THW, 2026.

Figure 4: Impact of New Market Rate Projects on RSO Vacant Rents



Expert Opinions: Impacts of Inclusionary Housing on Market Rate Production

The April 20, 2026 City Council Study Session included a staff report with an attachment that summarizes three empirical studies of the relationships between inclusionary housing programs and effects on the production and pricing of market rate housing, along with three additional studies that look more broadly at the ways increased market rate housing production interacts with housing needs across all income levels.[5]

The table on the next page summarizes key points from the three studies most directly relevant to West Hollywood. It should be noted that different studies conclude a wide range of policy outcomes, with most researchers cautioning that inclusionary program effects on market rate supply, and the associated market rate supply effects on lowering housing costs, all depend on a host of primarily regional factors.

The most relevant study to West Hollywood, cited in the staff report and the first item listed on the table below, was authored by Shane Phillips, Housing Initiative Project Manager at the UCLA Lewis Center for Regional Policy Studies. This study, "Modeling Inclusionary Zoning's Impact on Housing Production in Los Angeles: Tradeoffs and Policy Implications," describes a simulation of the effects raising the inclusionary requirements in that city's Transit-Oriented Community (TOC) inclusionary program. If the TOC's current rules were expanded to require higher levels of affordable units, the study estimates the impacts on the overall yield of both affordable and market-rate unit production, describes the trade-offs where higher inclusionary requirements could decrease both types of new housing.

Shane Phillips was invited to speak at the Study Session.[6] His primary takeaway for West Hollywood in his presentation to City Council was that higher set-asides in inclusionary housing can create trade-offs between more affordable units and to some extent, less market rate housing production, but that these trade-offs must be carefully calibrated specifically for each city's local economic conditions. He also caveated that in smaller cities such as West Hollywood, even if local requirements were lowered or eliminated, the potential increase in local market rate production would have almost no effect on making regional rent levels more affordable.

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[5] See Staff Report Attachment B for City Council Study Session at: https://weho.granicus.com/GeneratedAgendaViewer.php?view_id=22&clip_id=4351
[6] Shane Phillip's slide deck and video presentation are available at: https://weho.granicus.com/MediaPlayer.php?view_id=22&clip_id=4351 (starting at minute 21).

Table 3:Summary of Most Relevant Inclusionary and Housing Production Studies

Title	**Modeling Inclusionary Zoning's Impact on Housing Production in Los Angeles: Trade-Offs and Policy Implications (2024)**	**Affordable Abundance: How State and Local Governments Are Pairing Abundance-Style Reforms with Affordability Incentives (2025)**	**Supply Skepticism Revisited (2023)**
Author	Shane Phillips, UCLA Lewis Center for Regional Policy Studies (published by Terner Center)	Daniel Hornung and Aaron Shroyer; Urban Institute / Brookings Institution	Vicki Been, Ingrid Gould Ellen, and Katherine O'Regan; NYU Furman Center
URL Link	https://ternercenter.berkeley.edu/wp-content/uploads/2024/04/Inclusionary-Zoning-Paper-April-2024-Final.pdf	https://www.urban.org/sites/default/files/2025-10/Final_Affordable_Abundance.pdf	https://www.furmancenter.org/wp-content/uploads/2025/03/SSRN_Supply_Skepticism_Revisited_March_2025.pdf
Primary Focus of Study	Inclusionary calibration model for City of Los Angeles Transit-Oriented Community (TOC) program	Based on empirical analysis of policy outcomes, zoning and permitting reforms alone will not decrease lower income households' rent burdens or housing challenges.	Literature review of recent empirical research on supply, rents, and displacement across the USA.
Main Takeaways Relevant to West Hollywood	This study is about the Transit-Oriented Community (TOC) program in the City of Los Angales. It tests the effects of increasing the current set-aside requirements on market-rate and affordable housing production, and finds that higher inclusionary requrements can increase affordable unit production up to a point, but beyond that threshold, both affordable and market-rate production may decline. The mix and balance of inclusoniary needs to be tailored to local economic conditions, which is how the WEHO Inclusionary Study is formulated.	Provides broader policy context on how housing proudction strategies may be coordinated with subsidy, preservation, and other affordability tools in high-cost markets to achieve abundance for all income levels.	This report gives useful background information to understand broader market effects, but also underscores that additional supply benefits vary at the neighborhood scale depending on context. The report also finds that deeper affordability serving households most in need, generally still requires targeted housing tools. West Hollywood's current policy work is focsed more specifically on the structure of a local inclusionary program under CA State law.

Summary of New Research Items

- **West Hollywood is making good progress toward <u>overall</u> RHNA goals relative to peer cities.** Notably, all peer cities are lagging on overall RHNA progress halfway through the cycle, so this finding is on a relative basis. Many external factors such as high materials costs, high interest rates, high land costs, labor shortages, etc. are impacting all coastal cities in California post-pandemic recovery to progress further towards RHNA production goals.
- **West Hollywood is making good progress toward <u>affordable</u> unit RHNA goals relative to peer cities, particularly for units serving households at the lowest income levels per RHNA goals.** This strong showing by West Hollywood is due to the structure of its IHO and the strong market rate demand supporting feasible projects that target the lowest income bands.
- **West Hollywood is producing more market rate housing than any peer cities except Los Angeles. Irrespective of RHNA goals which vary by city,** West Hollywood's market rate completed units, at 174 new units per 10,000 residents since 2019, clearly demonstrates that the current mix of policies towards market rate development has worked well relative to peer cities, all of which suffer from the same external factors as West Hollywood.
- **Despite West Hollywood's relative overall metrics on housing production, strong demand translated into new market rate supply has not reduced market rate rent increases in non RSO buildings.** Many studies advocating for major increased market rate housing supply as a way to flatten or reduce market rate rents show that this supply surge needs to be quite large on a regional basis, and also may then take between 15 and 50 years or more to have an impact as the supply surge filters through the housing stock. Moreover, since West Hollywood is a small city relative to the Los Angeles regional market, and also relatively built out, supply surges in large quantities will need to occur elsewhere to make a difference on overall supply/demand balances and pricing.
- **Conversely, based on preliminary observational analysis, it does not appear that new market rate housing projects cause unusual rent increases in turnover RSO rents.** The rent rises observed in RSO turnover units are more likely due to macro-economic conditions causing increased operating expenses during the recent waves of inflation.

- **No single factor under local control in the metrics analyzed indicates that West Hollywood's current mix of policies is generating harmful impacts to either local lower income households or to the development community.** With the adoption of HCD income level definitions and maximum rents/sale prices, the financial effects on market rate feasibility will improve slightly, and with other possible refinements in the mix of local IHO requirements better aligned with State Density Bonus Law, should further advance both market rate and affordable production per the rules controllable at the local level. Of course, macro-economic changes, along with state and federal housing and tax policies, could impact local development economics.
- **Experts studying the effects of inclusionary housing policies on market rate production, and in turn, on the benefits of market rate production to overall pricing and affordability suggest that inclusionary housing should be considered as a set of tradeoffs.** The presence of a well-calibrated IHO ordinance, ensuring project feasibility with comfortable profit margin cushions, is the goal of this study effort, and care has been taken to ensure optimization of the many tradeoffs and policy considerations. It is always advisable to study these tradeoffs and calibrate as needed as local and macro-economic conditions shift.

Additional Policy Considerations for Large Projects

Varying Inclusionary Requirements by Zone for Large Projects

The original report for this study, as well as subsequent presentations and discussions, involved the Policy Options shown in this Addendum as Appendix B.

The City Council so far has centered its greatest interest on Policy Option D, which is structured to optimize for RHNA, with a requirement for 5% ELI, 10% VLI, and 5% LI affordable units which must be built within the project. This structure under SDBL would only generate a 50% density bonus (because the LI units do not qualify for additional bonus), so a local density bonus of 20% could be provided to match the SDBL and also meet feasibility.

A Councilmember has asked whether different IHO requirements could be utilized per Zone (e.g., vary the IHO requirements “R” zones and “CC” zones), framed partly by the relationship of different zones to the City’s General Plan, which directs denser development to CC zones. The Councilmember reiterated that the General Plan expresses the community’s vision of how the City should be developed, connecting the “R” zone Policy Options A and B to reflect residential neighborhoods’ General Plan land uses, while the commercial zones reflect General Plan land uses aimed at encouraging denser mixed-use projects.

At the April 20, 2026 Study Session, the consultant noted that yes, the City could decide to vary the IHO requirements by zone, suggesting that in “R” zones, Policy Option A or B would both create feasible projects and create units serving the most underserved households’ needs, while also generating a fee component to invest in the Affordable Housing Trust Fund and later be leveraged to produce more units. This approach would mean that compliance with the local IHO would yield a 50% density bonus but a developer could then choose to build more on-site units if they desired to maximize the SDBL density bonus. This structure provides benefits to both the City and the developer, and may align best with the vision set forth in the General Plan. However, Options A and B do not work well for the CC1 and CC2 zones analyzed, creating infeasible Return on Cost metrics. These zones would experience higher financial metrics under Option C (which is essentially the SDBL), or Option D, which would also encourage dense residential projects to maximize the resulting density bonus in these planned commercial and mixed use districts.[7]

[7] In addition to the variable IHO by zoning district, the City is currently studying increasing baseline residential densities across both residential and commercial zones. This is a complex subject, and the interplay between varied

Potential Refinement of Large Project Option D to Optimize RHNA

Another potential refinement to Option D is to alter that split between ELI and VLI unit set-asides, moving from 5% ELI and 10% VLI to 7.5% each for both ELI and VLI (both of these scenarios qualify the project for the SDBL basic maximum bonus step of at least 15% VLI inclusionary units, as ELI is technically a sub-category of VLI).

This potential refinement, called Option D.1 for this study, was tested for financial feasibility, with the resulting Return on Cost metrics shown in Appendix B. Option D.1 is based on the same assumptions for Option D, but with the shift to an even split between ELI and VLI requirements. This refinement did not result in feasible projects for the CC1 and CC2 zone, even with the proposed local density bonus proposed in Option D. This Option D.1 could be made feasible by increasing the local density bonus to 25%, however, which brings additional benefits to the City if projects receive a 75% density bonus by complying with the local IHO, generating more market rate units in the same project without upzoning the current base density.

Summary of Policy Options for Large Projects

- Adopt Option D as proposed, or
- Adopt Option A or B for "R" zones and Option D for CC1/CC2 and related zones, or
- Refine Option D to evenly split ELI and VLI set-aside requirements while providing a 25% local density bonus to achieve feasible Return on Cost.

IHO requirements, upzoned baseline densities under consideration, and state density bonuses added to these prototypes, may necessitate an iterative process to find the optimal balance among these factors.

Additional Policy Considerations for Small Projects

Review of Report Findings

In West Hollywood, the IHO has long differentiated between inclusionary requirements for projects with 2 to 10 units ("small projects") and projects with 11+ units. The original study, completed in October 2025, examined the financial feasibility of increasing the City's current requirement that small projects must include one affordable unit, but may opt to pay a fractional in-lieu fee. Moreover, the SDBL can be applied to projects with 5+ units.

These overlapping program structures mean that for projects with 2 to 4 units, the provision of an in-lieu fee continues to be necessary if the City desires to continue applying inclusionary housing requirements to these smallest, but still highly feasible, projects under a 15% set-aside requirement as tested in the original report.

The focus of this Addendum regarding policy options for small projects is therefore on the 5 to 10 unit project size range, and its interaction with SDBL. The original report commissioned for this study indicated that the City could increase the small 5-10 unit projects' IHO requirements to a 15% set-aside and also to a must-build requirement (no longer offering an in-lieu fee) on these projects, many of which would also choose to utilize SDBL, and these projects would remain financially feasible. The original report concluded that for projects with 5-10 units, increasing the set-aside to 15% would continue to result in feasible projects, whether the City decided to implement a must-build requirement (making the project SDBL eligible) or decided to continue to offer the in-lieu fee option for 5-10 unit projects.

Additional Considerations

To support the discussion on the choice between continuing to allow an in-lieu fee for these projects, or switch to a must-build scenario, it may be useful to consider two additional aspects.

- **The availability of an in-lieu fee for small projects has resulted in most of those developers choosing to pay the fee rather than build the unit and utilize SDBL.** The original report presented information about the number of units produced through the inclusionary process for small projects within the projects analyzed, which up to this date have occurred because the developers chose (rather than being required) to build them, thus becoming eligible for SDBL density bonuses. As shown in Table 4 of the original report, for the period covering 2019 through May 2024, for approved small projects, 13 projects with a total of 40 units were ineligible for SDBL (due to their 2-4 unit size); all of these paid the in-lieu fractional fee. Another 17 projects with a total of 113 units that were large enough to be eligible for SDBL also chose to pay the fee instead of building one unit, making them ineligible for a bonus. Just 4 projects in the 5-10 unit range, with a total of 33 market rate units, chose to build the affordable unit and use SDBL for a bonus, resulting in a total of 4 built affordable units. All of those projects built the affordable units both to comply locally and then use the state density bonus. This pattern would likely continue with an increase to a 15% set-aside requirement in the future if an in-lieu fee was still available, although the calculus may be shifting due to increased density bonus amounts more recently implemented by SDBL.

If the City chooses to require a "must-build" for these 5-10 unit projects, which are then automatically available for a density bonus, the 17 projects with 113 units would have created at least an additional 17 affordable units in West Hollywood during that period (plus additional market rate units through the density bonus). Under that scenario, conversely, fees to the Affordable Housing Trust Fund would have been reduced significantly.

- **Continuing to allow an in-lieu fee for 5-10 unit projects in West Hollywood would generate much-need fee revenue to the City's Affordable Housing Trust Fund (AHTF), although actual affordable unit production would take more time.** These fees could then be leveraged with Low Income Housing Tax Credits (LIHTC) and other public funds to subsidize 100% affordable or mixed-income projects elsewhere, as sufficient funds accumulate, which can take many years depending on economic and resulting market rate development cycles generating fees.

  It is difficult to conduct a comparison of unit yield directly between must-build and in-lieu fee benefits to the City, because while actual affordable inclusionary units in market rate projects are measurable across time, fees are paid into the AHTF, and must accumulate over long periods of time to reach sufficient amounts to be leveraged and pay for at-scale 100% affordable housing projects, which are typically 50 to 100+ affordable units built at one time.

  Assuming economic and market rate development cycles generate consistent in-lieu fees from small projects choosing to not use SDBL over a long time span, and the myriad other challenges of securing land, obtaining complex other leveraged public funding etc., Appendix C shows a rough calculation of the ability of the Trust Fund to generate affordable unit production on average for a 5-year period. This rough estimate is based on historic subsidy amounts paid by the City from the AHTF per affordable unit, and an estimate under the increased 15% set-aside applied to recent average in-lieu fees collected. This approach would likely result in more affordable units than the must-build approach applied to small projects, although production via fees subsidizing future units typically takes 3 to 7 years longer to implement than units built in the near term within a market rate project.

An additional caveat to this set of small project tradeoffs is that external factors may shift any of these outcomes, including to-be-determined potential upzoning through the City's Zoning Improvement Program (ZIP) initiative, new changes to the SDBL offering even more generous density bonuses, the pending implementation of compliance by West Hollywood with SB79, etc.

Maximizing Affordable Unit Production in Small Projects Beyond IHO

A City Council member asked how West Hollywood could maximize its affordable housing yield in these smaller projects beyond the IHO mechanism. She mentioned looking at how other cities are accomplishing this through City-funded subsidies or other mechanisms.

There are several ways to increase affordable housing yields arising in small infill projects, but each depends on City funds available and prioritization of more specific goals and income levels to be served. These also should be considered in light of the pending ZIP initiative; if zones in West Hollywood undergo substantial baseline density increases, development of small infill projects on densely-zoned land is one way to automatically increase the IHO affordable housing yield compared to current regulations.

Setting ZIP outcomes aside for this Addendum, the following lists some other ways to increase affordable housing unit yields through small project development:

- **Directly subsidize additional affordable units beyond the IHO requirement in the same market-rate project.** The concept of inclusionary housing has always been to create affordable units through a private developer in exchange for the right to build market rate units, at no cost to the public. Most cities with inclusionary requirements do not fund compliance with this requirement. However, there are cases where cities, especially for larger market rate or mixed-income projects, will reach agreement with developers to create more affordable units than the number required, and those additional affordable units can be subsidized.[8] The challenge, of course, is to identify adequate sources of local subsidy to implement this option.

- **Explore social housing concepts.** Social housing, which is a term typically applied to housing projects with a broader mix of affordable to market-rate units than most being produced today, is currently experiencing a surge of interest among affordable housing policymakers. This is a complex topic, but the concept generally introduces a broader mix of incomes to a project (such as very low, moderate, and even up to 150% AMI households), made possible by using low-cost land (including publicly-owned land), below-market financing, and non-commodification by developers who are either public or non-profit entities (eliminating the need to generate profits). Some cities have explored this concept and created new public development entities (e.g., Seattle, Chicago, Montgomery County, MD). The State of California, per the Stable Affordable Housing Act of 2023, has also commissioned a two-year study by the UC Berkeley Terner Center for Housing Innovation, due to be published by year-end 2026. This study and its recommendations may lead to new state-level funding or development authorities in future years. [9]

  It should be noted that the subject of West Hollywood's small projects IHO requirements related to social housing is really a broader question of what kinds of affordable housing should the City subsidize? A jurisdiction can require inclusionary units and also subsidize social housing in other projects. The connection between the two topics becomes relevant if the City chooses to retain the in-lieu fee option for small projects from 2 to 10 units, with in-lieu fees then used to fund a City social housing pilot initiative to subsidize that type of mixed-income project elsewhere.

Summary of Small Project Policy Options

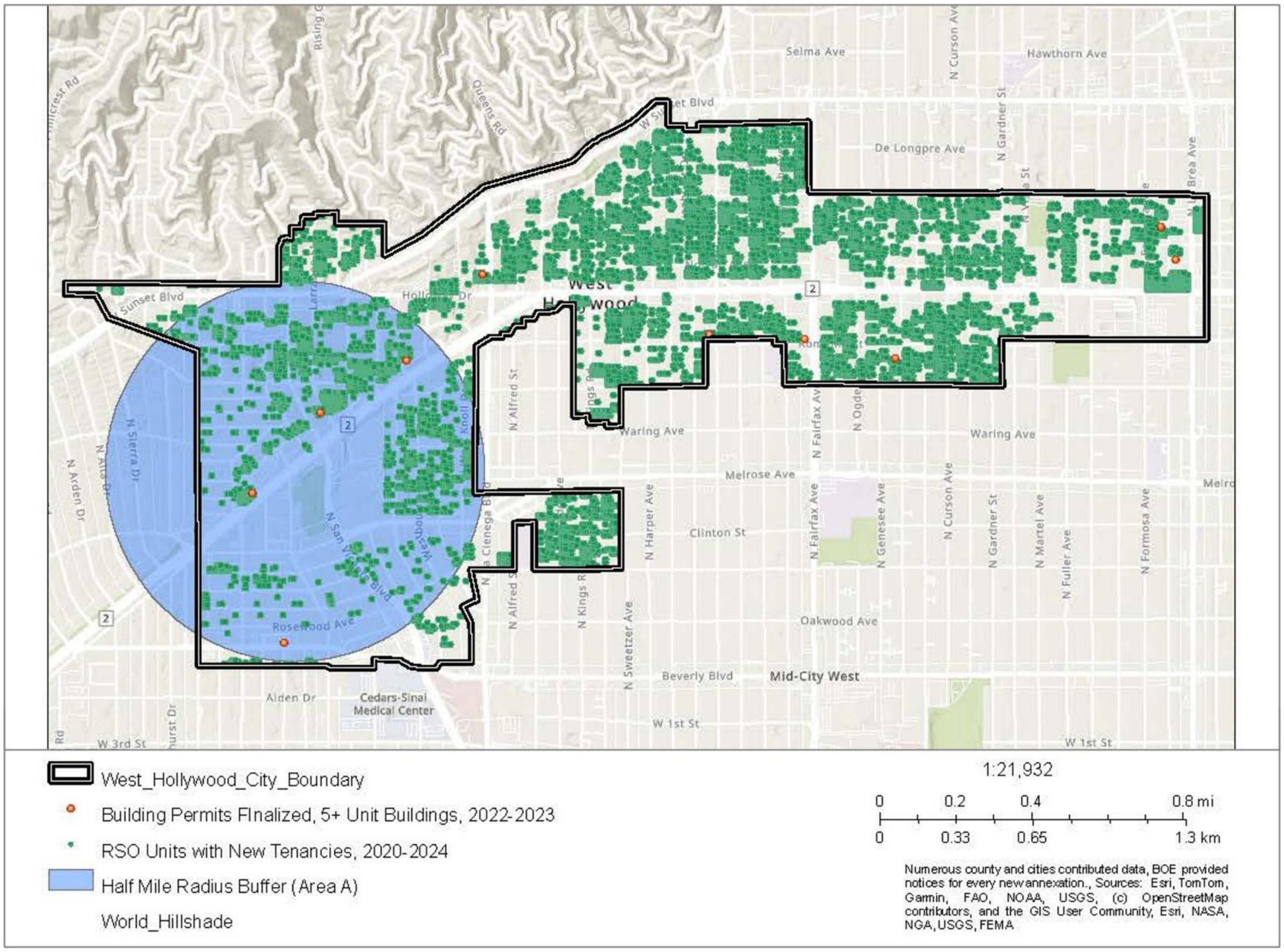
In sum, the City's policy choices for small projects are:

[8] These units can be fully subsidized with local money, or partially gap-funded through a leveraged structure using other public sources/ For the small projects under discussion here, it is more likely additional affordable units would need to be fully subsidized locally, due to the complexities of qualifying for other public funds vs. the small scale of the project.

