

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.

- 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.