

14-0692

MAY 27 2014

PLANNING & LAND USE MANAGEMENT

MOTION

Nearly a decade ago, an idea about how to create more affordable housing throughout the state was adopted. Commonly referred to as SB 1818, this law allowed developers to benefit from density bonuses and incentives, in exchange for setting aside a percentage of the residential units in a project for lower- or middle-income households.

Since the City's SB 1818 Density Bonus Ordinance (No. 179681) was enacted into law on April 15, 2008, the projects approved under the City's implementing ordinance have changed the character of our communities, causing tremendous impacts in return for too little affordable housing. These projects have burdened our neighborhoods without providing the benefit of a meaningful increase in affordable housing stock. In fact, in too many instances, these density bonus projects have resulted in a net loss of affordable units, dramatically altering the character of neighborhoods and undermining the goal of diverse and affordable neighborhoods.

What started out as a well-intentioned attempt to ensure economic diversity in our communities has become sadly manipulated and littered with loopholes that allow for incentives that create more density, more traffic, and incompatibly massive structures. The density bonus applications often fail to demonstrate the economic necessity of the incentives to achieve affordable housing objectives. This is particularly true for incentive requests that are not "on the menu" set out in the City's Density Bonus Ordinance. These "off-menu" requests were intended to ensure that generally applicable development standards would not have the unintended result of precluding construction of a density bonus project. They were not intended as a backdoor way for developers to maximize profits simply by providing a relatively small amount of affordable housing.

Fixing the problems with SB 1818 and the City's SB 1818 Density Bonus Ordinance is a multi-step process, at both the state and local level. However, there are some things that can be done in the short term to ensure that projects seeking to take advantage of off-menu incentives meet both the letter and the intent of the law to facilitate the production of affordable housing, but not to do so at the expense of our neighborhoods.

I THEREFORE MOVE that the Council instruct the Planning Department to:

1. Strictly enforce the provisions of the City's SB 1818 Density Bonus Ordinance requiring that all requests for the waiver or modification of any development standard not on the menu include a pro forma or other documentation to show that the "off-menu" request is needed to make the affordable units economically feasible.
2. Require an objective, third-party analysis of the pro forma or other documentation, prepared by a financial real estate expert that is pre-qualified by the City, to ensure that the analysis adequately substantiates the claim that the off-menu request is needed to make the affordable units economically feasible.

MAY 27 2014

MAY 27 2014

PLANNING & LAND USE MANAGEMENT

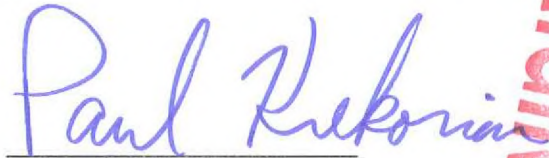
3. Establish an appropriate methodology to guide the preparation and analysis of the pro forma or other documentation and third-party review of such information to ensure that "off-menu" requests are sufficiently justified to make the affordable units economically feasible, by looking at best practices of other jurisdictions and in consultation with industry experts.

I FURTHER MOVE that the Council direct the Planning Department to prepare a report within 45 days that (1) details how many SB 1818 density bonus projects have been approved since the adoption of the City's Density Bonus Ordinance, and of those projects how many included economic information from the applicant to support the necessity of the concessions, incentives, or waivers to make the affordable housing economically feasible; (2) documents the resources the Planning Department currently has to review the economic information, details what additional resources the Planning Department requires in order to sufficiently analyze any economic information provided in connection with density bonus projects; (3) provides a plan for obtaining those resources, including potential fees for projects with off-menu incentives to allow for review of the economic information; and (4) looks at the feasibility of requiring the applicant to provide objective third party analyses as part of these requests, under the framework of existing State law and the City's enabling ordinance.

PRESENTED BY:

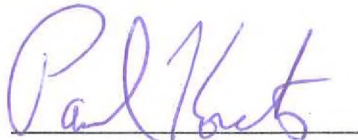


MIKE BONIN
Councilmember, 11th District



PAUL KERKORIAN
Councilmember, 2nd District

SECONDED BY:



PAUL KORETZ
Councilmember, 5th District

ORIGINAL