[9] For more information on social housing, see: https://www.allianceforhousingjustice.org/us-social-housing-principles, https://www.hocmc.org/housing-opportunities/; https://seattlesocialhousing.org/; https://belonging.berkeley.edu/social-housing-california . A Berkeley Social Housing Study, authored by The Housing Workshop, is summarized here: https://berkeleyca.gov/sites/default/files/documents/2025-09-30%20Special%20Item%2001%20Social%20Housing%20Study%20and%20Recommendations%20-%20Pres.pdf

- Implement the recommended 15% small-project set aside framework, with 2–4 unit projects remaining fee-based and 5–10 unit projects subject to a must-build/fractional fee treatment; or
- Allow continued in-lieu fee compliance for 5-10 unit projects to preserve Affordable Housing Trust Fund revenue;
- Explore a separate pilot funding program to subsidize additional affordable units beyond the minimum IHO requirement, subject to available funding and underwriting criteria.

Appendix A: Map of Analysis of New Buildings on RSO Rents



Source: City of West Hollywood; The Housing Workshop, 2026.

Appendix B: Policy Options for Large Rental Projects

	20% Set-Aside on Baseline Density					
	Baseline	Option A	Option B	Option C	Option D	Option D.1
Rents based on:	Sch A (a)	HCD	HCD	HCD	HCD	HCD
	Current Policy	Build 15% ELI On-Site + 5% Fee	Build 15% VLI On-Site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option D w even split for ELI/VLI
ELI Units	15%	15%			5%	7.5%
VLI Units	5%		15%	15%	10%	7.5%
LI Units					5%	5%
MI Units				5%		
Max Density Bonus from On-Site Mix (b)(c)	70% (SDB)	50% (SDB)	50% (SDB)	70% (SDB)	70% (50% SDB + 20% LDB)	75% (50% SDB + 25% LDB)
In-Lieu Fee		5%	5%			
R3 Rental ROC	26.7%	26.2%	28,0%	30.1%	29.0%	29.2%
R4 Rental ROC	18.5%	16.4%	18.4%	21.8%	20.4%	20.9%
CC1 Rental ROC	12.5%	11.0%	13.2%	15.9%	14.7%	14.7%
CC2 Rental ROC	12.4%	10.7%	12.8%	16.2%	15.0%	15.2%

a) The current City's Schedule A, despite its labeling, uses income thresholds more akin to ELI and VLI under HCD numbers. So this baseline puts the set-asides into cells per Schedule A numbers but fall under roughly the HCD categories shown.

b) Current SDBL allows for a 50 to 70% density bonus if complying with the AMI mix as shown for each option. For Option D, due to the 5% LI units as part of the City's 20% set-aside not qualifying for additional density bonus to reach 70%, a local equivalent 20% density bonus would be needed.

c) Due to modest feasibility decline under Option D.1, the City would need to provide a 25% local density bonus for this option. Depending on the outcome of ZIP upzoning, this set of findings may need to be reconsidered for feasibility due to denser development often creating additional construction costs for taller buildings.

Note: The above ROCs have been revised slightly from the original study report due to incorporating 3,000 square feet of commercial space in the CC1 and CC2 prototypes per City of West Hollywood Façade requirements in these zones. None of the prototypes' findings were changed by this very slight revision.

Appendix C: Estimate of Affordable Housing Unit Yield from In-Lieu Fees

	In-Lieu Fees	Commercial Fees	Total
Fee Retained at Existing Requirement			
Avg, 2020-2024	$1,367,300	$350,418	$1,717,718
Number of Aff Units Per Year @ $115,000 per unit (a)	12	3	15
Five Year Projection (Affordable Units)	59	15	75
Fee Increased to 15% Set-Aside Requirement			
Avg w increased Residential Set-Aside (+5%)	$1,435,665	$350,418	$1,786,083
Number of Aff Units Per Year @ $115,000 per unit (a)	12.5	3.0	15.5
5 Year Projection	62	15	78
a) In the past 5 years, City subsidy for 100% affordable projects has averaged $115,000 unit built in WEHO.			
This investment leverages other funding including LIHTC, state funds, etc.			
plus conventional financing on the portion supported by affordable rents.			
Sources: City of West Hollywood; The Housing Workshop, 2026.			

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Assumptions for West Holywood Inclusionary + SDBL Study

Based on real estate rent/sale price/land and cost research and HCD Affordable Income Thresholds from early 2025 (prior to May 2025 release of updated HCD AMI data).

Development Program

Base Density	
R3 Zone (DU/Ac)	36
R4 Zone (DU/Ac)	50
CC-1 Zone (FAR)	1.5
CC-2 Zone (FAR)	2.0
Average Unit Size	
Stacked Flats - CC Zoning (SF)	975
Stacked Flats - R4 Zoning (SF)	1,100
Stacked Flats - R3 Zoning (SF)	1,300
Townhouse (SF)	1,600
Common Area	
Stacked Flats	15%
Townhouse	10%
Parking Ratios	
Townhouses (per unit)	2.0
Stacked Flats - CC Zoning	1.25
Stacked Flats - R3 + R4 Zoning	1.50
Commercial per 1,000 SF	3.5
Density Bonus	
Density Bonus - Current	50%
Density Bonus with AB 1287	70%
Commercial Space in CC1/CC2	
Space (SF) on ground floor	3,000

Cost Assumptions

LAND COSTS		
R3 Zone (Per Unit)	$	250,000
R4 Zone (Per Unit)	$	225,000
CC-1 Zone	$	150,000
CC-2 Zone	$	150,000
Small Projects with 5-10 Units (Per Unit)	$	350,000
Small Projects with 2-4 Units (Per Unit)	$	400,000
RESIDENTIAL COSTS		
Sitework (sq.ft. of site)	$	10
Townhouse - Hard Cost (sq.ft.)	$	300
Multi-family Construction Hard Cost (sq.ft.)		
Type 5	$	300
Type 3	$	360
Type 1	$	450
Parking Garage (per space, tuck-under)	$	25,000
Parking Garage (per space, underground)	$	60,000
ADDITIONAL DEVELOPMENT COSTS:		
Soft Costs (% of hard costs)		15%
Marketing Costs (% of sale price)		5%
Construction Financing:		
Loan to Cost Ratio		60%
Interest Rate		7.0%
Period of Construction Loan (Months)		24
Construction Loan Fee (Points)		1.5%
Average Outstanding Balance		60%
Debt Coverage Ratio		1.15
Impact Fees		
Quimby/Park Fee per Unit (condos only)	$	3,323
Public Beautification Fee (% bldg cost)		1%
School Fee per sq. ft.	$	5.17
Transportation Fee per unit	$	448
In-Lieu Residential Fee (footnote for small projects)	$	916,889
Condo Wrap Insurance (per unit)	$	30,000
Cap Rate for Residential Rentals		4.50%
Return on Cost		12.0%
Yield on Cost		5.25%
COMMERCIAL COSTS		
Commercial Construction Hard Cost (sq.ft.)	$	450
Commercial Cap Rate		5.5%

Revenue Assumptions

RESIDENTIAL REVENUE:			
For-Sale Housing (Market-Rate)		Per Unit	Per Sq. Ft.
Stacked Flats (CC Zoning)		$ 1,121,250	$ 1,150
Stacked Flats (R4 Zoning)		$ 1,237,500	$ 1,125
Stacked Flats (R3 Zoning)		$ 1,462,500	$ 1,125
Townhouse		$ 1,440,000	$ 900
Rental Housing (Market Rent)			
Stacked Flats (CC Zoning)		$ 5,070	$ 5.20
Stacked Flats (R4 Zoning)		$ 5,610	$ 5.10
Stacked Flats (R3 Zoning)		$ 6,630	$ 5.10
Townhouse		$ 6,880	$ 4.30
		Sales Price	
For-Sale Housing (Affordable)	AMI (a)	WEHO Sch A	CA HCD
Studio	Low	$ 85,224	$ 284,442
1-Bedroom Rent	Low	$ 97,399	$ 334,455
2-Bedroom Rent	Low	$ 115,661	$ 384,469
Studio	Mod	$ 131,114	$ 371,853
1-Bedroom Rent	Mod	$ 149,844	$ 434,032
2-Bedroom Rent	Mod	$ 177,940	$ 496,662
		Rents	
Rentals (Affordable)	AMI (a)	WEHO Sch A	CA HCD
Studio	ELI	N/A	$ 728
1-Bedroom Rent	ELI	N/A	$ 780
2-Bedroom Rent	ELI	N/A	$ 936
Studio	VLI	$ 526	$ 1,213
1-Bedroom Rent	VLI	$ 600	$ 1,300
2-Bedroom Rent	VLI	$ 792	$ 1,560
Studio	Low	$ 759	$ 1,942
1-Bedroom Rent	Low	$ 868	$ 2,080
2-Bedroom Rent	Low	$ 1,267	$ 2,496
Studio	Mod	$ 1,048	$ 2,426
1-Bedroom Rent	Mod	$ 1,198	$ 2,600
2-Bedroom Rent	Mod	$ 1,584	$ 3,120
Vacancy Rate			5.0%
Operating Cost/Unit (Stacked Flat)			$ 14,250
COMMERCIAL REVENUE:			
Commercial Rent/SF/Yr (NNN)			$ 60
Commercial Sales Price/SF			$ 825
Vacancy Rate			10.0%

Table 1:Small Projects (2-4) - 4 Unit Rental Project with In-Lieu Fee Payment Only

This proforma tests varying the in-lieu fee requirement at 10%, 15%, and 20% for a 4-unit project.

Key Development Assuptions	No IHO	Current Policy: 10% Set-Aside In-Lieu Fee (a)	15% Set-Aside (In-Lieu Fee)	20% Set-Aside (In-Lieu Fee)
Site Size (sf) (b)	4,840	4,840	4,840	4,840
Base Units	4	4	4	4
Inclusionary % Required by WEHO	0%	10%	15%	20%
% Affordable Built On-Site	0%	0%	0%	0%
% Affordable Paid by In-Lieu Fee	0%	10%	15%	20%
Inclusionary Units Required by WEHO	-	-	-	-
Density Bonus (c)	0%	0%	0%	0%
Additional Market Rate Units from DB	-	-	-	-
Number of Market Rate Units	4	4	4	4
Total Number of Units	***4***	***4***	***4***	***4***
Dwelling Units/Acre	36	36	36	36
Average Unit Size (d)	1,500	1,500	1,500	1,500
Net Residential Space (sf)	6,000	6,000	6,000	6,000
Common Area	300	300	300	300
Total Residential Space (sf)	6,300	6,300	6,300	6,300
Parking spaces per unit (e)	2.00	2.00	2.00	2.00
Total Number of Parking Spaces	8	8	8	8
Market Rate Rents (f)				
Avg Rent per Unit	$ 7,500	$ 7,500	$ 7,500	$ 7,500
Average Rent per SF	$ 5.00	$ 5.00	$ 5.00	$ 5.00
WEHO Schedule A (a)	% #	% #	% #	% #
2 Bedroom - Extremely Low				
2 Bedroom - Very Low				
2 Bedroom - Low				
2 Bedroom - Moderate				
HCD Income Limits				
2 Bedroom - Extremely Low				
2 Bedroom - Very Low				
2 Bedroom - Low				
2 Bedroom - Moderate				
Development Costs				
Construction Type	Type 5	Type 5	Type 5	Type 5
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 300	$ 300	$ 300	$ 300
Hard Cost - Premium for luxury product	25.0%	25.0%	25.0%	25.0%
Parking Costs (per at-grade space)	$ 40,000	$ 40,000	$ 40,000	$ 40,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%
Impact Fees (g)				
Quimby/Park Fee per Unit	$ -	$ -	$ -	$ -
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per affordable unit (h)	$ 916,889	$ 916,889	$ 916,889	$ 916,889
Financing Costs				
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%
Operations				
Vacancy	5.0%	5.0%	5.0%	5.0%
OpEx per unit (inc. prop taxes)	$ 14,250	$ 14,250	$ 14,250	$ 14,250
Cap Rate	4.50%	4.50%	4.50%	4.50%

Development Costs	No IHO	Current Policy: 10% In-Lieu Fee (a)	15% Set-Aside (In-Lieu Fee)	20% Set-Aside (In-Lieu Fee)
Land	$ 1,600,000	$ 1,600,000	$ 1,600,000	$ 1,600,000
Land per Residential Unit (i)	$ 400,000	$ 400,000	$ 400,000	$ 400,000
Land per Site sf	$ 331	$ 331	$ 331	$ 331
Construction Costs				
Site Work	$ 48,400	$ 48,400	$ 48,400	$ 48,400
Hard Costs - Residential	$ 2,362,500	$ 2,362,500	$ 2,362,500	$ 2,362,500
Hard Costs - Parking	$ 320,000	$ 320,000	$ 320,000	$ 320,000
Soft Costs	$ 409,635	$ 409,635	$ 409,635	$ 409,635
Quimby/Park Fee	$ -	$ -	$ -	$ -
Public Beautification Fee	$ 27,309	$ 27,309	$ 27,309	$ 27,309
School Fee	$ 32,571	$ 32,571	$ 32,571	$ 32,571
Transportation Fee	$ 1,792	$ 1,792	$ 1,792	$ 1,792
Affordable Housing In-Lieu Fee (j)	$ -	$ 366,756	$ 550,133	$ 733,511
Subtotal Const Costs Before Financing	*$ 3,202,207*	*$ 3,568,963*	*$ 3,752,340*	*$ 3,935,718*
Financing Costs				
Points	$ 28,820	$ 32,121	$ 33,771	$ 35,421
Construction Period Interest	$ 161,391	$ 179,876	$ 189,118	$ 198,360
Subtotal Financing Costs	*$ 190,211*	*$ 211,996*	*$ 222,889*	*$ 233,782*
Total Development Costs	**$ 4,992,418**	**$ 5,380,959**	**$ 5,575,229**	**$ 5,769,500**
Total Development Cost per Unit (inc. land)	*$ 1,248,105*	*$ 1,345,240*	*$ 1,393,807*	*$ 1,442,375*
Total Development Cost per Unit (exc. land)	*$ 848,105*	*$ 945,240*	*$ 993,807*	*$ 1,042,375*
Valuation				
Operations				
Gross Income - Market Rate Units	$ 360,000	$ 360,000	$ 360,000	$ 360,000
Gross Income - Affordable Units	$ -	$ -	$ -	$ -
Less: Vacancy	$ (18,000)	$ (18,000)	$ (18,000)	$ (18,000)
Less: Op Expenses	$ (57,000)	$ (57,000)	$ (57,000)	$ (57,000)
Net Operating Income (NOI)	$ 285,000	$ 285,000	$ 285,000	$ 285,000
Value at Stabilization	**$ 6,333,333**	**$ 6,333,333**	**$ 6,333,333**	**$ 6,333,333**
Return on Cost				
Value at Stabilization	$ 6,333,333	$ 6,333,333	$ 6,333,333	$ 6,333,333
Less: Total Development Costs	$ 4,992,418	$ 5,380,959	$ 5,575,229	$ 5,769,500
Profit	$ 1,340,915	$ 952,374	$ 758,104	$ 563,833
% Return on Cost	**26.9%**	**17.7%**	**13.6%**	**9.8%**
Feasible? (k)	**Yes**	**Yes**	**Yes**	**No**
Effective Inclusionary Rate (l)	*0%*	*0%*	*0%*	*0%*

Notes:

a) The baseline assumes a 10% inclusionary requirement. For projects with 2 to 10 units, the policy allows the requirement to be satisfied through payment of an in-lieu fee.

b) Base density in R3-A zoning is 1,210 sq.ft. of site area per unit

c) Projects that satisfy the inclusionary requirement through an in-lieu fee are not eligible for a density bonus.

d) The average unit size is based on 2–4-unit projects sold in 2025. While R-2 zoning does not impose a maximum unit size, R-3 zoning limits units to 1,500 SF, which is reflected in the 4-unit project assumptions.

e) Parking ratios are based on comparable 2–4-unit projects entitled in West Hollywood. Most feature townhouse-style designs with at-grade 2-car garages, while some include underground parking.
The current market standard for small 2–4-unit projects is 2.0 spaces per unit.

f) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

g) The current fees that apply to residential projects are:

Quimby (for condominiums, does not apply to rentals)		
Public beautification and art fee	1.0%	
School fee	$ 5.17	psf
Transportation facilities fee	$ 448	per unit

h) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

i) Land cost per unit is based on properties sold in R2 and R3 zones between 2019 and 2024 that were entitled for development as 2–4-unit projects.

j) The in-lieu fee is calculated by multiplying the inclusionary percentage by the base units by the Affordable Housing In-Lieu fee.

k) Project feasibility assumes a minimum return on cost of 12.0%

l) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 2: Small Projects (5-10) - 5 Unit Rental in R-3 Zone - Options for In-Lieu Fee or Must Build w Density Bonus

Stacked Flats with underground parking garage in Zone R-3

For small projects, the proformas model a 10%, 15%, and 20% inclusionary requirement. Fractional units ≥0.5 are rounded up. Any remaining fractional obligation would be paid as an in-lieu fee.

				15% Set-Aside			
Key Development Assumptions	**No IHO/ No SDBL**	**Current Policy (a)**	**15% In-Lieu Fee**	**ELI**	**VLI**	**Low**	**Mod**
Site Size (sf) (b)	6,050	6,050	6,050	6,050	6,050	6,050	6,050
Base Units	5	5	5	5	5	5	5
Inclusionary % Required by WEHO	0%	10%	15%	15%	15%	15%	15%
Inclusionary Obligation (c)	-	0.5	0.8	0.8	0.8	0.8	0.8
Must-Build Units		-	-	1.0	1.0	1.0	1.0
Units to Pay In-Lieu Fee (d)	-	0.5	0.8	-	-	-	-
% Affordable Built On-Site	0%	0%	0%	20%	20%	20%	20%
% Affordable Paid by In-Lieu Fee	0%	10%	15%	0%	0%	0%	0%
Density Bonus (e)	0%	0%	0%	50%	50%	35%	15%
Additional Market Rate Units from Density Bo	-	-	-	3	3	2	1
Number of Market Rate Units	5	5	5	7	7	6	5
Total Number of Units	***5***	***5***	***5***	***8***	***8***	***7***	***6***
Dwelling Units/Acre	36	36	36	58	58	50	43
Average Unit Size (f)	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Net Residential Space (sf)	6,500	6,500	6,500	10,400	10,400	9,100	7,800
Common Area	975	975	975	1,560	1,560	1,365	1,170
Total Residential Space (sf)	7,475	7,475	7,475	11,960	11,960	10,465	8,970
Parking spaces per unit (g)	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Total Number of Parking Spaces	8	8	8	12	12	11	9
Market Rate Rents (h)							
Avg Rent per Unit	$ 6,630	$ 6,630	$ 6,630	$ 6,630	$ 6,630	$ 6,630	$ 6,630
Average Rent per SF	$ 5.10	$ 5.10	$ 5.10	$ 5.10	$ 5.10	$ 5.10	$ 5.10
WEHO Schedule A (a)	% #	% #	% #	% #	# #	# #	# #
2 Bedroom - Extremely Low							
2 Bedroom - Very Low							
2 Bedroom - Low							
2 Bedroom - Moderate							
HCD Income Limits							
2 Bedroom - Extremely Low				15.0% 1			
2 Bedroom - Very Low					15.0% 1		
2 Bedroom - Low						15.0% 1	
2 Bedroom - Moderate							15.0% 1
Development Costs							
Construction Type	Type 5	Type 5	Type 5	Type 5	Type 5	Type 5	Type 5
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Impact Fees (i)							
Quimby/Park Fee per Unit	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per affordable unit (j)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ -	$ -
Financing Costs							
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Operations							
Vacancy	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
OpEx per unit (inc. prop taxes)	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250
Cap Rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

				15% Set-Aside			
Development Costs	**No IHO/ No SDBL**	**Current Policy (a)**	**15% In-Lieu Fee**	**ELI**	**VLI**	**Low**	**Mod**
Land	$ 1,750,000	$ 1,750,000	$ 1,750,000	$ 2,800,000	$ 2,800,000	$ 2,450,000	$ 2,100,000
Land per Residential Unit (k)	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000
Land per Site sf	$ 289	$ 289	$ 289	$ 463	$ 463	$ 405	$ 347
Construction Costs							
Site Work	$ 60,500	$ 60,500	$ 60,500	$ 60,500	$ 60,500	$ 60,500	$ 60,500
Hard Costs - Residential	$ 2,242,500	$ 2,242,500	$ 2,242,500	$ 3,588,000	$ 3,588,000	$ 3,139,500	$ 2,691,000
Hard Costs - Parking	$ 480,000	$ 480,000	$ 480,000	$ 720,000	$ 720,000	$ 660,000	$ 540,000
Soft Costs	$ 417,450	$ 417,450	$ 417,450	$ 655,275	$ 655,275	$ 579,000	$ 493,725
Quimby/Park Fee	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Public Beautification Fee	$ 27,830	$ 27,830	$ 27,830	$ 43,685	$ 43,685	$ 38,600	$ 32,915
School Fee	$ 38,646	$ 38,646	$ 38,646	$ 61,833	$ 61,833	$ 54,104	$ 46,375
Transportation Fee	$ 2,240	$ 2,240	$ 2,240	$ 3,584	$ 3,584	$ 3,136	$ 2,688
Affordable Housing In-Lieu Fee (l)	$ -	$ 458,445	$ 687,667	$ -	$ -	$ -	$ -
Subtotal Const Costs Before Financing	*$ 3,269,166*	*$ 3,727,610*	*$ 3,956,833*	*$ 5,132,877*	*$ 5,132,877*	*$ 4,534,840*	*$ 3,867,203*
Financing Costs							
Points	$ 29,422	$ 33,548	$ 35,611	$ 46,196	$ 46,196	$ 40,814	$ 34,805
Construction Period Interest	$ 164,766	$ 187,872	$ 199,424	$ 258,697	$ 258,697	$ 228,556	$ 194,907
Subtotal Financing Costs	*$ 194,188*	*$ 221,420*	*$ 235,036*	*$ 304,893*	*$ 304,893*	*$ 269,369*	*$ 229,712*
Total Development Costs	**$ 5,213,354**	**$ 5,699,030**	**$ 5,941,868**	**$ 8,237,770**	**$ 8,237,770**	**$ 7,254,210**	**$ 6,196,915**
Total Development Cost per Unit (inc. land)	*$ 1,042,671*	*$ 1,139,806*	*$ 1,188,374*	*$ 1,029,721*	*$ 1,029,721*	*$ 1,036,316*	*$ 1,032,819*
Total Development Cost per Unit (exc. land)	*$ 692,671*	*$ 789,806*	*$ 838,374*	*$ 679,721*	*$ 679,721*	*$ 686,316*	*$ 682,819*
Valuation							
Operations							
Gross Income - Market Rate Units	$ 397,800	$ 397,800	$ 397,800	$ 576,810	$ 576,810	$ 497,250	$ 417,690
Gross Income - Affordable Units	$ -	$ -	$ -	$ 11,232	$ 18,720	$ 29,952	$ 37,440
Less: Vacancy	$ (19,890)	$ (19,890)	$ (19,890)	$ (29,402)	$ (29,777)	$ (26,360)	$ (22,757)
Less: Op Expenses	$ (71,250)	$ (71,250)	$ (71,250)	$ (114,000)	$ (114,000)	$ (99,750)	$ (85,500)
Net Operating Income (NOI)	$ 306,660	$ 306,660	$ 306,660	$ 444,640	$ 451,754	$ 401,092	$ 346,874
Value at Stabilization	**$ 6,814,667**	**$ 6,814,667**	**$ 6,814,667**	**$ 9,880,887**	**$ 10,038,967**	**$ 8,913,153**	**$ 7,708,300**
Return on Cost							
Value at Stabilization	$ 6,814,667	$ 6,814,667	$ 6,814,667	$ 9,880,887	$ 10,038,967	$ 8,913,153	$ 7,708,300
Less: Total Development Costs	$ 5,213,354	$ 5,699,030	$ 5,941,868	$ 8,237,770	$ 8,237,770	$ 7,254,210	$ 6,196,915
Profit	$ 1,601,312	$ 1,115,636	$ 872,798	$ 1,643,117	$ 1,801,197	$ 1,658,944	$ 1,511,385
% Return on Cost	**30.7%**	**19.6%**	**14.7%**	**19.9%**	**21.9%**	**22.9%**	**24.4%**
Feasible? (m)	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (n)	*0.0%*	*0.0%*	*0.0%*	*12.5%*	*12.5%*	*14.3%*	*16.7%*

Notes:

a) The baseline scenario assumes a 10% inclusionary requirement, satisfied by paying the an in-lieu fee based on WEHO's 2024-25 Schedule A: Inclusionary Housing Program Affordable Housing Schedule.

b) Base density in this zone is 1,210 sq.ft. of site area per unit

c) This reflects the requirement under the local inclusionary policy. For small projects, the must-build obligation is calculated by rounding fractional units to the nearest whole number.

d) Any remaining inclusionary obligation not met through on-site units can be fulfilled by paying an in-lieu fee.

e) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the state density bonus. Actual bonus percentages may vary based on the base unit count and rounding conventions.

f) The average unit size is based on projects approved in R3 zones between 2019 and 2024. Units tend to be larger because the base density is capped at 36 dwelling units per acre. With this limit, developers typically build larger units to maximize profits, compared to projects in other zoning districts.

g) The city's ordinance requires parking based on bedroom count, permitting reduced ratios for density bonus projects. This proforma assumes an average of 1.5 spaces per unit, aligning with the incentives. All parking is subterranean.

h) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

i) The current fees that apply to residential projects are:

Quimby (for condominiums, does not apply to rentals)		
Public beautification and art fee	1.0%	
School fee	$ 5.17	psf
Transportation facilities fee	$ 448	per unit

(j) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

k) The land cost per unit was derived from properties sales in R3 zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

l) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

m) Project feasibility assumes a minimum return on cost of 12.0%

n) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 3: Small Projects (5-10) - 10-Unit Rental in R-3 Zone - Options for In-Lieu Fee or Must Build w Density Bonus

Stacked Flats with underground parking garage in Zone R-3

For small projects, the proformas model a 10%, 15%, and 20% inclusionary requirement. Fractional units ≥0.5 are rounded up. Any remaining fractional obligation would be paid as an in-lieu fee.

For example, a 10-unit project would trigger a 1.5-unit requirement under the 15% inclusionary scenario. The developer would provide 1 on-site affordable unit (qualifying for a density bonus), and pay an in-lieu fee for the remaining 0.5 unit.

				15% Set-Aside			
Key Development Assumptions	**No IHO/ No SDBL**	**Current Policy (a)**	**15% In-Lieu Fee**	**ELI**	**VLI**	**Low**	**Mod**
Site Size (sf) (b)	12,100	12,100	12,100	12,100	12,100	12,100	12,100
Base Units	10	10	10	10	10	10	10
Inclusionary % Required by WEHO	0%	10%	15%	15%	15%	15%	15%
Inclusionary Obligation (c)	-	1.0	1.5	1.5	1.5	1.5	1.5
Must-Build Units	-	-	-	2.0	2.0	2.0	2.0
Units to Pay In-Lieu Fee (d)	-	1.0	1.5	-	-	-	-
% Affordable Built On-Site	0%	0%	0%	20.0%	20.0%	20.0%	20.0%
% Affordable Paid by In-Lieu Fee	0%	10%	15%	0%	0%	0%	0%
Density Bonus (e)	0%	0%	0%	50.0%	50.0%	35.0%	15.0%
Additional Market Rate Units from Density Bo	-	-	-	5	5	4	2
Number of Market Rate Units	10	10	10	13	13	12	10
Total Number of Units	***10***	***10***	***10***	***15***	***15***	***14***	***12***
Dwelling Units/Acre	36	36	36	54	54	50	43
Average Unit Size (f)	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Net Residential Space (sf)	13,000	13,000	13,000	19,500	19,500	18,200	15,600
Common Area	1,950	1,950	1,950	2,925	2,925	2,730	2,340
Total Residential Space (sf)	14,950	14,950	14,950	22,425	22,425	20,930	17,940
Parking spaces per unit (g)	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Total Number of Parking Spaces	15	15	15	23	23	21	18
Market Rate Rents (h)							
Avg Rent per Unit	$ 6,630	$ 6,630	$ 6,630	$ 6,630	$ 6,630	$ 6,630	$ 6,630
Average Rent per SF	$ 5.10	$ 5.10	$ 5.10	$ 5.10	$ 5.10	$ 5.10	$ 5.10
WEHO Schedule A (a)	% #	% #	% #	% #	# #	# #	# #
2 Bedroom - Extremely Low							
2 Bedroom - Very Low							
2 Bedroom - Low							
2 Bedroom - Moderate							
HCD Income Limits							
2 Bedroom - Extremely Low				15.0% 2			
2 Bedroom - Very Low					15.0% 2		
2 Bedroom - Low						15.0% 2	
2 Bedroom - Moderate							15.0% 2
Development Costs							
Construction Type	Type 5	Type 5	Type 5	Type 5	Type 5	Type 5	Type 5
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Impact Fees (i)							
Quimby/Park Fee per Unit	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per affordable unit (j)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ -	$ -
Financing Costs							
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Operations							
Vacancy	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
OpEx per unit (inc. prop taxes)	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250
Cap Rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

				15% Set-Aside			
Development Costs	**No IHO/ No SDBL**	**Current Policy (a)**	**15% In-Lieu Fee**	**ELI**	**VLI**	**Low**	**Mod**
Land	$ 3,500,000	$ 3,500,000	$ 3,500,000	$ 5,250,000	$ 5,250,000	$ 4,900,000	$ 4,200,000
Land per Residential Unit (k)	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000
Land per Site sf	$ 289	$ 289	$ 289	$ 434	$ 434	$ 405	$ 347
Construction Costs							
Site Work	$ 121,000	$ 121,000	$ 121,000	$ 121,000	$ 121,000	$ 121,000	$ 121,000
Hard Costs - Residential	$ 4,485,000	$ 4,485,000	$ 4,485,000	$ 6,727,500	$ 6,727,500	$ 6,279,000	$ 5,382,000
Hard Costs - Parking	$ 900,000	$ 900,000	$ 900,000	$ 1,380,000	$ 1,380,000	$ 1,260,000	$ 1,080,000
Soft Costs	$ 825,900	$ 825,900	$ 825,900	$ 1,234,275	$ 1,234,275	$ 1,149,000	$ 987,450
Quimby/Park Fee	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Public Beautification Fee	$ 55,060	$ 55,060	$ 55,060	$ 82,285	$ 82,285	$ 76,600	$ 65,830
School Fee	$ 77,292	$ 77,292	$ 77,292	$ 115,937	$ 115,937	$ 108,208	$ 92,750
Transportation Fee	$ 4,480	$ 4,480	$ 4,480	$ 6,720	$ 6,720	$ 6,272	$ 5,376
Affordable Housing In-Lieu Fee (l)	$ -	$ 916,889	$ 1,375,334	$ -	$ -	$ -	$ -
Subtotal Const Costs Before Financing	*$ 6,468,732*	*$ 7,385,621*	*$ 7,844,065*	*$ 9,667,717*	*$ 9,667,717*	*$ 9,000,080*	*$ 7,734,406*
Financing Costs							
Points	$ 58,219	$ 66,471	$ 70,597	$ 87,009	$ 87,009	$ 81,001	$ 69,610
Construction Period Interest	$ 326,024	$ 372,235	$ 395,341	$ 487,253	$ 487,253	$ 453,604	$ 389,814
Subtotal Financing Costs	*$ 384,243*	*$ 438,706*	*$ 465,937*	*$ 574,262*	*$ 574,262*	*$ 534,605*	*$ 459,424*
Total Development Costs	**$ 10,352,974**	**$ 11,324,326**	**$ 11,810,002**	**$ 15,491,980**	**$ 15,491,980**	**$ 14,434,685**	**$ 12,393,830**
Total Development Cost per Unit (inc. land)	*$ 1,035,297*	*$ 1,132,433*	*$ 1,181,000*	*$ 1,032,799*	*$ 1,032,799*	*$ 1,031,049*	*$ 1,032,819*
Total Development Cost per Unit (exc. land)	*$ 685,297*	*$ 782,433*	*$ 831,000*	*$ 682,799*	*$ 682,799*	*$ 681,049*	*$ 682,819*
Valuation							
Operations							
Gross Income - Market Rate Units	$ 795,600	$ 795,600	$ 795,600	$ 1,034,280	$ 1,034,280	$ 954,720	$ 795,600
Gross Income - Affordable Units	$ -	$ -	$ -	$ 22,464	$ 37,440	$ 59,904	$ 74,880
Less: Vacancy	$ (39,780)	$ (39,780)	$ (39,780)	$ (52,837)	$ (53,586)	$ (50,731)	$ (43,524)
Less: Op Expenses	$ (142,500)	$ (142,500)	$ (142,500)	$ (213,750)	$ (213,750)	$ (199,500)	$ (171,000)
Net Operating Income (NOI)	$ 613,320	$ 613,320	$ 613,320	$ 790,157	$ 804,384	$ 764,393	$ 655,956
Value at Stabilization	**$ 13,629,333**	**$ 13,629,333**	**$ 13,629,333**	**$ 17,559,040**	**$ 17,875,200**	**$ 16,986,507**	**$ 14,576,800**
Return on Cost							
Value at Stabilization	$ 13,629,333	$ 13,629,333	$ 13,629,333	$ 17,559,040	$ 17,875,200	$ 16,986,507	$ 14,576,800
Less: Total Development Costs	$ 10,352,974	$ 11,324,326	$ 11,810,002	$ 15,491,980	$ 15,491,980	$ 14,434,685	$ 12,393,830
Profit	$ 3,276,359	$ 2,305,007	$ 1,819,331	$ 2,067,060	$ 2,383,220	$ 2,551,822	$ 2,182,970
% Return on Cost	**31.6%**	**20.4%**	**15.4%**	**13.3%**	**15.4%**	**17.7%**	**17.6%**
Feasible? (m)	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (n)	*0.0%*	*0.0%*	*0.0%*	*13.3%*	*13.3%*	*14.3%*	*16.7%*

Notes:

a) The baseline scenario assumes a 10% inclusionary requirement, satisfied by paying the an in-lieu fee based on WEHO's 2024-25 Schedule A: Inclusionary Housing Program Affordable Housing Schedule.
b) Base density in this zone is 1,210 sq.ft. of site area per unit
c) This reflects the requirement under the local inclusionary policy. For small projects, the must-build obligation is calculated by rounding fractional units to the nearest whole number.
d) Any remaining inclusionary obligation not met through on-site units can be fulfilled by paying an in-lieu fee.
e) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the state density bonus. Actual bonus percentages may vary based on the base unit count and rounding conventions.
f) The average unit size is based on projects approved in R3 zones between 2019 and 2024. Units tend to be larger because the base density is capped at 36 dwelling units per acre. With this limit, developers typically build larger units to maximize profits, compared to projects in other zoning districts.
g) The city's ordinance requires parking based on bedroom count, permitting reduced ratios for density bonus projects. This proforma assumes an average of 1.5 spaces per unit, aligning with the incentives. All parking is subterranean.
h) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.
i) The current fees that apply to residential projects are:
Quimby (for condominiums, does not apply to rentals)
Public beautification and art fee 1.0%
School fee $ 5.17 psf
Transportation facilities fee $ 448 per unit
(j) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.
k) The land cost per unit was derived from properties sales in R3 zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.
l) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.
m) Project feasibility assumes a minimum return on cost of 12.0%
n) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 4: Small Projects (2-4) - 4 Unit For-Sale Project with In-Lieu Fee Payment Only

This proforma tests varying the in-lieu fee requirement at 10%, 15%, and 20% for a 4-unit project.

Key Development Assuptions	No IHO	Current Policy: 10% Set-Aside In-Lieu Fee (a)	15% Set-Aside (In-Lieu Fee)	20% Set-Aside (In-Lieu Fee)
Site Size (sf) (b)	4,840	4,840	4,840	4,840
Base Units	4	4	4	4
Inclusionary % Required by WEHO	0%	10%	15%	20%
% Affordable Built On-Site	0%	0%	0%	0%
% Affordable Paid by In-Lieu Fee	0%	10%	15%	20%
Inclusionary Units Required by WEHO	-	-	-	-
Density Bonus (c)	0%	0%	0%	0%
Additional Market Rate Units from DB	-	-	-	-
Number of Market Rate Units	4	4	4	4
Total Number of Units	***4***	***4***	***4***	***4***
Dwelling Units/Acre	36	36	36	36
Average Unit Size (d)	1,500	1,500	1,500	1,500
Net Residential Space (sf)	6,000	6,000	6,000	6,000
Common Area	300	300	300	300
Total Residential Space (sf)	6,300	6,300	6,300	6,300
Parking spaces per unit (e)	2.00	2.00	2.00	2.00
Total Number of Parking Spaces	8	8	8	8
Market Rate Sales Prices (f)				
Avg Sales Price per Unit	$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 1,800,000
Average Sales Price per SF	$ 1,200.00	$ 1,200.00	$ 1,200.00	$ 1,200.00
WEHO Schedule A (a)	% #	% #	% #	% #
2 Bedroom - Extremely Low				
2 Bedroom - Very Low				
2 Bedroom - Low				
2 Bedroom - Moderate				
HCD Income Limits				
2 Bedroom - Extremely Low				
2 Bedroom - Very Low				
2 Bedroom - Low				
2 Bedroom - Moderate				
Development Costs				
Construction Type	Type 5	Type 5	Type 5	Type 5
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 300	$ 300	$ 300	$ 300
Hard Cost - Premium for luxury product	25.0%	25.0%	25.0%	25.0%
Parking Costs (per at-grade space)	$ 40,000	$ 40,000	$ 40,000	$ 40,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%
Insurance for Construction Defects (per unit)	$ 30,000	$ 30,000	$ 30,000	$ 30,000
Impact Fees (g)				
Quimby/Park Fee per Unit	$ 3,323	$ 3,323	$ 3,323	$ 3,323
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per affordable unit (h)	$ 916,889	$ 916,889	$ 916,889	$ 916,889
Financing Costs				
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%
Sales Assumptions				
Marketing Costs	5.0%	5.0%	5.0%	5.0%

Development Costs	No IHO	Current Policy: 10% In-Lieu Fee (a)	15% Set-Aside (In-Lieu Fee)	20% Set-Aside (In-Lieu Fee)
Land	$ 1,600,000	$ 1,600,000	$ 1,600,000	$ 1,600,000
Land per Residential Unit (i)	$ 400,000	$ 400,000	$ 400,000	$ 400,000
Land per Site sf	$ 331	$ 331	$ 331	$ 331
Construction Costs				
Site Work	$ 48,400	$ 48,400	$ 48,400	$ 48,400
Hard Costs - Residential	$ 2,362,500	$ 2,362,500	$ 2,362,500	$ 2,362,500
Hard Costs - Parking	$ 320,000	$ 320,000	$ 320,000	$ 320,000
Soft Costs	$ 409,635	$ 409,635	$ 409,635	$ 409,635
Wrap Insurance for Construction Defects	$ 120,000	$ 120,000	$ 120,000	$ 120,000
Quimby/Park Fee	$ 13,291	$ 13,291	$ 13,291	$ 13,291
Public Beautification Fee	$ 27,309	$ 27,309	$ 27,309	$ 27,309
School Fee	$ 32,571	$ 32,571	$ 32,571	$ 32,571
Transportation Fee	$ 1,792	$ 1,792	$ 1,792	$ 1,792
Affordable Housing In-Lieu Fee (j)	$ -	$ 366,756	$ 550,133	$ 733,511
Subtotal Const Costs Before Financing	*$ 3,335,498*	*$ 3,702,254*	*$ 3,885,632*	*$ 4,069,010*
Financing Costs				
Points	$ 30,019	$ 33,320	$ 34,971	$ 36,621
Construction Period Interest	$ 168,109	$ 186,594	$ 195,836	$ 205,078
Subtotal Financing Costs	*$ 198,129*	*$ 219,914*	*$ 230,807*	*$ 241,699*
Total Development Costs	**$ 5,133,627**	**$ 5,522,168**	**$ 5,716,438**	**$ 5,910,709**
Total Development Cost per Unit (inc. land)	*$ 1,283,407*	*$ 1,380,542*	*$ 1,429,110*	*$ 1,477,677*
Total Development Cost per Unit (exc. land)	*$ 883,407*	*$ 980,542*	*$ 1,029,110*	*$ 1,077,677*
Valuation				
Operations				
Sales Revenue - Market Rate Units	$ 7,200,000	$ 7,200,000	$ 7,200,000	$ 7,200,000
Sales Revenue - Affordable Units	$ -	$ -	$ -	$ -
Less: Marketing Costs	$ (360,000)	$ (360,000)	$ (360,000)	$ (360,000)
Net Sales Revenue	**$ 6,840,000**	**$ 6,840,000**	**$ 6,840,000**	**$ 6,840,000**
Return on Cost				
Value at Stabilization	$ 6,840,000	$ 6,840,000	$ 6,840,000	$ 6,840,000
Less: Total Development Costs	$ 5,133,627	$ 5,522,168	$ 5,716,438	$ 5,910,709
Profit	$ 1,706,373	$ 1,317,832	$ 1,123,562	$ 929,291
% Return on Cost	**33.2%**	**23.9%**	**19.7%**	**15.7%**
Feasible? (k)	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (l)	*0%*	*0%*	*0%*	*0%*

Notes:

a) The baseline assumes a 10% inclusionary requirement. For projects with 2 to 10 units, the policy allows the requirement to be satisfied through payment of an in-lieu fee.

b) Base density in R3-A zoning is 1,210 sq.ft. of site area per unit

c) Projects that satisfy the inclusionary requirement through an in-lieu fee are not eligible for a density bonus.

d) The average unit size is based on 2–4-unit projects sold in 2025. While R-2 zoning does not impose a maximum unit size, R-3 zoning limits units to 1,500 SF, which is reflected in the 4-unit project assumptions.

e) Parking ratios are based on comparable 2–4-unit projects entitled in West Hollywood. Most feature townhouse-style designs with at-grade 2-car garages, while some include underground parking.
The current market standard for small 2–4-unit projects is 2.0 spaces per unit.

f) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

g) The current fees that apply to residential projects are:

Quimby (for condominiums, does not apply to rentals)	$ 3,323	per unit
Public beautification and art fee	1.0%	
School fee	$ 5.17	psf
Transportation facilities fee	$ 448	per unit

h) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

in R2 and R3 zones between 2020 and 2024 that

j) The in-lieu fee is calculated by multiplying the inclusionary percentage by the base units by the Affordable Housing In-Lieu fee.

k) Project feasibility assumes a minimum return on cost of 12.0%

l) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 5: Small Projects (5-10) - 5 Units For-Sale in R-3 Zone - Fee or Must Build w DB

Stacked Flats with underground parking garage in Zone R-3

For small projects, the proformas model a 10%, 15%, and 20% inclusionary requirement. Fractional units ≥0.5 are rounded up. Any remaining fractional obligation would be paid as an in-lieu fee.

				15% Set-Aside		
Key Development Assumptions	**No IHO/ No SDBL**	**Current Policy (a)**	**15% In-Lieu Fee**	**VLI**	**Low**	**Mod**
Site Size (sf) (b)	6,050	6,050	6,050	6,050	6,050	6,050
Base Units	5	5	5	5	5	5
Inclusionary % Required by WEHO	0%	10%	15%	15%	15%	15%
Inclusionary Obligation (c)	-	0.5	0.8	0.8	0.8	0.8
Must-Build Units	-	-	-	1.0	1.0	1.0
Units to Pay In-Lieu Fee (d)	-	0.5	0.8	-	-	-
% Affordable Built On-Site	0%	0%	0%	20.0%	20.0%	20.0%
% Affordable Paid by In-Lieu Fee	0%	10%	15%	0%	0%	0%
Density Bonus (e)	0%	0%	0%	50%	35%	15%
Additional Market Rate Units from Density B	-	-	-	3	2	1
Number of Market Rate Units	5	5	5	7	6	5
Total Number of Units	***5***	***5***	***5***	***8***	***7***	***6***
Dwelling Units/Acre	36	36	36	58	50	43
Average Unit Size (f)	1,300	1,300	1,300	1,300	1,300	1,300
Net Residential Space (sf)	6,500	6,500	6,500	10,400	9,100	7,800
Common Area	975	975	975	1,560	1,365	1,170
Total Residential Space (sf)	7,475	7,475	7,475	11,960	10,465	8,970
Parking spaces per unit (g)	1.50	1.50	1.50	1.50	1.50	1.50
Total Number of Parking Spaces	8	8	8	12	11	9
Market Rate Rents (h)						
Avg Sales Price per Unit	$ 1,462,500	$ 1,462,500	$ 1,462,500	$ 1,462,500	$ 1,462,500	$ 1,462,500
Average Sales Price per SF	$ 1,125.00	$ 1,125.00	$ 1,125.00	$ 1,125.00	$ 1,125.00	$ 1,125.00

	No IHO/ No SDBL		Current Policy (a)		15% In-Lieu Fee		VLI		Low		Mod	
WEHO Schedule A (a)	%	#	%	#	%	#	%	#	#	#	#	#
2 Bedroom - Extremely Low												
2 Bedroom - Very Low												
2 Bedroom - Low												
2 Bedroom - Moderate												
HCD Income Limits												
2 Bedroom - Extremely Low												
2 Bedroom - Very Low							15.0%	1				
2 Bedroom - Low									15.0%	1		
2 Bedroom - Moderate											15.0%	1

	No IHO/ No SDBL	Current Policy (a)	15% In-Lieu Fee	VLI	Low	Mod
Development Costs						
Construction Type	Type 5	Type 5	Type 5	Type 5	Type 5	Type 5
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Insurance for Construction Defects (per unit)	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000
Impact Fees (i)						
Quimby/Park Fee per Unit	$ 3,323	$ 3,323	$ 3,323	$ 3,323	$ 3,323	$ 3,323
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per affordable unit (j)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ -
Financing Costs						
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Sales Assumptions						
Marketing Costs	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
OpEx per unit (inc. prop taxes)	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250
Cap Rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

				15% Set-Aside		
Development Costs	**No IHO/ No SDBL**	**Current Policy (a)**	**15% In-Lieu Fee**	**VLI**	**Low**	**Mod**
Land	$ 1,750,000	$ 1,750,000	$ 1,750,000	$ 2,800,000	$ 2,450,000	$ 2,100,000
Land per Residential Unit (k)	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000
Land per Site sf	$ 289	$ 289	$ 289	$ 463	$ 405	$ 347
Construction Costs						
Site Work	$ 60,500	$ 60,500	$ 60,500	$ 60,500	$ 60,500	$ 60,500
Hard Costs - Residential	$ 2,242,500	$ 2,242,500	$ 2,242,500	$ 3,588,000	$ 3,139,500	$ 2,691,000
Hard Costs - Parking	$ 480,000	$ 480,000	$ 480,000	$ 720,000	$ 660,000	$ 540,000
Soft Costs	$ 417,450	$ 417,450	$ 417,450	$ 655,275	$ 579,000	$ 493,725
Wrap Insurance for Construction Defects	$ 150,000	$ 150,000	$ 150,000	$ 240,000	$ 210,000	$ 180,000
Quimby/Park Fee	$ 16,614	$ 16,614	$ 16,614	$ 26,583	$ 23,260	$ 19,937
Public Beautification Fee	$ 27,830	$ 27,830	$ 27,830	$ 43,685	$ 38,600	$ 32,915
School Fee	$ 38,646	$ 38,646	$ 38,646	$ 61,833	$ 54,104	$ 46,375
Transportation Fee	$ 2,240	$ 2,240	$ 2,240	$ 3,584	$ 3,136	$ 2,688
Affordable Housing In-Lieu Fee (l)	$ -	$ 458,445	$ 687,667	$ -	$ -	$ -
Subtotal Const Costs Before Financing	*$ 3,435,780*	*$ 3,894,225*	*$ 4,123,447*	*$ 5,399,460*	*$ 4,768,100*	*$ 4,067,140*
Financing Costs						
Points	$ 30,922	$ 35,048	$ 37,111	$ 48,595	$ 42,913	$ 36,604
Construction Period Interest	$ 173,163	$ 196,269	$ 207,822	$ 272,133	$ 240,312	$ 204,984
Subtotal Financing Costs	*$ 204,085*	*$ 231,317*	*$ 244,933*	*$ 320,728*	*$ 283,225*	*$ 241,588*
Total Development Costs	**$ 5,389,865**	**$ 5,875,542**	**$ 6,118,380**	**$ 8,520,188**	**$ 7,501,325**	**$ 6,408,728**
Total Development Cost per Unit (inc. land)	*$ 1,077,973*	*$ 1,175,108*	*$ 1,223,676*	*$ 8,870,188*	*$ 7,851,325*	*$ 6,758,728*
Total Development Cost per Unit (exc. land)	*$ 727,973*	*$ 825,108*	*$ 873,676*	*$ 8,919,246*	*$ 7,894,643*	*$ 6,795,680*
Valuation						
Operations						
Sales Revenue - Market Rate Units	$ 7,312,500	$ 7,312,500	$ 7,312,500	$ 10,237,500	$ 8,775,000	$ 7,312,500
Sales Revenue - Affordable Units	$ -	$ -	$ -	$ 215,504	$ 384,469	$ 496,662
Less: Marketing Costs	$ (365,625)	$ (365,625)	$ (365,625)	$ (522,650)	$ (457,973)	$ (390,458)
Net Sales Revenue	$ 6,946,875	$ 6,946,875	$ 6,946,875	$ 9,930,353	$ 8,701,496	$ 7,418,704
Return on Cost						
Net Sales Revenue	$ 6,946,875	$ 6,946,875	$ 6,946,875	$ 9,930,353	$ 8,701,496	$ 7,418,704
Less: Total Development Costs	$ (5,389,865)	$ (5,875,542)	$ (6,118,380)	$ (8,520,188)	$ (7,501,325)	$ (6,408,728)
Profit	$ 1,557,010	$ 1,071,333	$ 828,495	$ 1,410,165	$ 1,200,170	$ 1,009,976
% Return on Cost	**28.9%**	**18.2%**	**13.5%**	**16.6%**	**16.0%**	**15.8%**
Feasible? (m)	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (n)	*0.0%*	*0.0%*	*0.0%*	*12.5%*	*14.3%*	*16.7%*

Notes:

a) The baseline scenario assumes a 10% inclusionary requirement, satisfied by paying the an in-lieu fee based on WEHO's 2024-25 Schedule A: Inclusionary Housing Program Affordable Housing Schedule.

b) Base density in this zone is 1,210 sq.ft. of site area per unit

c) This reflects the requirement under the local inclusionary policy. For small projects, the must-build obligation is calculated by rounding fractional units to the nearest whole number.

d) Any remaining inclusionary obligation not met through on-site units can be fulfilled by paying an in-lieu fee.

e) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the state density bonus. Actual bonus percentages may vary based on the base unit count and rounding conventions.

f) The average unit size is based on projects approved in R3 zones between 2019 and 2024. Units tend to be larger because the base density is capped at 36 dwelling units per acre. With this limit, developers typically build larger units to maximize profits, compared to projects in other zoning districts.

g) The city's ordinance requires parking based on bedroom count, permitting reduced ratios for density bonus projects. This proforma assumes an average of 1.5 spaces per unit, aligning with the incentives. All parking is subterranean.

h) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

i) The current fees that apply to residential projects are:

Quimby	$ 3,323	per unit
Public beautification and art fee	1.0%	
School fee	$ 5.17	psf
Transportation facilities fee	$ 448	per unit

(j) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

k) The land cost per unit was derived from properties sales in R3 zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

l) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

m) Project feasibility assumes a minimum return on cost of 12.0%

n) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 6: Small Projects (5-10)- 10 Units For-Sale in R-3 Zone - Fee or Must Build w DB

Stacked Flats with underground parking garage in Zone R-3

For small projects, the proformas model a 10%, 15%, and 20% inclusionary requirement. Fractional units ≥0.5 are rounded up. Any remaining fractional obligation would be paid as an in-lieu fee.

For example, an 8-unit project would trigger a 1.2-unit requirement under the 15% inclusionary scenario. The developer would provide 1 on-site affordable unit (qualifying for a density bonus), and pay an in-lieu fee for the remaining 0.2 unit.

				15% Set-Aside		
Key Development Assumptions	**No IHO/ No SDBL**	**Current Policy (a)**	**15% In-Lieu Fee**	**VLI**	**Low**	**Mod**
Site Size (sf) (b)	12,100	12,100	12,100	12,100	12,100	12,100
Base Units	10	10	10	10	10	10
Inclusionary % Required by WEHO	0%	10%	15%	15%	15%	15%
Inclusionary Obligation (c)	-	1.0	1.5	1.5	1.5	1.5
Must-Build Units	-	-	-	2.0	2.0	2.0
Units to Pay In-Lieu Fee (d)	-	1.0	1.5	-	-	-
% Affordable Built On-Site	0%	0%	0%	20.0%	20.0%	20.0%
% Affordable Paid by In-Lieu Fee	0%	10%	15%	0%	0%	0%
Density Bonus (e)	0%	0%	0%	50.0%	35.0%	15.0%
Additional Market Rate Units from Density B	-	-	-	5	4	2
Number of Market Rate Units	10	10	10	13	12	10
Total Number of Units	***10***	***10***	***10***	***15***	***14***	***12***
Dwelling Units/Acre	36	36	36	54	50	43
Average Unit Size (f)	1,300	1,300	1,300	1,300	1,300	1,300
Net Residential Space (sf)	13,000	13,000	13,000	19,500	18,200	15,600
Common Area	1,950	1,950	1,950	2,925	2,730	2,340
Total Residential Space (sf)	14,950	14,950	14,950	22,425	20,930	17,940
Parking spaces per unit (g)	1.50	1.50	1.50	1.50	1.50	1.50
Total Number of Parking Spaces	15	15	15	23	21	18
Market Rate Rents (h)						
Avg Sales Price per Unit	$ 1,462,500	$ 1,462,500	$ 1,462,500	$ 1,462,500	$ 1,462,500	$ 1,462,500
Average Sales Price per SF	$ 1,125.00	$ 1,125.00	$ 1,125.00	$ 1,125.00	$ 1,125.00	$ 1,125.00
WEHO Schedule A (a)	% #	% #	% #	% #	# #	# #
2 Bedroom - Extremely Low						
2 Bedroom - Very Low						
2 Bedroom - Low						
2 Bedroom - Moderate						
HCD Income Limits						
2 Bedroom - Extremely Low						
2 Bedroom - Very Low				15.0% 2		
2 Bedroom - Low					15.0% 2	
2 Bedroom - Moderate						15.0% 2
Development Costs						
Construction Type	Type 5	Type 5	Type 5	Type 5	Type 5	Type 5
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Insurance for Construction Defects (per unit	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000
Impact Fees (i)						
Quimby/Park Fee per Unit	$ 3,323	$ 3,323	$ 3,323	$ 3,323	$ 3,323	$ 3,323
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per affordable unit (j)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ -
Financing Costs						
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Sales Assumptions						
Marketing Costs	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
OpEx per unit (inc. prop taxes)	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250
Cap Rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

				15% Set-Aside		
Development Costs	**No IHO/ No SDBL**	**Current Policy (a)**	**15% In-Lieu Fee**	**VLI**	**Low**	**Mod**
Land	$ 3,500,000	$ 3,500,000	$ 3,500,000	$ 5,250,000	$ 4,900,000	$ 4,200,000
Land per Residential Unit (k)	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000	$ 350,000
Land per Site sf	$ 289	$ 289	$ 289	$ 434	$ 405	$ 347
Construction Costs						
Site Work	$ 121,000	$ 121,000	$ 121,000	$ 121,000	$ 121,000	$ 121,000
Hard Costs - Residential	$ 4,485,000	$ 4,485,000	$ 4,485,000	$ 6,727,500	$ 6,279,000	$ 5,382,000
Hard Costs - Parking	$ 900,000	$ 900,000	$ 900,000	$ 1,380,000	$ 1,260,000	$ 1,080,000
Soft Costs	$ 825,900	$ 825,900	$ 825,900	$ 1,234,275	$ 1,149,000	$ 987,450
Wrap Insurance for Construction Defects	$ 300,000	$ 300,000	$ 300,000	$ 450,000	$ 420,000	$ 360,000
Quimby/Park Fee	$ 33,229	$ 33,229	$ 33,229	$ 49,843	$ 46,520	$ 39,874
Public Beautification Fee	$ 55,060	$ 55,060	$ 55,060	$ 82,285	$ 76,600	$ 65,830
School Fee	$ 77,292	$ 77,292	$ 77,292	$ 115,937	$ 108,208	$ 92,750
Transportation Fee	$ 4,480	$ 4,480	$ 4,480	$ 6,720	$ 6,272	$ 5,376
Affordable Housing In-Lieu Fee (l)	$ -	$ 916,889	$ 1,375,334	$ -	$ -	$ -
Subtotal Const Costs Before Financing	*$ 6,801,960*	*$ 7,718,849*	*$ 8,177,294*	*$ 10,167,560*	*$ 9,466,600*	*$ 8,134,280*
Financing Costs						
Points	$ 61,218	$ 69,470	$ 73,596	$ 91,508	$ 85,199	$ 73,209
Construction Period Interest	$ 342,819	$ 389,030	$ 412,136	$ 512,445	$ 477,117	$ 409,968
Subtotal Financing Costs	*$ 404,036*	*$ 458,500*	*$ 485,731*	*$ 603,953*	*$ 562,316*	*$ 483,176*
Total Development Costs	**$ 10,705,997**	**$ 11,677,349**	**$ 12,163,025**	**$ 16,021,513**	**$ 14,928,916**	**$ 12,817,457**
Total Development Cost per Unit (inc. land)	*$ 1,070,600*	*$ 1,167,735*	*$ 1,216,302*	*$ 16,371,513*	*$ 15,278,916*	*$ 13,167,457*
Total Development Cost per Unit (exc. land)	*$ 720,600*	*$ 817,735*	*$ 866,302*	*$ 16,463,455*	*$ 15,364,521*	*$ 13,241,012*
Valuation						
Operations						
Sales Revenue - Market Rate Units	$ 14,625,000	$ 14,625,000	$ 14,625,000	$ 19,012,500	$ 17,550,000	$ 14,625,000
Sales Revenue - Affordable Units	$ -	$ -	$ -	$ 431,007	$ 768,938	$ 993,325
Less: Marketing Costs	$ (731,250)	$ (731,250)	$ (731,250)	$ (972,175)	$ (915,947)	$ (780,916)
Net Sales Revenue	$ 13,893,750	$ 13,893,750	$ 13,893,750	$ 18,471,332	$ 17,402,991	$ 14,837,408
Return on Cost						
Net Sales Revenue	$ 13,893,750	$ 13,893,750	$ 13,893,750	$ 18,471,332	$ 17,402,991	$ 14,837,408
Less: Total Development Costs	$ (10,705,997)	$ (11,677,349)	$ (12,163,025)	$ (16,021,513)	$ (14,928,916)	$ (12,817,457)
Profit	$ 3,187,753	$ 2,216,401	$ 1,730,725	$ 2,449,818	$ 2,474,075	$ 2,019,952
% Return on Cost	**29.8%**	**19.0%**	**14.2%**	**15.3%**	**16.6%**	**15.8%**
Feasible? (m)	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (n)	*0.0%*	*0.0%*	*0.0%*	*13.3%*	*14.3%*	*16.7%*

Notes:

a) The baseline scenario assumes a 10% inclusionary requirement, satisfied by paying the an in-lieu fee based on WEHO's 2024-25 Schedule A: Inclusionary Housing Program Affordable Housing Schedule.

b) Base density in this zone is 1,210 sq.ft. of site area per unit

c) This reflects the requirement under the local inclusionary policy. For small projects, the must-build obligation is calculated by rounding fractional units to the nearest whole number.

d) Any remaining inclusionary obligation not met through on-site units can be fulfilled by paying an in-lieu fee.

e) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the state density bonus. Actual bonus percentages may vary based on the base unit count and rounding conventions.

f) The average unit size is based on projects approved in R3 zones between 2019 and 2024. Units tend to be larger because the base density is capped at 36 dwelling units per acre. With this limit, developers typically build larger units to maximize profits, compared to projects in other zoning districts.

g) The city's ordinance requires parking based on bedroom count, permitting reduced ratios for density bonus projects. This proforma assumes an average of 1.5 spaces per unit, aligning with the incentives. All parking is subterranean.

h) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

i) The current fees that apply to residential projects are:

Quimby	$ 3,323	per unit
Public beautification and art fee	1.0%	
School fee	$ 5.17	psf
Transportation facilities fee	$ 448	per unit

(j) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

k) The land cost per unit was derived from properties sales in R3 zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

l) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

m) Project feasibility assumes a minimum return on cost of 12.0%

n) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 7: Large Project Rental in R-3 Zone

Stacked Flats with underground parking garage in Zone R-3

	20% Set-Aside											
	Baseline		Option A		Option B		Option C		Option D		Option D1	
Key Development Assumptions	**Current Policy (a)**		**Build 15% ELI On-site + 5% Fee**		**Build 15% VLI On-site + 5% Fee**		**Optimize per SDBL**		**Optimize RHNA Goals**		**Option D w ELI/VLI Even Split**	
Site Size (sf) (b)	21,780		21,780		21,780		21,780		21,780		21,780	
Base Units	18		18		18		18		18		18	
Inclusionary % Required by WEHO	20%		20%		20%		20%		20%		20%	
% Affordable Built On-Site	20%		15%		15%		20%		20%		20%	
% Affordable Paid by In-Lieu Fee	0%		5%		5%		0%		0%		0%	
Inclusionary Units Required by WEHO (c)	4		3		3		4		4		4	
Density Bonus (d)	70%		50%		50%		70%		70%		75%	
Add'l Market Rate Units from Density Bonus	13		9		9		13		13		14	
Number of Market Rate Units	27		24		24		27		27		28	
Total Number of Units	***31***		***27***		***27***		***31***		***31***		***32***	
Dwelling Units/Acre	62		54		54		62		62		64	
Average Unit Size (e)	1,300		1,300		1,300		1,300		1,300		1,300	
Net Residential Space (sf)	40,300		35,100		35,100		40,300		40,300		41,600	
Common Area	6,045		5,265		5,265		6,045		6,045		6,240	
Total Residential Space (sf)	46,345		40,365		40,365		46,345		46,345		47,840	
Parking spaces per unit (f)	1.50		1.50		1.50		1.50		1.50		1.50	
Total Number of Parking Spaces	47		41		41		47		47		48	
Market Rate Rents (g)												
Avg Rent per Unit	$ 6,630		$ 6,630		$ 6,630		$ 6,630		$ 6,630		$ 6,630	
Average Rent per SF	$ 5.10		$ 5.10		$ 5.10		$ 5.10		$ 5.10		$ 5.10	
WEHO Schedule A (a)	%	#	%	#	%	#	%	#	%	#	0%	#
2 Bedroom - Extremely Low	0%	-	0%	-	0%		0%	-	0%	-	0%	-
2 Bedroom - Very Low	15%	3	0%	-	0%		0%	-	0%	-	0%	-
2 Bedroom - Low	0%	-	0%	-	0%		0%	-	0%	-	0%	-
2 Bedroom - Moderate	5%	1	0%	-	0%		0%	-	0%	-	0%	-
HCD Income Limits												
2 Bedroom - Extremely Low	0%	-	15%	3	0%	-	0%	-	5%	1	7.5%	2
2 Bedroom - Very Low	0%	-	0%	-	15%	3	15%	3	10%	2	7.5%	1
2 Bedroom - Low	0%	-	0%	-	0%	-	0%	-	5%	1	5%	1
2 Bedroom - Moderate	0%	-	0%	-	0%	-	5%	1	0%	-	0%	-
Development Costs												
Construction Type	Type 5		Type 5		Type 5		Type 5		Type 5		Type 5	
Site Work (per sq.ft. of site)	$ 10.00		$ 10.00		$ 10.00		$ 10.00		$ 10.00		$ 10.00	
Hard Costs - Residential	$ 300		$ 300		$ 300		$ 300		$ 300		$ 300	
Parking Costs (per subterranean space)	$ 60,000		$ 60,000		$ 60,000		$ 60,000		$ 60,000		$ 60,000	
Soft Costs exc Fees (as % of hard)	15.0%		15.0%		15.0%		15.0%		15.0%		15.0%	
Impact Fees (h)												
Quimby/Park Fee per Unit	$ -		$ -		$ -		$ -		$ -		$ 1	
Public Beautification Fee (% bldg cost)	1.0%		1.0%		1.0%		1.0%		1.0%		1.0%	
School Fee per sq. ft.	$ 5.17		$ 5.17		$ 5.17		$ 5.17		$ 5.17		$ 5.17	
Transportation Fee per unit	$ 448		$ 448		$ 448		$ 448		$ 448		$ 448	
In-Lieu Fee per Affordable Unit (i)	$ -		$ 916,889		$ 916,889		$ -		$ -		$ -	
Financing Costs												
Loan to Cost Ratio	60.0%		60.0%		60.0%		60.0%		60.0%		60.0%	
Interest Rate	7.0%		7.0%		7.0%		7.0%		7.0%		7.0%	
Loan Fees	1.5%		1.5%		1.5%		1.5%		1.5%		1.5%	
Construction Period (months)	24		24		24		24		24		24	
Avg. Outstanding Bal During Construction	60.0%		60.0%		60.0%		60.0%		60.0%		60.0%	
Operations												
Vacancy	5.0%		5.0%		5.0%		5.0%		5.0%		5.0%	
OpEx per unit (inc. prop taxes)	$ 14,250		$ 14,250		$ 14,250		$ 14,250		$ 14,250		$ 14,250	
Cap Rate	4.50%		4.50%		4.50%		4.50%		4.50%		4.50%	

	20% Set-Aside					
	Baseline	Option A	Option B	Option C	Option D	Option D1
Development Costs	**Current Policy (a)**	**Build 15% ELI On-site + 5% Fee**	**Build 15% VLI On-site + 5% Fee**	**Optimize per SDBL**	**Optimize RHNA Goals**	**Option D w ELI/VLI Even Split**
Land	$ 7,750,000	$ 6,750,000	$ 6,750,000	$ 7,750,000	$ 7,750,000	$ 8,000,000
Land per Residential Unit (j)	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000
Land per Site sf	$ 356	$ 310	$ 310	$ 356	$ 356	$ 367
Construction Costs						
Site Work	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800
Hard Costs - Residential	$ 13,903,500	$ 12,109,500	$ 12,109,500	$ 13,903,500	$ 13,903,500	$ 14,352,000
Hard Costs - Parking	$ 2,820,000	$ 2,460,000	$ 2,460,000	$ 2,820,000	$ 2,820,000	$ 2,880,000
Soft Costs	$ 2,541,195	$ 2,218,095	$ 2,218,095	$ 2,541,195	$ 2,541,195	$ 2,617,470
Quimby/Park Fee	$ -	$ -	$ -	$ -	$ -	$ -
Public Beautification Fee	$ 169,413	$ 147,873	$ 147,873	$ 169,413	$ 169,413	$ 174,498
School Fee	$ 239,604	$ 208,687	$ 208,687	$ 239,604	$ 239,604	$ 247,333
Transportation Fee	$ 13,888	$ 12,096	$ 12,096	$ 13,888	$ 13,888	$ 14,336
Affordable Housing In-Lieu Fee (k)	$ -	$ 550,133	$ 550,133	$ -	$ -	$ -
Subtotal Const Costs Before Financing	*$ 19,905,400*	*$ 17,924,184*	*$ 17,924,184*	*$ 19,905,400*	*$ 19,905,400*	*$ 20,503,437*
Financing Costs						
Points	$ 179,149	$ 161,318	$ 161,318	$ 179,149	$ 179,149	$ 184,531
Construction Period Interest	$ 1,003,232	$ 903,379	$ 903,379	$ 1,003,232	$ 1,003,232	$ 1,033,373
Subtotal Financing Costs	*$ 1,182,381*	*$ 1,064,697*	*$ 1,064,697*	*$ 1,182,381*	*$ 1,182,381*	*$ 1,217,904*
Total Development Costs	**$ 28,837,780**	**$ 25,738,881**	**$ 25,738,881**	**$ 28,837,780**	**$ 28,837,780**	**$ 29,721,341**
Total Development Cost per Unit (inc. land)	*$ 930,251*	*$ 953,292*	*$ 953,292*	*$ 930,251*	*$ 930,251*	*$ 928,792*
Total Development Cost per Unit (exc. land)	*$ 680,251*	*$ 703,292*	*$ 703,292*	*$ 680,251*	*$ 680,251*	*$ 678,792*
Valuation						
Operations						
Gross Income - Market Rate Units	$ 2,148,120	$ 1,909,440	$ 1,909,440	$ 2,148,120	$ 2,148,120	$ 2,227,680
Gross Income - Affordable Units	$ 47,520	$ 33,696	$ 56,160	$ 93,600	$ 78,624	$ 71,136
Less: Vacancy	$ (109,782)	$ (97,157)	$ (98,280)	$ (112,086)	$ (111,337)	$ (114,941)
Less: Op Expenses	$ (441,750)	$ (384,750)	$ (384,750)	$ (441,750)	$ (441,750)	$ (456,000)
Net Operating Income (NOI)	$ 1,644,108	$ 1,461,229	$ 1,482,570	$ 1,687,884	$ 1,673,657	$ 1,727,875
Value at Stabilization	**$ 36,535,733**	**$ 32,471,760**	**$ 32,946,000**	**$ 37,508,533**	**$ 37,192,373**	**$ 38,397,227**
Return on Cost						
Value at Stabilization	$ 36,535,733	$ 32,471,760	$ 32,946,000	$ 37,508,533	$ 37,192,373	$ 38,397,227
Less: Total Development Costs	$ (28,837,780)	$ (25,738,881)	$ (25,738,881)	$ (28,837,780)	$ (28,837,780)	$ (29,721,341)
Profit	$ 7,697,953	$ 6,732,879	$ 7,207,119	$ 8,670,753	$ 8,354,593	$ 8,675,886
% Return on Cost	**26.7%**	**26.2%**	**28.0%**	**30.1%**	**29.0%**	**29.2%**
Feasible? (l)	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (m)	*12.9%*	*11.1%*	*11.1%*	*12.9%*	*12.9%*	*12.5%*

Notes:

a) The Baseline maintains the current 20% inclusionary requirement for larger projects, based on West Hollywood's published "Schedule A: 2024–2025 Inclusionary Housing Program Affordable Housing Schedule." When converted to HCD income limits, the resulting affordability levels are roughly equivalent to ELI and VLI rents.

b) Base density in this zone is 1,210 sq.ft. of site area per unit

c) This reflects the minimum number of affordable units required to satisfy the local inclusionary policy option. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the stacking bonus.

d) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. Actual bonus percentages may vary slightly based on the base unit count and rounding conventions.

e) The average unit size is based on projects approved in R3 zones between 2019 and 2024. Units tend to be larger because the base density is capped at 36 dwelling units per acre. With this limit, developers typically build larger units to maximize profits, compared to projects in other zoning districts.

f) The city's ordinance requires parking based on bedroom count and allows reduced ratios for density bonus projects. This proforma assumes an average of 1.5 spaces per unit, aligning with the incentives. All parking is subterranean.

g) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

h) The current fees that apply to residential projects are:

Quimby (for condominiums, does not apply to rentals)		
Public beautification and art fee	1.0%	
School fee	$ 5.17	psf
Transportation facilities fee	$ 448	per unit

(i) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

j) The land cost per unit was derived from properties sales in R3 zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

k) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

l) Project feasibility assumes a minimum return on cost of 12.0%

m) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 8: Large Project Rental in R-4 Zone

Stacked Flats with underground parking garage in Zone R-4

	20% Set-Aside											
	Baseline		Option A		Option B		Option C		Option D		Option D1	
Key Development Assumptions	**Current Policy (a)**		**Build 15% ELI On-site + 5% Fee**		**Build 15% VLI On-site + 5% Fee**		**Optimize per SDBL**		**Optimize RHNA Goals**		**Option D w ELI/VLI Even Split**	
Site Size (sf) (b)		21,780		21,780		21,780		21,780		21,780		21,780
Base Units		25		25		25		25		25		25
Inclusionary % Required by WEHO		20%		20%		20%		20%		20%		20%
% Affordable Built On-Site		20%		15%		15%		20%		20%		20%
% Affordable Paid by In-Lieu Fee		0%		5%		5%		0%		0%		0%
Inclusionary Units Required by WEHO (c)		5		4		4		5		5		5
Density Bonus (d)		70%		50%		50%		70%		70%		75%
Additional Market Rate Units from Density Bc		18		13		13		18		18		19
Number of Market Rate Units		38		34		34		38		38		39
Total Number of Units		***43***		***38***		***38***		***43***		***43***		***44***
Dwelling Units/Acre		86		76		76		86		86		88
Average Unit Size (e)		1,100		1,100		1,100		1,100		1,100		1,100
Net Residential Space (sf)		47,300		41,800		41,800		47,300		47,300		48,400
Common Area		7,095		6,270		6,270		7,095		7,095		7,260
Total Residential Space (sf)		54,395		48,070		48,070		54,395		54,395		55,660
Parking spaces per unit (f)		1.50		1.50		1.50		1.50		1.50		1.50
Total Number of Parking Spaces		65		57		57		65		65		66
Market Rate Rents (g)												
Avg Rent per Unit	$	5,610	$	5,610	$	5,610	$	5,610	$	5,610	$	5,610
Average Rent per SF	$	5.10	$	5.10	$	5.10	$	5.10	$	5.10	$	5.10
WEHO Schedule A (a)	%	#	%	#	%	#	%	#	%	#	0%	#
2 Bedroom - Extremely Low	0%	-	0%	-	0%		0%	-	0%	-	-	-
2 Bedroom - Very Low	15%	4	0%	-	0%		0%	-	0%	-	-	-
2 Bedroom - Low	0%	-	0%	-	0%		0%	-	0%	-	-	-
2 Bedroom - Moderate	5%	1	0%	-	0%		0%	-	0%	-	-	-
HCD Income Limits												
2 Bedroom - Extremely Low	0%	-	15%	4	0%	-	0%	-	5%	2	7.5%	2
2 Bedroom - Very Low	0%	-	0%	-	15%	4	15%	4	10%	2	7.5%	2
2 Bedroom - Low	0%	-	0%	-	0%	-	0%	-	5%	1	5%	1
2 Bedroom - Moderate	0%	-	0%	-	0%	-	5%	1	0%	-	0%	-
Development Costs												
Construction Type	Type 5		Type 5		Type 5		Type 5		Type 5		Type 5	
Site Work (per sq.ft. of site)	$	10.00	$	10.00	$	10.00	$	10.00	$	10.00	$	10.00
Hard Costs - Residential	$	300	$	300	$	300	$	300	$	300	$	300
Parking Costs (per subterranean space)	$	60,000	$	60,000	$	60,000	$	60,000	$	60,000	$	60,000
Soft Costs exc Fees (as % of hard)		15.0%		15.0%		15.0%		15.0%		15.0%		15.0%
Impact Fees (h)												
Quimby/Park Fee per Unit	$	-	$	-	$	-	$	-	$	-	$	-
Public Beautification Fee (% bldg cost)		1.0%		1.0%		1.0%		1.0%		1.0%		1.0%
School Fee per sq. ft.	$	5.17	$	5.17	$	5.17	$	5.17	$	5.17	$	5.17
Transportation Fee per unit	$	448	$	448	$	448	$	448	$	448	$	448
In-Lieu Fee per Affordable Unit (i)	$	-	$	916,889	$	916,889	$	-	$	-	$	-
Financing Costs												
Loan to Cost Ratio		60.0%		60.0%		60.0%		60.0%		60.0%		60.0%
Interest Rate		7.0%		7.0%		7.0%		7.0%		7.0%		7.0%
Loan Fees		1.5%		1.5%		1.5%		1.5%		1.5%		1.5%
Construction Period (months)		24		24		24		24		24		24
Avg. Outstanding Bal During Construction		60.0%		60.0%		60.0%		60.0%		60.0%		60.0%
Operations												
Vacancy		5.0%		5.0%		5.0%		5.0%		5.0%		5.0%
OpEx per unit (inc. prop taxes)	$	14,250	$	14,250	$	14,250	$	14,250	$	14,250	$	14,250
Cap Rate		4.50%		4.50%		4.50%		4.50%		4.50%		4.50%

	20% Set-Aside					
	Baseline	Option A	Option B	Option C	Option D	Option D1
Development Costs	**Current Policy (a)**	**Build 15% ELI On-site + 5% Fee**	**Build 15% VLI On-site + 5% Fee**	**Optimize per SDBL**	**Optimize RHNA Goals**	**Option D w ELI/VLI Even Split**
Land	$ 9,675,000	$ 8,550,000	$ 8,550,000	$ 9,675,000	$ 9,675,000	$ 9,900,000
Land per Residential Unit (j)	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000
Land per Site sf	$ 444	$ 393	$ 393	$ 444	$ 444	$ 455
Construction Costs						
Site Work	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800
Hard Costs - Residential	$ 16,318,500	$ 14,421,000	$ 14,421,000	$ 16,318,500	$ 16,318,500	$ 16,698,000
Hard Costs - Parking	$ 3,900,000	$ 3,420,000	$ 3,420,000	$ 3,900,000	$ 3,900,000	$ 3,960,000
Soft Costs	$ 3,065,445	$ 2,708,820	$ 2,708,820	$ 3,065,445	$ 3,065,445	$ 3,131,370
Quimby/Park Fee	$ -	$ -	$ -	$ -	$ -	$ -
`	$ 204,363	$ 180,588	$ 180,588	$ 204,363	$ 204,363	$ 208,758
School Fee	$ 281,222	$ 248,522	$ 248,522	$ 281,222	$ 281,222	$ 287,762
Transportation Fee	$ 19,264	$ 17,024	$ 17,024	$ 19,264	$ 19,264	$ 19,712
Affordable Housing In-Lieu Fee (k)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ -
Subtotal Const Costs Before Financing	*$ 24,006,594*	*$ 22,130,643*	*$ 22,130,643*	*$ 24,006,594*	*$ 24,006,594*	*$ 24,523,402*
Financing Costs						
Points	$ 216,059	$ 199,176	$ 199,176	$ 216,059	$ 216,059	$ 220,711
Construction Period Interest	$ 1,209,932	$ 1,115,384	$ 1,115,384	$ 1,209,932	$ 1,209,932	$ 1,235,979
Subtotal Financing Costs	*$ 1,425,992*	*$ 1,314,560*	*$ 1,314,560*	*$ 1,425,992*	*$ 1,425,992*	*$ 1,456,690*
Total Development Costs	**$ 35,107,586**	**$ 31,995,203**	**$ 31,995,203**	**$ 35,107,586**	**$ 35,107,586**	**$ 35,880,092**
Total Development Cost per Unit (inc. land)	*$ 816,455*	*$ 841,979*	*$ 841,979*	*$ 816,455*	*$ 816,455*	*$ 815,457*
Total Development Cost per Unit (exc. land)	*$ 591,455*	*$ 616,979*	*$ 616,979*	*$ 591,455*	*$ 591,455*	*$ 590,457*
Valuation						
Operations						
Gross Income - Market Rate Units	$ 2,558,160	$ 2,288,880	$ 2,288,880	$ 2,558,160	$ 2,558,160	$ 2,625,480
Gross Income - Affordable Units	$ 57,024	$ 44,928	$ 74,880	$ 112,320	$ 89,856	$ 89,856
Less: Vacancy	$ (130,759)	$ (116,690)	$ (118,188)	$ (133,524)	$ (132,401)	$ (135,767)
Less: Op Expenses	$ (612,750)	$ (541,500)	$ (541,500)	$ (612,750)	$ (612,750)	$ (627,000)
Net Operating Income (NOI)	$ 1,871,675	$ 1,675,618	$ 1,704,072	$ 1,924,206	$ 1,902,865	$ 1,952,569
Value at Stabilization	**$ 41,592,773**	**$ 37,235,947**	**$ 37,868,267**	**$ 42,760,133**	**$ 42,285,893**	**$ 43,390,427**
Return on Cost						
Value at Stabilization	$ 41,592,773	$ 37,235,947	$ 37,868,267	$ 42,760,133	$ 42,285,893	$ 43,390,427
Less: Total Development Costs	$ (35,107,586)	$ (31,995,203)	$ (31,995,203)	$ (35,107,586)	$ (35,107,586)	$ (35,880,092)
Profit	$ 6,485,187	$ 5,240,744	$ 5,873,064	$ 7,652,547	$ 7,178,307	$ 7,510,334
% Return on Cost	**18.5%**	**16.4%**	**18.4%**	**21.8%**	**20.4%**	**20.9%**
Feasible? (l)	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (m)	*11.6%*	*10.5%*	*10.5%*	*11.6%*	*11.6%*	*11.4%*

Notes:

a) The Baseline maintains the current 20% inclusionary requirement for larger projects, based on West Hollywood's published "Schedule A: 2024–2025 Inclusionary Housing Program Affordable Housing Schedule." When converted to HCD income limits, the resulting affordability levels are roughly equivalent to ELI and VLI rents.

b) Base density in this zone is 872 sq.ft. of site area per unit

c) This reflects the minimum number of affordable units required to satisfy the local inclusionary policy option. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the stacking bonus.

d) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. Actual bonus percentages may vary slightly based on the base unit count and rounding conventions.

e) The average unit size is based on projects approved in R3 zones between 2019 and 2024. Units tend to be larger because the base density is capped at 50 dwelling units per acre. With this limit, developers typically build larger units to maximize profits, compared to projects in other zoning districts.

f) The city's ordinance requires parking based on bedroom count and allows reduced ratios for density bonus projects. This proforma assumes an average of 1.5 spaces per unit, aligning with the incentives. All parking is subterranean.

g) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

h) The current fees that apply to residential projects are:

Quimby (for condominiums, does not apply to rentals)

Public beautification and art fee 1.0%

School fee $ 5.17 psf

Transportation facilities fee $ 448 per unit

(i) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

j) The land cost per unit was derived from properties sales in R4 zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

k) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

l) Project feasibility assumes a minimum return on cost of 12.0%

m) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 9: Large Project Rental in CC-1 Zone

Stacked Flats with underground parking garage in Zone CC-1

	20% Set-Aside					
	Baseline	Option A	Option B	Option C	Option D	Option D1
Key Development Assumptions	**Current Policy (a)**	**Build 15% ELI On-site + 5% Fee**	**Build 15% VLI On-site + 5% Fee**	**Optimize per SDBL**	**Optimize RHNA Goals**	**Option D w ELI/VLI Evenly Split**
Site Size (sf) (b)	21,780	21,780	21,780	21,780	21,780	21,780
Base Units	29	29	29	29	29	29
Inclusionary % Required by WEHO	20%	20%	20%	20%	20%	20%
% Affordable Built On-Site	20%	15%	15%	20%	20%	20%
% Affordable Paid by In-Lieu Fee	0%	5%	5%	0%	0%	0%
Inclusionary Units Required by WEHO (c)	6	5	5	6	6	6
Density Bonus (d)	70%	50%	50%	70%	70%	75%
Additional Market Rate Units from Density Bo	21	15	15	21	21	22
Number of Market Rate Units	44	39	39	44	44	45
Total Number of Units	***50***	***44***	***44***	***50***	***50***	***51***
Dwelling Units/Acre	100	88	88	100	100	102
Average Unit Size (e)	975	975	975	975	975	975
Net Residential Space (sf)	48,750	42,900	42,900	48,750	48,750	49,725
Common Area	7,313	6,435	6,435	7,313	7,313	7,459
Total Residential Space (sf)	56,063	49,335	49,335	56,063	56,063	57,184
Parking spaces per residential unit (f)	1.25	1.25	1.25	1.25	1.25	1.25
Parking spaces for commercial (f)	3.50	3.50	3.50	3.50	3.50	3.50
Total Number of Parking Spaces	74	66	66	74	74	75
Market Rate Rents (g)						
Avg Rent per Unit	$ 5,070	$ 5,070	$ 5,070	$ 5,070	$ 5,070	$ 5,070
Average Rent per SF	$ 5.20	$ 5.20	$ 5.20	$ 5.20	$ 5.20	$ 5.20

	Baseline		Option A		Option B		Option C		Option D		Option D1	
WEHO Schedule A (a)	%	#	%	#	%	#	%	#	%	#	0%	#
2 Bedroom - Extremely Low	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
2 Bedroom - Very Low	15%	5	0%	-	0%	-	0%	-	0%	-	0%	-
2 Bedroom - Low	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
2 Bedroom - Moderate	5%	1	0%	-	0%	-	0%	-	0%	-	0%	-
HCD Income Limits												
2 Bedroom - Extremely Low	0%	-	15%	5	0%	-	0%	-	5%	2	7.5%	3
2 Bedroom - Very Low	0%	-	0%	-	15%	5	15%	5	10%	3	7.5%	2
2 Bedroom - Low	0%	-	0%	-	0%	-	0%	-	5%	1	5%	1
2 Bedroom - Moderate	0%	-	0%	-	0%	-	5%	1	0%	-	0%	-

	Baseline	Option A	Option B	Option C	Option D	Option D1
Development Costs						
Construction Type	Type 3	Type 3	Type 3	Type 3	Type 3	Type 3
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 360	$ 360	$ 360	$ 360	$ 360	$ 360
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Impact Fees (h)						
Quimby/Park Fee per Unit	$ -	$ -	$ -	$ -	$ -	$ 1
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per Affordable Unit (i)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ -
Financing Costs						
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Operations						
Vacancy	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
OpEx per unit (inc. prop taxes)	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250
Residential Cap Rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Commercial Assumptions						
Commercial SF	3,000	3,000	3,000	3,000	3,000	3,000
Hard Costs - Commercial	$ 450	$ 450	$ 450	$ 450	$ 450	$ 450
Average Rent per SF/Yr (NNN)	$ 60.00	$ 60.00	$ 60.00	$ 60.00	$ 60.00	$ 60.00
Commercial Vacancy Rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Commercial Cap Rate	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%

	20% Set-Aside					
	Baseline	Option A	Option B	Option C	Option D	Option D1
Development Costs	**Current Policy (a)**	**Build 15% ELI On-site + 5% Fee**	**Build 15% VLI On-site + 5% Fee**	**Optimize per SDBL**	**Optimize RHNA Goals**	**Option D w ELI/VLI Evenly Split**
Land	$ 7,500,000	$ 6,600,000	$ 6,600,000	$ 7,500,000	$ 7,500,000	$ 7,650,000
Land per Residential Unit (j)	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
Land per Site sf	$ 344	$ 303	$ 303	$ 344	$ 344	$ 351
Construction Costs						
Site Work	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800
Hard Costs - Residential	$ 20,182,500	$ 17,760,600	$ 17,760,600	$ 20,182,500	$ 20,182,500	$ 20,586,150
Hard Costs - Commercial	$ 1,350,000	$ 1,350,000	$ 1,350,000	$ 1,350,000	$ 1,350,000	$ 1,350,000
Hard Costs - Parking (Res + Commercial)	$ 4,440,000	$ 3,960,000	$ 3,960,000	$ 4,440,000	$ 4,440,000	$ 4,500,000
Soft Costs	$ 3,928,545	$ 3,493,260	$ 3,493,260	$ 3,928,545	$ 3,928,545	$ 3,998,093
Quimby/Park Fee	$ -	$ -	$ -	$ -	$ -	$ 51
Public Beautification Fee	$ 261,903	$ 232,884	$ 232,884	$ 261,903	$ 261,903	$ 266,540
School Fee	$ 289,843	$ 255,062	$ 255,062	$ 289,843	$ 289,843	$ 295,640
Transportation Fee	$ 22,400	$ 19,712	$ 19,712	$ 22,400	$ 22,400	$ 22,848
Affordable Housing In-Lieu Fee (k)	$ -	$ 733,511	$ 733,511	$ -	$ -	$ -
Subtotal Const Costs Before Financing	*$ 30,692,991*	*$ 28,022,829*	*$ 28,022,829*	*$ 30,692,991*	*$ 30,692,991*	*$ 31,237,121*
Financing Costs						
Points	$ 276,237	$ 252,205	$ 252,205	$ 276,237	$ 276,237	$ 281,134
Construction Period Interest	$ 1,546,927	$ 1,412,351	$ 1,412,351	$ 1,546,927	$ 1,546,927	$ 1,574,351
Subtotal Financing Costs	*$ 1,823,164*	*$ 1,664,556*	*$ 1,664,556*	*$ 1,823,164*	*$ 1,823,164*	*$ 1,855,485*
Total Development Costs	**$ 40,016,155**	**$ 36,287,385**	**$ 36,287,385**	**$ 40,016,155**	**$ 40,016,155**	**$ 40,742,606**
Total Development Cost per Unit (inc. land)	*$ 800,323*	*$ 824,713*	*$ 824,713*	*$ 800,323*	*$ 800,323*	*$ 798,875*
Total Development Cost per Unit (exc. land)	*$ 650,323*	*$ 674,713*	*$ 674,713*	*$ 650,323*	*$ 650,323*	*$ 648,875*
Valuation						
Residential						
Gross Income - Market Rate Units	$ 2,676,960	$ 2,372,760	$ 2,372,760	$ 2,676,960	$ 2,676,960	$ 2,737,800
Gross Income - Affordable Units	$ 66,528	$ 56,160	$ 93,600	$ 131,040	$ 108,576	$ 101,088
Less: Vacancy	$ (137,174)	$ (121,446)	$ (123,318)	$ (140,400)	$ (139,277)	$ (141,944)
Less: Op Expenses	$ (712,500)	$ (627,000)	$ (627,000)	$ (712,500)	$ (712,500)	$ (726,750)
Residential Net Operating Income (NOI)	$ 1,893,814	$ 1,680,474	$ 1,716,042	$ 1,955,100	$ 1,933,759	$ 1,970,194
Residential Value at Stabilization	**$ 42,084,747**	**$ 37,343,867**	**$ 38,134,267**	**$ 43,446,667**	**$ 42,972,427**	**$ 43,782,080**
Commercial						
Gross Income - Commercial (NNN)	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000
Less: Vacancy	$ (18,000)	$ (18,000)	$ (18,000)	$ (18,000)	$ (18,000)	$ (18,000)
Commercial Net Operating Income (NOI)	$ 162,000	$ 162,000	$ 162,000	$ 162,000	$ 162,000	$ 162,000
Commercial Value at Stabilization	**$ 2,945,455**	**$ 2,945,455**	**$ 2,945,455**	**$ 2,945,455**	**$ 2,945,455**	**$ 2,945,455**
Total Value at Stabilization	**$ 45,030,201**	**$ 40,289,321**	**$ 41,079,721**	**$ 46,392,121**	**$ 45,917,881**	**$ 46,727,535**
Return on Cost						
Value at Stabilization	$ 45,030,201	$ 40,289,321	$ 41,079,721	$ 46,392,121	$ 45,917,881	$ 46,727,535
Less: Total Development Costs	$ (40,016,155)	$ (36,287,385)	$ (36,287,385)	$ (40,016,155)	$ (40,016,155)	$ (40,742,606)
Profit	$ 5,014,046	$ 4,001,936	$ 4,792,336	$ 6,375,966	$ 5,901,726	$ 5,984,929
% Return on Cost	**12.5%**	**11.0%**	**13.2%**	**15.9%**	**14.7%**	**14.7%**
Feasible? (l)	**Yes**	**No**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (m)	*12.0%*	*11.4%*	*11.4%*	*12.0%*	*12.0%*	*11.8%*

Notes:

a) The Baseline maintains the current 20% inclusionary requirement for larger projects, based on West Hollywood's published "Schedule A: 2024–2025 Inclusionary Housing Program Affordable Housing Schedule." When converted to HCD income limits, the resulting affordability levels are roughly equivalent to ELI and VLI rents.

b) The base density is determined by a Floor Area Ratio (FAR) of: 1.5 sq.ft. of site area

c) This reflects the minimum number of affordable units required to satisfy the local inclusionary policy option. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the stacking bonus.

d) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. Actual bonus percentages may vary slightly based on the base unit count and rounding conventions.

e) The average unit size is based on projects approved in the CC zoning district between 2019 and 2024. Units in CC districts are generally smaller than those in R3 and R4 zones because density is determined based on Floor Area Ratio (FAR) rather than dwelling units/acre (DU/Acre).

f) The city's ordinance requires parking based on bedroom count and allows reduced ratios for density bonus projects. This proforma assumes an average of 1.25 spaces per unit, aligning with the incentives, and 3.5 spaces per 1,000 SF of commercial. All parking is subterranean.

g) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

h) The current fees that apply to residential projects are:

Quimby (for condominiums, does not apply to rentals)

Public beautification and art fee 1.0%

School fee $ 5.17 psf

Transportation facilities fee $ 448 per unit

(i) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

j) The land cost per unit was derived from properties sales in CC zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

k) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

l) Project feasibility assumes a minimum return on cost of 12.0%

m) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 10: Large Project Rental in CC-2 Zone

Stacked Flats with underground parking garage in Zone CC-2

	20% Set-Aside					
	Baseline	Option A	Option B	Option C	Option D	Option D1
Key Development Assumptions	**Current Policy (a)**	**Build 15% ELI On-site + 5% Fee**	**Build 15% VLI On-site + 5% Fee**	**Optimize per SDBL**	**Optimize RHNA Goals**	**Option D w ELI/VLI Evenly Split**
Site Size (sf) (b)	21,780	21,780	21,780	21,780	21,780	21,780
Base Units	38	38	38	38	38	38
Inclusionary % Required by WEHO	20%	20%	20%	20%	20%	20%
% Affordable Built On-Site	20%	15%	15%	20%	20%	20%
% Affordable Paid by In-Lieu Fee	0%	5%	5%	0%	0%	0%
Inclusionary Units Required by WEHO (c)	8	6	6	8	8	8
Density Bonus (d)	70%	50%	50%	70%	70%	75%
Additional Market Rate Units from Density Bor	27	19	19	27	27	29
Number of Market Rate Units	57	51	51	57	57	59
Total Number of Units	***65***	***57***	***57***	***65***	***65***	***67***
Dwelling Units/Acre	130	114	114	130	130	134
Average Unit Size (e)	975	975	975	975	975	975
Net Residential Space (sf)	63,375	55,575	55,575	63,375	63,375	65,325
Common Area	9,506	8,336	8,336	9,506	9,506	9,799
Total Residential Space (sf)	72,881	63,911	63,911	72,881	72,881	75,124
Parking spaces per residential unit (f)	1.25	1.25	1.25	1.25	1.25	1.25
Parking spaces for commercial (f)	3.50	3.50	3.50	3.50	3.50	3.50
Total Number of Parking Spaces	93	83	83	93	93	95
Market Rate Rents (g)						
Avg Rent per Unit	$ 5,070	$ 5,070	$ 5,070	$ 5,070	$ 5,070	$ 5,070
Average Rent per SF	$ 5.20	$ 5.20	$ 5.20	$ 5.20	$ 5.20	$ 5.20
WEHO Schedule A (a)	% / #	% / #	% / #	% / #	% / #	0% / #
2 Bedroom - Extremely Low	0% / -	0% / -	0% / -	0% / -	0% / -	0% / -
2 Bedroom - Very Low	15% / 6	0% / -	0% / -	0% / -	0% / -	0% / -
2 Bedroom - Low	0% / -	0% / -	0% / -	0% / -	0% / -	0% / -
2 Bedroom - Moderate	5% / 2	0% / -	0% / -	0% / -	0% / -	0% / -
HCD Income Limits						
2 Bedroom - Extremely Low	0% / -	15% / 6	0% / -	0% / -	5% / 2	7.5% / 3
2 Bedroom - Very Low	0% / -	0% / -	15% / 6	15% / 6	10% / 4	7.5% / 3
2 Bedroom - Low	0% / -	0% / -	0% / -	0% / -	5% / 2	5% / 2
2 Bedroom - Moderate	0% / -	0% / -	0% / -	5% / 2	0% / -	0% / -
Development Costs						
Construction Type	Type 3	Type 3	Type 3	Type 3	Type 3	Type 3
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 360	$ 360	$ 360	$ 360	$ 360	$ 360
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Impact Fees (h)						
Quimby/Park Fee per Unit	$ -	$ -	$ 1	$ -	$ -	$ 1
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per Affordable Unit (i)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ -
Financing Costs						
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Operations						
Vacancy	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
OpEx per unit (inc. prop taxes)	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250	$ 14,250
Cap Rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Commercial Assumptions						
Commercial SF	3,000	3,000	3,000	3,000	3,000	3,000
Hard Costs - Commercial	$ 450	$ 450	$ 450	$ 450	$ 450	$ 450
Average Rent per SF/Yr (NNN)	$ 60.00	$ 60.00	$ 60.00	$ 60.00	$ 60.00	$ 60.00
Commercial Vacancy Rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Commercial Cap Rate	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%

	20% Set-Aside					
	Baseline	Option A	Option B	Option C	Option D	Option D1
Development Costs	**Current Policy (a)**	**Build 15% ELI On-site + 5% Fee**	**Build 15% VLI On-site + 5% Fee**	**Optimize per SDBL**	**Optimize RHNA Goals**	**Option D w ELI/VLI Evenly Split**
Land	$ 9,750,000	$ 8,550,000	$ 8,550,000	$ 9,750,000	$ 9,750,000	$ 10,050,000
Land per Residential Unit (j)	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
Land per Site sf	$ 448	$ 393	$ 393	$ 448	$ 448	$ 461
Construction Costs						
Site Work	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800
Hard Costs - Residential	$ 26,237,250	$ 23,008,050	$ 23,008,050	$ 26,237,250	$ 26,237,250	$ 27,044,550
Hard Costs - Commercial	$ 1,350,000	$ 1,350,000	$ 1,350,000	$ 1,350,000	$ 1,350,000	$ 1,350,000
Hard Costs - Parking (Res + Commercial)	$ 5,580,000	$ 4,980,000	$ 4,980,000	$ 5,580,000	$ 5,580,000	$ 5,700,000
Soft Costs	$ 5,007,758	$ 4,433,378	$ 4,433,378	$ 5,007,758	$ 5,007,758	$ 5,146,853
Quimby/Park Fee	$ -	$ -	$ 57	$ -	$ -	$ 67
Public Beautification Fee	$ 333,851	$ 295,559	$ 295,559	$ 333,851	$ 333,851	$ 343,124
School Fee	$ 376,796	$ 330,421	$ 330,421	$ 376,796	$ 376,796	$ 388,390
Transportation Fee	$ 29,120	$ 25,536	$ 25,536	$ 29,120	$ 29,120	$ 30,016
Affordable Housing In-Lieu Fee (k)	$ -	$ 1,467,022	$ 1,467,022	$ -	$ -	$ -
Subtotal Const Costs Before Financing	*$ 39,132,574*	*$ 36,107,766*	*$ 36,107,823*	*$ 39,132,574*	*$ 39,132,574*	*$ 40,220,799*
Financing Costs						
Points	$ 352,193	$ 324,970	$ 324,970	$ 352,193	$ 352,193	$ 361,987
Construction Period Interest	$ 1,972,282	$ 1,819,831	$ 1,819,834	$ 1,972,282	$ 1,972,282	$ 2,027,128
Subtotal Financing Costs	*$ 2,324,475*	*$ 2,144,801*	*$ 2,144,805*	*$ 2,324,475*	*$ 2,324,475*	*$ 2,389,115*
Total Development Costs	**$ 51,207,049**	**$ 46,802,567**	**$ 46,802,627**	**$ 51,207,049**	**$ 51,207,049**	**$ 52,659,914**
Total Development Cost per Unit (inc. land)	*$ 787,801*	*$ 821,098*	*$ 821,099*	*$ 787,801*	*$ 787,801*	*$ 785,969*
Total Development Cost per Unit (exc. land)	*$ 637,801*	*$ 671,098*	*$ 671,099*	*$ 637,801*	*$ 637,801*	*$ 635,969*
Valuation						
Residential						
Gross Income - Market Rate Units	$ 3,467,880	$ 3,102,840	$ 3,102,840	$ 3,467,880	$ 3,467,880	$ 3,589,560
Gross Income - Affordable Units	$ 95,040	$ 67,392	$ 112,320	$ 187,200	$ 157,248	$ 149,760
Less: Vacancy	$ (178,146)	$ (158,512)	$ (160,758)	$ (182,754)	$ (181,256)	$ (186,966)
Less: Op Expenses	$ (926,250)	$ (812,250)	$ (812,250)	$ (926,250)	$ (926,250)	$ (954,750)
Net Operating Income (NOI)	$ 2,458,524	$ 2,199,470	$ 2,242,152	$ 2,546,076	$ 2,517,622	$ 2,597,604
Residential Value at Stabilization	**$ 54,633,867**	**$ 48,877,120**	**$ 49,825,600**	**$ 56,579,467**	**$ 55,947,147**	**$ 57,724,533**
Commercial						
Gross Income - Commercial (NNN)	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000
Less: Vacancy	$ (18,000)	$ (18,000)	$ (18,000)	$ (18,000)	$ (18,000)	$ (18,000)
Commercial Net Operating Income (NOI)	$ 162,000	$ 162,000	$ 162,000	$ 162,000	$ 162,000	$ 162,000
Commercial Value at Stabilization	**$ 2,945,455**	**$ 2,945,455**	**$ 2,945,455**	**$ 2,945,455**	**$ 2,945,455**	**$ 2,945,455**
Total Value at Stabilization	**$ 57,579,321**	**$ 51,822,575**	**$ 52,771,055**	**$ 59,524,921**	**$ 58,892,601**	**$ 60,669,988**
Return on Cost						
Value at Stabilization	$ 57,579,321	$ 51,822,575	$ 52,771,055	$ 59,524,921	$ 58,892,601	$ 60,669,988
Less: Total Development Costs	$ (51,207,049)	$ (46,802,567)	$ (46,802,627)	$ (51,207,049)	$ (51,207,049)	$ (52,659,914)
Profit	$ 6,372,272	$ 5,020,008	$ 5,968,427	$ 8,317,872	$ 7,685,552	$ 8,010,074
% Return on Cost	**12.4%**	**10.7%**	**12.8%**	**16.2%**	**15.0%**	**15.2%**
Feasible? (l)	**Yes**	**No**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (m)	*12.3%*	*10.5%*	*10.5%*	*12.3%*	*12.3%*	*11.9%*

Notes:

a) The Baseline maintains the current 20% inclusionary requirement for larger projects, based on West Hollywood's published "Schedule A: 2024–2025 Inclusionary Housing Program Affordable Housing Schedule." When converted to HCD income limits, the resulting affordability levels are roughly equivalent to ELI and VLI rents.

b) The base density is determined by a Floor Area Ratio (FAR) of: 2.0 sq.ft. of site area

c) This reflects the minimum number of affordable units required to satisfy the local inclusionary policy option. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the stacking bonus.

d) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. Actual bonus percentages may vary slightly based on the base unit count and rounding conventions.

e) The average unit size is based on projects approved in the CC zoning district between 2019 and 2024. Units in CC districts are generally smaller than those in R3 and R4 zones because density is determined based on Floor Area Ratio (FAR) rather than dwelling units/acre (DU/Acre).

f) The city's ordinance requires parking based on bedroom count and allows reduced ratios for density bonus projects. This proforma assumes an average of 1.25 spaces per unit, aligning with the incentives, and 3.5 spaces per 1,000 SF of commercial. All parking is subterranean.

g) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

h) The current fees that apply to residential projects are:

Quimby (for condominiums, does not apply to rentals)
Public beautification and art fee 1.0%
School fee $ 5.17 psf
Transportation facilities fee $ 448 per unit

(i) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

j) The land cost per unit was derived from properties sales in CC zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

k) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

l) Project feasibility assumes a minimum return on cost of 12.0%

m) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 11: Large Project For-Sale in R-3 Zone

Stacked Flats with underground parking garage in Zone R-3

	20% Set-Aside											
	Baseline		Option A		Option B		Option C		Option D		Option D1	
Key Development Assumptions	**Current Policy (a)**		**Build 15% VLI On-site + 5% Fee**		**Build 15% LI On-site + 5% Fee**		**Optimize per SDBL**		**Optimize RHNA Goals**		**Option D w VLI/LI Evenly Split**	
Site Size (sf) (b)	21,780		21,780		21,780		21,780		21,780		21,780	
Base Units	18		18		18		18		18		18	
Inclusionary % Required by WEHO (c)	20%		20%		20%		20%		20%		20%	
% Affordable Built On-Site	20%		15%		15%		20%		20%		20%	
% Affordable Paid by In-Lieu Fee	0%		5%		5%		0%		0%		0%	
Inclusionary Units Required by WEHO	4		3		3		4		4		4	
Density Bonus (d)	70%		50%		27.5%		27.5%		20.0%		25.0%	
Additional Market Rate Units from Density Bo	13		9		5		5		4		5	
Number of Market Rate Units	27		24		20		19		18		19	
Total Number of Units	***31***		***27***		***23***		***23***		***22***		***23***	
Dwelling Units/Acre	62		54		46		46		44		46	
Average Unit Size (e)	1,300		1,300		1,300		1,300		1,300		1,300	
Net Residential Space (sf)	40,300		35,100		29,900		29,900		28,600		29,900	
Common Area	6,045		5,265		4,485		4,485		4,290		4,485	
Total Residential Space (sf)	46,345		40,365		34,385		34,385		32,890		34,385	
Parking spaces per unit (f)	1.50		1.50		1.50		1.50		1.50		1.50	
Total Number of Parking Spaces	47		41		35		35		33		35	
Market Rate Sales Prices (g)												
Avg Sales Price per Unit	$ 1,462,500		$ 1,462,500		$ 1,462,500		$ 1,462,500		$ 1,462,500		$ 1,462,500	
Average Sales Price per SF	$ 1,125.00		$ 1,125.00		$ 1,125.00		$ 1,125.00		$ 1,125.00		$ 1,125.00	
WEHO Schedule A (a)	%	#	%	#	%	#	%	#	%	#	0%	#
2 Bedroom - Extremely Low	0%	-	0%	-	0%		0%	-	0%	-	0%	-
2 Bedroom - Very Low	0%	-	0%	-	0%		0%	-	0%	-	0%	-
2 Bedroom - Low	15%	3	0%	-	0%		0%	-	0%	-	0%	-
2 Bedroom - Moderate	5%	1	0%	-	0%		0%	-	0%	-	0%	-
HCD Income Limits												
2 Bedroom - Extremely Low	0%	-	0%	-	0%	-	0%	-	0%	-	0.0%	-
2 Bedroom - Very Low	0%	-	15%	3	0%	-	0%	-	5%	1	7.5%	2
2 Bedroom - Low	0%	-	0%	-	15%	3	15%	3	10%	2	7.5%	1
2 Bedroom - Moderate	0%	-	0%	-	0%	-	5%	1	5%	1	5%	1
Development Costs												
Construction Type	Type 5		Type 5		Type 5		Type 5		Type 5		Type 5	
Site Work (per sq.ft. of site)	$ 10.00		$ 10.00		$ 10.00		$ 10.00		$ 10.00		$ 10.00	
Hard Costs - Residential	$ 300		$ 300		$ 300		$ 300		$ 300		$ 300	
Parking Costs (per subterranean space)	$ 60,000		$ 60,000		$ 60,000		$ 60,000		$ 60,000		$ 60,000	
Soft Costs exc Fees (as % of hard)	15.0%		15.0%		15.0%		15.0%		15.0%		15.0%	
Insurance for Construction Defects (per unit)	$ 30,000		$ 30,000		$ 30,000		$ 30,000		$ 30,000		$ 30,000	
Impact Fees (h)												
Quimby/Park Fee per Unit	$ 3,323		$ 3,323		$ 3,323		$ 3,323		$ 3,323		$ 3,323	
Public Beautification Fee (% bldg cost)	1.0%		1.0%		1.0%		1.0%		1.0%		1.0%	
School Fee per sq. ft.	$ 5.17		$ 5.17		$ 5.17		$ 5.17		$ 5.17		$ 5.17	
Transportation Fee per unit	$ 448		$ 448		$ 448		$ 448		$ 448		$ 448	
In-Lieu Fee per Affordable Unit (i)	$ -		$ 916,889		$ 916,889		$ -		$ -		$ -	
Financing Costs												
Loan to Cost Ratio	60.0%		60.0%		60.0%		60.0%		60.0%		60.0%	
Interest Rate	7.0%		7.0%		7.0%		7.0%		7.0%		7.0%	
Loan Fees	1.5%		1.5%		1.5%		1.5%		1.5%		1.5%	
Construction Period (months)	24		24		24		24		24		24	
Avg. Outstanding Bal During Construction	60.0%		60.0%		60.0%		60.0%		60.0%		60.0%	
Sales Assumptions												
Marketing Costs	5.0%		5.0%		5.0%		5.0%		5.0%		5.0%	

	20% Set-Aside					
	Baseline	Option A	Option B	Option C	Option D	Option D1
Development Costs	**Current Policy (a)**	**Build 15% VLI On-site + 5% Fee**	**Build 15% LI On-site + 5% Fee**	**Optimize per SDBL**	**Optimize RHNA Goals**	**Option D w VLI/LI Evenly Split**
Land	$ 7,750,000	$ 6,750,000	$ 5,750,000	$ 5,750,000	$ 5,500,000	$ 5,750,000
Land per Residential Unit (j)	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000
Land per Site sf	$ 356	$ 310	$ 264	$ 264	$ 253	$ 264
Construction Costs						
Site Work	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800
Hard Costs - Residential	$ 13,903,500	$ 12,109,500	$ 10,315,500	$ 10,315,500	$ 9,867,000	$ 10,315,500
Hard Costs - Parking	$ 2,820,000	$ 2,460,000	$ 2,100,000	$ 2,100,000	$ 1,980,000	$ 2,100,000
Soft Costs	$ 2,541,195	$ 2,218,095	$ 1,894,995	$ 1,894,995	$ 1,809,720	$ 1,894,995
Wrap Insurance for Construction Defects	$ 930,000	$ 810,000	$ 690,000	$ 690,000	$ 660,000	$ 690,000
Quimby/Park Fee	$ 103,009	$ 89,718	$ 76,426	$ 76,426	$ 73,103	$ 76,426
Public Beautification Fee	$ 169,413	$ 147,873	$ 126,333	$ 126,333	$ 120,648	$ 126,333
School Fee	$ 239,604	$ 208,687	$ 177,770	$ 177,770	$ 170,041	$ 177,770
Transportation Fee	$ 13,888	$ 12,096	$ 10,304	$ 10,304	$ 9,856	$ 10,304
Affordable Housing In-Lieu Fee (k)	$ -	$ 550,133	$ 550,133	$ -	$ -	$ -
Subtotal Const Costs Before Financing	*$ 20,938,409*	*$ 18,823,902*	*$ 16,159,262*	*$ 15,609,129*	*$ 14,908,168*	*$ 15,609,129*
Financing Costs						
Points	$ 188,446	$ 169,415	$ 145,433	$ 140,482	$ 134,174	$ 140,482
Construction Period Interest	$ 1,055,296	$ 948,725	$ 814,427	$ 786,700	$ 751,372	$ 786,700
Subtotal Financing Costs	*$ 1,243,741*	*$ 1,118,140*	*$ 959,860*	*$ 927,182*	*$ 885,545*	*$ 927,182*
Total Development Costs	**$ 29,932,150**	**$ 26,692,042**	**$ 22,869,122**	**$ 22,286,311**	**$ 21,293,714**	**$ 22,286,311**
Total Development Cost per Unit (inc. land)	*$ 965,553*	*$ 988,594*	*$ 994,310*	*$ 968,970*	*$ 967,896*	*$ 968,970*
Total Development Cost per Unit (exc. land)	*$ 715,553*	*$ 738,594*	*$ 744,310*	*$ 718,970*	*$ 717,896*	*$ 718,970*
Valuation						
Operations						
Sales Revenue - Market Rate Units	$ 39,487,500	$ 35,100,000	$ 29,250,000	$ 27,787,500	$ 26,325,000	$ 27,787,500
Sales Revenue - Affordable Units	$ 524,923	$ 646,511	$ 1,153,408	$ 1,650,070	$ 1,481,104	$ 1,312,139
Less: Marketing Costs	$ (2,000,621)	$ (1,787,326)	$ (1,520,170)	$ (1,471,878)	$ (1,390,305)	$ (1,454,982)
Net Sales Revenue	**$ 38,011,802**	**$ 33,959,185**	**$ 28,883,237**	**$ 27,965,691**	**$ 26,415,799**	**$ 27,644,657**
Return on Cost						
Net Sales Revenue	$ 38,011,802	$ 33,959,185	$ 28,883,237	$ 27,965,691	$ 26,415,799	$ 27,644,657
Less: Total Development Costs	$ (29,932,150)	$ (26,692,042)	$ (22,869,122)	$ (22,286,311)	$ (21,293,714)	$ (22,286,311)
Profit	$ 8,079,652	$ 7,267,143	$ 6,014,115	$ 5,679,381	$ 5,122,085	$ 5,358,346
% Return on Cost	**27.0%**	**27.2%**	**26.3%**	**25.5%**	**24.1%**	**24.0%**
Feasible? (l)	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (m)	*12.9%*	*11.1%*	*13.0%*	*17.4%*	*18.2%*	*17.4%*

Notes:

a) The Baseline maintains the current 20% inclusionary requirement for larger projects, based on West Hollywood's published "Schedule A: 2024–2025 Inclusionary Housing Program Affordable Housing Schedule." When converted to HCD income limits, the resulting affordability levels are roughly equivalent to ELI and VLI prices.

b) Base density in this zone is 1,210 sq.ft. of site area per unit

c) This reflects the minimum number of affordable units required to satisfy the local inclusionary policy option. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the density bonus.

d) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. Actual bonus percentages may vary slightly based on the base unit count and rounding conventions.

e) The average unit size is based on projects approved in R3 zones between 2019 and 2024. Units tend to be larger because the base density is capped at 36 dwelling units per acre. With this limit, developers typically build larger units to maximize profits, compared to projects in other zoning districts.

f) The city's ordinance requires parking based on bedroom count and allows reduced ratios for density bonus projects. This proforma assumes an average of 1.5 spaces per unit, aligning with the incentives. All parking is subterranean.

g) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

h) The current fees that apply to residential projects are:

Quimby	$ 3,323	per unit
Public beautification and art fee	1.0%	
School fee	$ 5.17	psf
Transportation facilities fee	$ 448	per unit

(i) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

j) The land cost per unit was derived from properties sales in R3 zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

k) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

l) Project feasibility assumes a minimum return on cost of 12.0%

m) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 12: Large Project For-Sale in R-4 Zone

Stacked Flats with underground parking garage in Zone R-4

	20% Set-Aside											
	Baseline		Option A		Option B		Option C		Option D		Option D1	
Key Development Assumptions	Current Policy (a)		Build 15% VLI On-site + 5% Fee		Build 15% LI On-site + 5% Fee		Optimize per SDBL		Optimize RHNA Goals		Option D w VLI/LI Evenly Split	
Site Size (sf) (b)		21,780		21,780		21,780		21,780		21,780		21,780
Base Units		25		25		25		25		25		25
Inclusionary % Required by WEHO (c)		20%		20%		20%		20%		20%		20%
% Affordable Built On-Site		20%		15%		15%		20%		20%		20%
% Affordable Paid by In-Lieu Fee		0%		5%		5%		0%		0%		0%
Inclusionary Units Required by WEHO		5		4		4		5		5		5
Density Bonus (d)		70%		50%		27.5%		27.5%		20.0%		25.0%
Additional Market Rate Units from Density Bo		18		13		7		7		5		7
Number of Market Rate Units		38		34		28		27		25		27
Total Number of Units		***43***		***38***		***32***		***32***		***30***		***32***
Dwelling Units/Acre		86		76		64		64		60		64
Average Unit Size (e)		1,100		1,100		1,100		1,100		1,100		1,100
Net Residential Space (sf)		47,300		41,800		35,200		35,200		33,000		35,200
Common Area		7,095		6,270		5,280		5,280		4,950		5,280
Total Residential Space (sf)		54,395		48,070		40,480		40,480		37,950		40,480
Parking spaces per unit (f)		1.50		1.50		1.50		1.50		1.50		1.50
Total Number of Parking Spaces		65		57		48		48		45		48
Market Rate Sales Prices (g)												
Avg Sales Price per Unit	$	1,237,500	$	1,237,500	$	1,237,500	$	1,237,500	$	1,237,500	$	1,237,500
Average Sales Price per SF	$	1,125.00	$	1,125.00	$	1,125.00	$	1,125.00	$	1,125.00	$	1,125.00
WEHO Schedule A (a)	%	#	%	#	%	#	%	#	%	#	%	#
2 Bedroom - Extremely Low	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
2 Bedroom - Very Low	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
2 Bedroom - Low	15%	4	0%	-	0%	-	0%	-	0%	-	0%	-
2 Bedroom - Moderate	5%	1	0%	-	0%	-	0%	-	0%	-	0%	-
HCD Income Limits												
2 Bedroom - Extremely Low	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
2 Bedroom - Very Low	0%	-	15%	4	0%	-	0%	-	5%	2	7.5%	2
2 Bedroom - Low	0%	-	0%	-	15%	4	15%	4	10%	2	7.5%	2
2 Bedroom - Moderate	0%	-	0%	-	0%	-	5%	1	5%	1	5%	1
Development Costs												
Construction Type		Type 5		Type 5		Type 5		Type 5		Type 5		Type 5
Site Work (per sq.ft. of site)	$	10.00	$	10.00	$	10.00	$	10.00	$	10.00	$	10.00
Hard Costs - Residential	$	300	$	300	$	300	$	300	$	300	$	300
Parking Costs (per subterranean space)	$	60,000	$	60,000	$	60,000	$	60,000	$	60,000	$	60,000
Soft Costs exc Fees (as % of hard)		15.0%		15.0%		15.0%		15.0%		15.0%		15.0%
Insurance for Construction Defects (per unit)	$	30,000	$	30,000	$	30,000	$	30,000	$	30,000	$	30,000
Impact Fees (h)												
Quimby/Park Fee per Unit	$	3,323	$	3,323	$	3,323	$	3,323	$	3,323	$	3,323
Public Beautification Fee (% bldg cost)		1.0%		1.0%		1.0%		1.0%		1.0%		1.0%
School Fee per sq. ft.	$	5.17	$	5.17	$	5.17	$	5.17	$	5.17	$	5.17
Transportation Fee per unit	$	448	$	448	$	448	$	448	$	448	$	448
In-Lieu Fee per Affordable Unit (i)	$	-	$	916,889	$	916,889	$	-	$	-	$	-
Financing Costs												
Loan to Cost Ratio		60.0%		60.0%		60.0%		60.0%		60.0%		60.0%
Interest Rate		7.0%		7.0%		7.0%		7.0%		7.0%		7.0%
Loan Fees		1.5%		1.5%		1.5%		1.5%		1.5%		1.5%
Construction Period (months)		24		24		24		24		24		24
Avg. Outstanding Bal During Construction		60.0%		60.0%		60.0%		60.0%		60.0%		60.0%
Sales Assumptions												
Marketing Costs		5.0%		5.0%		5.0%		5.0%		5.0%		5.0%

	20% Set-Aside					
	Baseline	Option A	Option B	Option C	Option D	Option D1
Development Costs	Current Policy (a)	Build 15% VLI On-site + 5% Fee	Build 15% LI On-site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option D w VLI/LI Evenly Split
Land	$ 9,675,000	$ 8,550,000	$ 7,200,000	$ 7,200,000	$ 6,750,000	$ 7,200,000
Land per Residential Unit (j)	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000
Land per Site sf	$ 444	$ 393	$ 331	$ 331	$ 310	$ 331
Construction Costs						
Site Work	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800
Hard Costs - Residential	$ 16,318,500	$ 14,421,000	$ 12,144,000	$ 12,144,000	$ 11,385,000	$ 12,144,000
Hard Costs - Parking	$ 3,900,000	$ 3,420,000	$ 2,880,000	$ 2,880,000	$ 2,700,000	$ 2,880,000
Soft Costs	$ 3,065,445	$ 2,708,820	$ 2,286,270	$ 2,286,270	$ 2,145,420	$ 2,286,270
Wrap Insurance for Construction Defects	$ 1,290,000	$ 1,140,000	$ 960,000	$ 960,000	$ 900,000	$ 960,000
Quimby/Park Fee	$ 142,883	$ 126,269	$ 106,332	$ 106,332	$ 99,686	$ 106,332
Public Beautification Fee	$ 204,363	$ 180,588	$ 152,418	$ 152,418	$ 143,028	$ 152,418
School Fee	$ 281,222	$ 248,522	$ 209,282	$ 209,282	$ 196,202	$ 209,282
Transportation Fee	$ 19,264	$ 17,024	$ 14,336	$ 14,336	$ 13,440	$ 14,336
Affordable Housing In-Lieu Fee (k)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ -
Subtotal Const Costs Before Financing	*$ 25,439,478*	*$ 23,396,912*	*$ 19,887,327*	*$ 18,970,438*	*$ 17,800,576*	*$ 18,970,438*
Financing Costs						
Points	$ 228,955	$ 210,572	$ 178,986	$ 170,734	$ 160,205	$ 170,734
Construction Period Interest	$ 1,282,150	$ 1,179,204	$ 1,002,321	$ 956,110	$ 897,149	$ 956,110
Subtotal Financing Costs	*$ 1,511,105*	*$ 1,389,777*	*$ 1,181,307*	*$ 1,126,844*	*$ 1,057,354*	*$ 1,126,844*
Total Development Costs	**$ 36,625,583**	**$ 33,336,689**	**$ 28,268,634**	**$ 27,297,281**	**$ 25,607,930**	**$ 27,297,281**
Total Development Cost per Unit (inc. land)	*$ 851,758*	*$ 877,281*	*$ 883,395*	*$ 853,040*	*$ 853,598*	*$ 853,040*
Total Development Cost per Unit (exc. land)	*$ 626,758*	*$ 652,281*	*$ 658,395*	*$ 628,040*	*$ 628,598*	*$ 628,040*
Valuation						
Operations						
Sales Revenue - Market Rate Units	$ 47,025,000	$ 42,075,000	$ 34,650,000	$ 33,412,500	$ 30,937,500	$ 33,412,500
Sales Revenue - Affordable Units	$ 640,584	$ 862,014	$ 1,537,877	$ 2,034,539	$ 1,696,608	$ 1,696,608
Less: Marketing Costs	$ (2,383,279)	$ (2,146,851)	$ (1,809,394)	$ (1,772,352)	$ (1,631,705)	$ (1,755,455)
Net Sales Revenue	**$ 45,282,305**	**$ 40,790,164**	**$ 34,378,483**	**$ 33,674,687**	**$ 31,002,402**	**$ 33,353,652**
Return on Cost						
Net Sales Revenue	$ 45,282,305	$ 40,790,164	$ 34,378,483	$ 33,674,687	$ 31,002,402	$ 33,353,652
Less: Total Development Costs	$ (36,625,583)	$ (33,336,689)	$ (28,268,634)	$ (27,297,281)	$ (25,607,930)	$ (27,297,281)
Profit	$ 8,656,722	$ 7,453,475	$ 6,109,849	$ 6,377,406	$ 5,394,473	$ 6,056,371
% Return on Cost	**23.6%**	**22.4%**	**21.6%**	**23.4%**	**21.1%**	**22.2%**
Feasible? (l)	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (m)	*11.6%*	*10.5%*	*12.5%*	*15.6%*	*16.7%*	*15.6%*

Notes:

a) The Baseline maintains the current 20% inclusionary requirement for larger projects, based on West Hollywood's published "Schedule A: 2024–2025 Inclusionary Housing Program Affordable Housing Schedule." When converted to HCD income limits, the resulting affordability levels are roughly equivalent to ELI and VLI prices.

b) Base density in this zone is 872 sq.ft. of site area per unit

c) This reflects the minimum number of affordable units required to satisfy the local inclusionary policy option. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the density bonus.

d) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. Actual bonus percentages may vary slightly based on the base unit count and rounding conventions.

e) The average unit size is based on projects approved in R3 zones between 2019 and 2024. Units tend to be larger because the base density is capped at 50 dwelling units per acre. With this limit, developers typically build larger units to maximize profits, compared to projects in other zoning districts.

f) The city's ordinance requires parking based on bedroom count and allows reduced ratios for density bonus projects. This proforma assumes an average of 1.5 spaces per unit, aligning with the incentives. All parking is subterranean.

g) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

h) The current fees that apply to residential projects are:

Quimby	$ 3,323	per unit
Public beautification and art fee	1.0%	
School fee	$ 5.17	psf
Transportation facilities fee	$ 448	per unit

(i) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

j) The land cost per unit was derived from properties sales in R4 zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

k) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

l) Project feasibility assumes a minimum return on cost of 12.0%

m) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 13: Large Project For-Sale in CC-1 Zone

Stacked Flats with underground parking garage in Zone CC-1

Key Development Assumptions	Baseline Current Policy (a)	Option A Build 15% VLI On-site + 5% Fee	Option B Build 15% LI On-site + 5% Fee	Option C Optimize per SDBL	Option D Optimize RHNA Goals	Option D1 Option D w VLI/LI Evenly Split
	20% Set-Aside					
Site Size (sf) (b)	21,780	21,780	21,780	21,780	21,780	21,780
Base Units	29	29	29	29	29	29
Inclusionary % Required by WEHO (c)	20%	20%	20%	20%	20%	20%
% Affordable Built On-Site	20%	15%	15%	20%	20%	20%
% Affordable Paid by In-Lieu Fee	0%	5%	5%	0%	0%	0%
Inclusionary Units Required by WEHO	6	5	5	6	6	6
Density Bonus (d)	70%	50%	27.50%	27.5%	20.0%	25.0%
Additional Market Rate Units from Density Bo	21	15	8	8	6	8
Number of Market Rate Units	44	39	32	31	29	31
Total Number of Units	***50***	***44***	***37***	***37***	***35***	***37***
Dwelling Units/Acre	100	88	74	74	70	74
Average Unit Size (e)	975	975	975	975	975	975
Net Residential Space (sf)	48,750	42,900	36,075	36,075	34,125	36,075
Common Area	7,313	6,435	5,411	5,411	5,119	5,411
Total Residential Space (sf)	56,063	49,335	41,486	41,486	39,244	41,486
Parking spaces per residential unit (f)	1.25	1.25	1.25	1.25	1.25	1.25
Parking spaces for commercial (f)	3.50	3.50	3.50	3.50	3.50	3.50
Total Number of Parking Spaces	74	66	58	58	55	58
Market Rate Sales Prices (g)						
Avg Sales Price per Unit	$ 1,121,250	$ 1,121,250	$ 1,121,250	$ 1,121,250	$ 1,121,250	$ 1,121,250
Average Sales Price per SF	$ 1,150.00	$ 1,150.00	$ 1,150.00	$ 1,150.00	$ 1,150.00	$ 1,150.00
WEHO Schedule A (a)	% #	% #	% #	% #	% #	% #
2 Bedroom - Extremely Low	0% -	0% -	0% -	0% -	0% -	0% -
2 Bedroom - Very Low	0% -	0% -	0% -	0% -	0% -	0% -
2 Bedroom - Low	15% 5	0% -	0% -	0% -	0% -	0% -
2 Bedroom - Moderate	5% 1	0% -	0% -	0% -	0% -	0% -
HCD Income Limits						
2 Bedroom - Extremely Low	0% -	0% -	0% -	0% -	0% -	0% -
2 Bedroom - Very Low	0% -	15% 5	0% -	0% -	5% 2	7.5% 3
2 Bedroom - Low	0% -	0% -	15% 5	15% 5	10% 3	7.5% 2
2 Bedroom - Moderate	0% -	0% -	0% -	5% 1	5% 1	5% 1
Development Costs						
Construction Type	Type 3	Type 3	Type 3	Type 3	Type 3	Type 3
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 360	$ 360	$ 360	$ 360	$ 360	$ 360
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Insurance for Construction Defects (per unit)	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000
Impact Fees (h)						
Quimby/Park Fee per Unit	$ 3,323	$ 3,323	$ 3,323	$ 3,323	$ 3,323	$ 3,323
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per Affordable Unit (i)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ -
Financing Costs						
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Sales Assumptions						
Marketing Costs	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Commercial Assumptions						
Commercial SF	3,000	3,000	3,000	3,000	3,000	3,000
Hard Costs - Commercial	$ 450	$ 450	$ 450	$ 450	$ 450	$ 450
Average Rent per SF/Yr (NNN)	$ 60.00	$ 60.00	$ 60.00	$ 60.00	$ 60.00	$ 60.00
Commercial Vacancy Rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Commercial Cap Rate	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%

Development Costs	Baseline Current Policy (a)	Option A Build 15% VLI On-site + 5% Fee	Option B Build 15% LI On-site + 5% Fee	Option C Optimize per SDBL	Option D Optimize RHNA Goals	Option D1 Option D w VLI/LI Evenly Split
	20% Set-Aside					
Land	$ 7,500,000	$ 6,600,000	$ 5,550,000	$ 5,550,000	$ 5,250,000	$ 5,550,000
Land per Residential Unit (j)	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
Land per Site sf	$ 344	$ 303	$ 255	$ 255	$ 241	$ 255
Construction Costs						
Site Work	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800
Hard Costs - Residential	$ 20,182,500	$ 17,760,600	$ 14,935,050	$ 14,935,050	$ 14,127,750	$ 14,935,050
Hard Costs - Commercial	$ 1,350,000	$ 1,350,000	$ 1,350,000	$ 1,350,000	$ 1,350,000	$ 1,350,000
Hard Costs - Parking	$ 4,440,000	$ 3,960,000	$ 3,480,000	$ 3,480,000	$ 3,300,000	$ 3,480,000
Soft Costs	$ 3,928,545	$ 3,493,260	$ 2,997,428	$ 2,997,428	$ 2,849,333	$ 2,997,428
Wrap Insurance for Construction Defects	$ 1,500,000	$ 1,320,000	$ 1,110,000	$ 1,110,000	$ 1,050,000	$ 1,110,000
Quimby/Park Fee	$ 166,144	$ 146,206	$ 122,946	$ 122,946	$ 116,301	$ 122,946
Public Beautification Fee	$ 261,903	$ 232,884	$ 199,829	$ 199,829	$ 189,956	$ 199,829
School Fee	$ 289,843	$ 255,062	$ 214,484	$ 214,484	$ 202,890	$ 214,484
Transportation Fee	$ 22,400	$ 19,712	$ 16,576	$ 16,576	$ 15,680	$ 16,576
Affordable Housing In-Lieu Fee (k)	$ -	$ 733,511	$ 733,511	$ -	$ -	$ -
Subtotal Const Costs Before Financing	*$ 32,359,135*	*$ 29,489,036*	*$ 25,377,623*	*$ 24,644,112*	*$ 23,419,709*	*$ 24,644,112*
Financing Costs						
Points	$ 291,232	$ 265,401	$ 228,399	$ 221,797	$ 210,777	$ 221,797
Construction Period Interest	$ 1,630,900	$ 1,486,247	$ 1,279,032	$ 1,242,063	$ 1,180,353	$ 1,242,063
Subtotal Financing Costs	*$ 1,922,133*	*$ 1,751,649*	*$ 1,507,431*	*$ 1,463,860*	*$ 1,391,131*	*$ 1,463,860*
Total Development Costs	**$ 41,781,267**	**$ 37,840,684**	**$ 32,435,054**	**$ 31,657,972**	**$ 30,060,839**	**$ 31,657,972**
Total Development Cost per Unit (inc. land)	*$ 835,625*	*$ 860,016*	*$ 876,623*	*$ 855,621*	*$ 858,881*	*$ 855,621*
Total Development Cost per Unit (exc. land)	*$ 685,625*	*$ 710,016*	*$ 726,623*	*$ 705,621*	*$ 708,881*	*$ 705,621*
Valuation						
Residential						
Sales Revenue - Market Rate Units	$ 49,335,000	$ 43,728,750	$ 35,880,000	$ 34,758,750	$ 32,516,250	$ 34,758,750
Sales Revenue - Affordable Units	$ 756,245	$ 1,077,518	$ 1,922,346	$ 2,419,008	$ 2,081,077	$ 1,912,111
Less: Marketing Costs	$ (2,504,562)	$ (2,240,313)	$ (1,890,117)	$ (1,858,888)	$ (1,729,866)	$ (1,833,543)
Net Sales Revenue	**$ 47,586,683**	**$ 42,565,954**	**$ 35,912,229**	**$ 35,318,870**	**$ 32,867,461**	**$ 34,837,318**
Commercial						
Gross Income - Commercial (NNN)	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000
Less: Vacancy	$ (18,000)	$ (18,000)	$ (18,000)	$ (18,000)	$ (18,000)	$ (18,000)
Commercial Net Operating Income (NOI)	$ 162,000	$ 162,000	$ 162,000	$ 162,000	$ 162,000	$ 162,000
Commercial Value at Stabilization	**$ 2,945,455**	**$ 2,945,455**	**$ 2,945,455**	**$ 2,945,455**	**$ 2,945,455**	**$ 2,945,455**
Return on Cost						
Net Sales Revenue	$ 47,586,683	$ 42,565,954	$ 35,912,229	$ 35,318,870	$ 32,867,461	$ 34,837,318
Commercial Value at Stabilization	$ 2,945,455	$ 2,945,455	$ 2,945,455	$ 2,945,455	$ 2,945,455	$ 2,945,455
Less: Total Development Costs	$ (41,781,267)	$ (37,840,684)	$ (32,435,054)	$ (31,657,972)	$ (30,060,839)	$ (31,657,972)
Profit	$ 8,750,870	$ 7,670,725	$ 6,422,629	$ 6,606,352	$ 5,752,076	$ 6,124,800
% Return on Cost	**20.9%**	**20.3%**	**19.8%**	**20.9%**	**19.1%**	**19.3%**
Feasible? (l)	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (m)	*12%*	*11%*	*14%*	*16%*	*17%*	*16%*

Notes:

a) The Baseline maintains the current 20% inclusionary requirement for larger projects, based on West Hollywood's published "Schedule A: 2024–2025 Inclusionary Housing Program Affordable Housing Schedule." When converted to HCD income limits, the resulting affordability levels are roughly equivalent to ELI and VLI prices.

b) The base density is determined by a Floor Area Ratio (FAR) of: 1.5 sq.ft. of site area

c) This reflects the minimum number of affordable units required to satisfy the local inclusionary policy option. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the density bonus.

d) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. Actual bonus percentages may vary slightly based on the base unit count and rounding conventions.

e) The average unit size is based on projects approved in the CC zoning district between 2019 and 2024. Units in CC districts are generally smaller than those in R3 and R4 zones because density is determined based on Floor Area Ratio (FAR) rather than dwelling units/acre (DU/Acre).

f) The city's ordinance requires parking based on bedroom count and allows reduced ratios for density bonus projects. This proforma assumes an average of 1.25 spaces per unit, aligning with the incentives, and 3.5 spaces per 1,000 SF of commercial. All parking is subterranean.

g) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

h) The current fees that apply to residential projects are:

Quimby	$ 3,323	per unit
Public beautification and art fee	1.0%	
School fee	$ 5.17	psf
Transportation facilities fee	$ 448	per unit

(i) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

j) The land cost per unit was derived from properties sales in CC zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

k) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

l) Project feasibility assumes a minimum return on cost of 12.0%

m) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

Table 14: Large Project For-Sale in CC-2 Zone

Stacked Flats with underground parking garage in Zone CC-2

	20% Set-Aside					
	Baseline	Option A	Option B	Option C	Option D	Option D1
Key Development Assumptions	Current Policy (a)	Build 15% VLI On-site + 5% Fee	Build 15% LI On-site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option D w VLI/LI Evenly Split
Site Size (sf) (b)	21,780	21,780	21,780	21,780	21,780	21,780
Base Units	38	38	38	38	38	38
Inclusionary % Required by WEHO (c)	20%	20%	20%	20%	20%	20%
% Affordable Built On-Site	20%	15%	15%	20%	20%	20%
% Affordable Paid by In-Lieu Fee	0%	5%	5%	0%	0%	0%
Inclusionary Units Required by WEHO	8	6	6	8	8	8
Density Bonus (d)	70%	50%	27.5%	27.5%	20.0%	25.0%
Additional Market Rate Units from Density Bo	27	19	11	11	8	10
Number of Market Rate Units	57	51	43	41	38	40
Total Number of Units	***65***	***57***	***49***	***49***	***46***	***48***
Dwelling Units/Acre	130	114	98	98	92	96
Average Unit Size (e)	975	975	975	975	975	975
Net Residential Space (sf)	63,375	55,575	47,775	47,775	44,850	46,800
Common Area	9,506	8,336	7,166	7,166	6,728	7,020
Total Residential Space (sf)	72,881	63,911	54,941	54,941	51,578	53,820
Parking spaces per residential unit (f)	1.25	1.25	1.25	1.25	1.25	1.25
Parking spaces for commercial (f)	3.50	3.50	3.50	3.50	3.50	3.50
Total Number of Parking Spaces	93	83	73	73	69	71
Market Rate Sales Prices (g)						
Avg Sales Price per Unit	$ 1,121,250	$ 1,121,250	$ 1,121,250	$ 1,121,250	$ 1,121,250	$ 1,121,250
Average Sales Price per SF	$ 1,150.00	$ 1,150.00	$ 1,150.00	$ 1,150.00	$ 1,150.00	$ 1,150.00

	Baseline		Option A		Option B		Option C		Option D		Option D1	
WEHO Schedule A (a)	%	#	%	#	%	#	%	#	%	#	%	#
2 Bedroom - Extremely Low	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
2 Bedroom - Very Low	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
2 Bedroom - Low	15%	6	0%	-	0%	-	0%	-	0%	-	0%	-
2 Bedroom - Moderate	5%	2	0%	-	0%	-	0%	-	0%	-	0%	-
HCD Income Limits												
2 Bedroom - Extremely Low	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-
2 Bedroom - Very Low	0%	-	15%	6	0%	-	0%	-	5%	2	7.5%	3
2 Bedroom - Low	0%	-	0%	-	15%	6	15%	6	10%	4	7.5%	3
2 Bedroom - Moderate	0%	-	0%	-	0%	-	5%	2	5%	2	5%	2

	Baseline	Option A	Option B	Option C	Option D	Option D1
Development Costs						
Construction Type	Type 3	Type 3	Type 3	Type 3	Type 3	Type 3
Site Work (per sq.ft. of site)	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Hard Costs - Residential	$ 360	$ 360	$ 360	$ 360	$ 360	$ 360
Parking Costs (per subterranean space)	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Soft Costs exc Fees (as % of hard)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Insurance for Construction Defects (per unit)	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000
Impact Fees (h)						
Quimby/Park Fee per Unit	$ 3,323	$ 3,323	$ 3,323	$ 3,323	$ 3,323	$ 3,323
Public Beautification Fee (% bldg cost)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
School Fee per sq. ft.	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17	$ 5.17
Transportation Fee per unit	$ 448	$ 448	$ 448	$ 448	$ 448	$ 448
In-Lieu Fee per Affordable Unit (i)	$ -	$ 916,889	$ 916,889	$ -	$ -	$ -
Financing Costs						
Loan to Cost Ratio	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Interest Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Loan Fees	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Construction Period (months)	24	24	24	24	24	24
Avg. Outstanding Bal During Construction	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Sales Assumptions						
Marketing Costs	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Commercial Assumptions						
Commercial SF	3,000	3,000	3,000	3,000	3,000	3,000
Hard Costs - Commercial	$ 450	$ 450	$ 450	$ 450	$ 450	$ 450
Average Rent per SF/Yr (NNN)	$ 60.00	$ 60.00	$ 60.00	$ 60.00	$ 60.00	$ 60.00
Commercial Vacancy Rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Commercial Cap Rate	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%

	20% Set-Aside					
	Baseline	Option A	Option B	Option C	Option D	Option D1
Development Costs	Current Policy (a)	Build 15% VLI On-site + 5% Fee	Build 15% LI On-site + 5% Fee	Optimize per SDBL	Optimize RHNA Goals	Option D w VLI/LI Evenly Split
Land	$ 9,750,000	$ 8,550,000	$ 7,350,000	$ 7,350,000	$ 6,900,000	$ 7,200,000
Land per Residential Unit (j)	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
Land per Site sf	$ 448	$ 393	$ 337	$ 337	$ 317	$ 331
Construction Costs						
Site Work	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800	$ 217,800
Hard Costs - Residential	$ 26,237,250	$ 23,008,050	$ 19,778,850	$ 19,778,850	$ 18,567,900	$ 19,375,200
Hard Costs - Commercial	$ 1,350,000	$ 1,350,000	$ 1,350,000	$ 1,350,000	$ 1,350,000	$ 1,350,000
Hard Costs - Parking	$ 5,580,000	$ 4,980,000	$ 4,380,000	$ 4,380,000	$ 4,140,000	$ 4,260,000
Soft Costs	$ 5,007,758	$ 4,433,378	$ 3,858,998	$ 3,858,998	$ 3,641,355	$ 3,780,450
Wrap Insurance for Construction Defects	$ 1,950,000	$ 1,710,000	$ 1,470,000	$ 1,470,000	$ 1,380,000	$ 1,440,000
Quimby/Park Fee	$ 215,987	$ 189,404	$ 162,821	$ 162,821	$ 152,852	$ 159,498
Public Beautification Fee	$ 333,851	$ 295,559	$ 257,267	$ 257,267	$ 242,757	$ 252,030
School Fee	$ 376,796	$ 330,421	$ 284,046	$ 284,046	$ 266,656	$ 278,249
Transportation Fee	$ 29,120	$ 25,536	$ 21,952	$ 21,952	$ 20,608	$ 21,504
Affordable Housing In-Lieu Fee (k)	$ -	$ 1,467,022	$ 1,467,022	$ -	$ -	$ -
Subtotal Const Costs Before Financing	*$ 41,298,561*	*$ 38,007,169*	*$ 33,248,755*	*$ 31,781,733*	*$ 29,979,928*	*$ 31,134,731*
Financing Costs						
Points	$ 371,687	$ 342,065	$ 299,239	$ 286,036	$ 269,819	$ 280,213
Construction Period Interest	$ 2,081,447	$ 1,915,561	$ 1,675,737	$ 1,601,799	$ 1,510,988	$ 1,569,190
Subtotal Financing Costs	*$ 2,453,135*	*$ 2,257,626*	*$ 1,974,976*	*$ 1,887,835*	*$ 1,780,808*	*$ 1,849,403*
Total Development Costs	**$ 53,501,695**	**$ 48,814,795**	**$ 42,573,731**	**$ 41,019,568**	**$ 38,660,735**	**$ 40,184,134**
Total Development Cost per Unit (inc. land)	*$ 823,103*	*$ 856,400*	*$ 868,852*	*$ 837,134*	*$ 840,451*	*$ 837,169*
Total Development Cost per Unit (exc. land)	*$ 673,103*	*$ 706,400*	*$ 718,852*	*$ 687,134*	*$ 690,451*	*$ 687,169*
Valuation						
Residential						
Sales Revenue - Market Rate Units	$ 63,911,250	$ 57,183,750	$ 48,213,750	$ 45,971,250	$ 42,607,500	$ 44,850,000
Sales Revenue - Affordable Units	$ 1,049,846	$ 1,293,021	$ 2,306,815	$ 3,300,140	$ 2,962,208	$ 2,793,243
Less: Marketing Costs	$ (3,248,055)	$ (2,923,839)	$ (2,526,028)	$ (2,463,569)	$ (2,278,485)	$ (2,382,162)
Net Sales Revenue	**$ 61,713,041**	**$ 55,552,933**	**$ 47,994,537**	**$ 46,807,820**	**$ 43,291,223**	**$ 45,261,081**
Commercial						
Gross Income - Commercial (NNN)	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000	$ 180,000
Less: Vacancy	$ (18,000)	$ (18,000)	$ (18,000)	$ (18,000)	$ (18,000)	$ (18,000)
Commercial Net Operating Income (NOI)	$ 162,000	$ 162,000	$ 162,000	$ 162,000	$ 162,000	$ 162,000
Commercial Value at Stabilization	**$ 2,945,455**	**$ 2,945,455**	**$ 2,945,455**	**$ 2,945,455**	**$ 2,945,455**	**$ 2,945,455**
Return on Cost						
Net Sales Revenue	$ 61,713,041	$ 55,552,933	$ 47,994,537	$ 46,807,820	$ 43,291,223	$ 45,261,081
Commercial Value at Stabilization	$ 2,945,455	$ 2,945,455	$ 2,945,455	$ 2,945,455	$ 2,945,455	$ 2,945,455
Less: Total Development Costs	$ (53,501,695)	$ (48,814,795)	$ (42,573,731)	$ (41,019,568)	$ (38,660,735)	$ (40,184,134)
Profit	$ 11,156,800	$ 9,683,592	$ 8,366,260	$ 8,733,707	$ 7,575,942	$ 8,022,401
% Return on Cost	**20.9%**	**19.8%**	**19.7%**	**21.3%**	**19.6%**	**20.0%**
Feasible? (l)	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**
Effective Inclusionary Rate (m)	*12%*	*11%*	*12%*	*16%*	*17%*	*17%*

Notes:

a) The Baseline maintains the current 20% inclusionary requirement for larger projects, based on West Hollywood's published "Schedule A: 2024–2025 Inclusionary Housing Program Affordable Housing Schedule." When converted to HCD income limits, the resulting affordability levels are roughly equivalent to ELI and VLI prices.

b) The base density is determined by a Floor Area Ratio (FAR) of: 2.0 sq.ft. of site area

c) This reflects the minimum number of affordable units required to satisfy the local inclusionary policy option. A developer can voluntarily provide additional affordable units to qualify for increased market-rate units through the density bonus.

d) The state density bonus is determined by the percentage of units set aside at each income level, as outlined in Government Code § 65915. Bonuses exceeding 50% reflect the application of the additional "stacking bonus" under AB 1287 for projects that go beyond standard affordability thresholds. Actual bonus percentages may vary slightly based on the base unit count and rounding conventions.

e) The average unit size is based on projects approved in the CC zoning district between 2019 and 2024. Units in CC districts are generally smaller than those in R3 and R4 zones because density is determined based on Floor Area Ratio (FAR) rather than dwelling units/acre (DU/Acre).

f) The city's ordinance requires parking based on bedroom count and allows reduced ratios for density bonus projects. This proforma assumes an average of 1.25 spaces per unit, aligning with the incentives, and 3.5 spaces per 1,000 SF of commercial. All parking is subterranean.

g) Market rents are based on comparable rents from newly constructed rental projects in West Hollywood.

h) The current fees that apply to residential projects are:

Quimby	$ 3,323	per unit
Public beautification and art fee	1.0%	
School fee	$ 5.17	psf
Transportation facilities fee	$ 448	per unit

(i) The Affordable Housing In-Lieu Fee is adopted annually by the City Council, and the current fee reflects the amount adopted for 2024-25. This fee is adjusted annually based on the average Low Income Housing Tax Credit (LIHTC) maximum basis for all unit sizes in Los Angeles County, published by CA HCD, with adjustments to account for high development cost areas and administrative fees. The LIHTC per unit cost was $916,889 in 2024-2025.

j) The land cost per unit was derived from properties sales in CC zones between 2021 and 2023, reflecting the premium developers were willing to pay due to the state density bonus awarded to projects.

k) The in-lieu fee is calculated by subtracting the percentage of affordable units built on-site from the total inclusionary requirement, and multiplying this by the base units to determine the balance of the requirement that can be paid as a fee. This balance is multiplied by the Affordable Housing In-Lieu Fee to determine the applicable fee for the project.

l) Project feasibility assumes a minimum return on cost of 12.0%

m) The effective inclusionary rate measures the proportion of affordable units to the total units in the project.

Sources: The Housing Workshop; Urban Math, 2025.

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14. Inclusionary Housing Ordinance

The Inclusionary Housing Ordinance requires residential developers to set aside a portion of units in each new housing development for lower and moderate-income households. This set-aside is 20 percent for projects with over ten units and one unit for projects with ten or fewer units. For projects with ten or fewer units, however, the City allows the option of paying an in-lieu fee that is deposited into the City's Affordable Housing Trust Fund. In addition, under certain circumstances, projects of any size can apply to provide inclusionary units off site.

To encourage the construction of affordable housing, the City provides developers who include inclusionary units in their projects with density bonuses generally consistent with the State density bonus law. In addition to the standard bonus (per State density bonus law), bonuses can allow density increases up to 100 percent above the maximum density permitted by the underlying zone, if certain provisions are met. The Inclusionary Housing Ordinance also provides the following regulatory incentives: reduced requirements in the form of "concessions" or modifications to development standards (height, setbacks, open space), and permit lower minimum parking requirements. With the recent changes to the State Density Bonus law, the Inclusionary Housing Ordinance will be reviewed for full conformance with the State requirements.

Timeframe and Objectives:

- Starting in Q1 2023, and ongoing, review and revise as appropriate the Inclusionary Housing Ordinance to ensure compliance with the State Density Bonus law. Consider amendments beyond state law requirements that will enhance the City's robust affordable housing program, such as increased on-site affordable housing, a tiered system that would allow for increased density bonuses over state requirements, and other ways to generate more affordable housing within the City.
- Annually monitor market conditions and development trends to ensure that the Ordinance works effectively to provide affordable housing in the community but does not unduly constrain housing development in general. If constraints are identified, the City will make necessary improvements to the ordinance to enhance its effectiveness in facilitating the development of housing for all income groups.
- On an ongoing basis, with annual review, continue to prioritize inclusionary housing units for tenants displaced due to Ellis Act and consider developing a programmatic approach within the Inclusionary Housing Ordinance to assist persons with disabilities (including persons with developmental disabilities) and those aging in place.
- Starting in Q3 2023 with completion in Q4 2024, complete a feasibility study addressing changes to the Inclusionary Housing Ordinance, including:
    - Providing a sliding scale of requirements, with higher density bonuses and incentives for projects providing more affordable housing, beyond recent changes to state law.
    - Allowing more deeply affordable units to be substituted for less deeply affordable units to incentivize more deeply affordable units, with the goal of increasing affordable housing opportunities for lower income households, including extremely low income households, as 10 percent of all housing production over eight years.

ITEM 4.A. ATTACHMENT B

- Increasing the set-aside requirement for small affordable housing projects (2- 10 units) from 10% to 15%, including a “must build” requirement for projects with at least 7 units and an in-lieu fee for all fractional units.
- Applying inclusionary requirements that mandate that the units be provided at certain affordability levels or in certain ratios of affordability levels only up to the point that the project meets the total inclusionary percentage required. Once the overall affordability threshold is met, no additional inclusionary units should be required regardless of any affordability level ratios.
- Integrating the provisions of the City’s inclusionary ordinance and its State Density Bonus Law implementation ordinance with the expectation that projects will be subject to both. The new ordinance shall consider a diverse range of project types to explore how requirements affect each. Consideration shall be given to large vs. small projects and projects that rely on the seven eligibility categories of the State Density Bonus Law (Gov. Code, § 65915, subd. (b)(1)(A-G).) The analysis shall consider the final overall percentage of affordable units in each scenario to most accurately evaluate economic feasibility.

Staff will present policy options to the City Council by Q1 2025, followed by drafting of a zone text amendment to address this issue as directed.

- Starting in Q3 2022 with completion in Q4, 2023, revise the Inclusionary Housing Ordinance to address overall square footage of market rate versus affordable in multifamily projects.

Funding Sources: Departmental budget

Responsible Agencies: Planning and Development Services/Long Range Planning Division; Human Services and Rent Stabilization/Rent Stabilization and Housing Division; Community Services/Property Development

15. Affordable Housing Development through Partnerships with Non-Profits

West Hollywood Community Housing Corporation (WHCHC) plays a major role in providing affordable housing in West Hollywood. Established in 1986, the WHCHC was formed to build, rehabilitate, and manage affordable housing developments for lower income and special needs households in the City. WHCHC leverages local funds provided through the Affordable Housing Trust Fund (AHTF) with other outside funding, such as Low-Income Housing Tax Credits (LIHTC) to provide units that are deeply subsidized.

In addition to WHCHC, the City has worked with other non-profits including EAH Housing, LA Housing Partnership, Menorah Housing, Alternative Living for the Aging and is interested in continuing to support other qualified non-profits in the provision of affordable housing.