

# Strategy F **Increase Affordable/ Homeless Housing**

## TRODUCTION



*The lack of affordable housing overall and homeless housing in particular contributes substantially to the current crisis of homelessness. The County and cities throughout the region can increase the availability of both affordable and homeless housing through a combination of land use policy and subsidies for housing development.*

**Los Angeles County  
Homeless Initiative**

Strategy F1 | INCREASE AFFORDABLE/HOMELESS HOUSING

Related to Strategy Brief 2.1

Promote Regional SB 2 Compliance and Implementation

POPULATION IMPACT

- ✓ ALL
- FAMILIES
- TAY
- SINGLE ADULT
- VETERAN
- CHRONICALLY HOMELESS ADULT

RECOMMENDATION

Direct the Department of Regional Planning to secure consultant assistance to develop a Countywide SB 2 strategy, which encompasses the following:

1. drafting an SB 2 model ordinance and set of best practices for distribution to jurisdictions throughout Los Angeles County; and
2. consulting with jurisdictions to promote compliance and/or implementation of SB 2.

These actions should occur in partnership with the State Department of Housing and Community Development and cities.

DESCRIPTION

SB 2 (Cedillo) is enacted state legislation that requires each city and County (for the unincorporated areas) to:

1. identify at least one zone where emergency shelters are permitted as a matter of right; and
2. treat transitional and supportive housing as a residential use of property, subject only to restrictions that apply to other residential dwellings of the same type in the same zone.

SB 2 was crafted with the objective not only of ensuring that emergency shelters, transitional housing, and supportive housing are permitted in each jurisdiction, but also to ensure a realistic potential for development, when there is a willing, private developer with adequate funding.

LEAD AGENCY

Regional Planning

COLLABORATING DEPARTMENTS/AGENCIES

None

While the County is in full compliance with SB 2 in the unincorporated areas, a number of cities in the County are not in compliance with SB 2.



## POPULATION(S) TARGETED & OTHER CATEGORIZATIONS

All homeless populations are impacted.

## POTENTIAL PERFORMANCE METRICS

Number of cities that adopt ordinances that comply with SB 2

Number of emergency shelter, transitional housing, and supportive housing projects permitted by right as a result of zoning code changes made by participating jurisdictions

## FUNDING

\$75,000 in one-time Homeless Prevention Initiative funds to secure consultant to assist with development and implementation plan to encourage countywide compliance with SB 2.

## CONNECTION TO CITIES

3 SAME

COMPLEMENTARY

NO CITY ROLE

County is in compliance with SB 2. All local jurisdictions are required to be in compliance with SB 2.

## Strategy F2 | INCREASE AFFORDABLE/HOMELESS HOUSING

Related to Strategy Brief 2.2

# Linkage Fee Nexus Study

## POPULATION IMPACT

✓ ALL

FAMILIES

TAY

SINGLE ADULT

VETERAN

CHRONICALLY HOMELESS ADULT

## RECOMMENDATION

Direct the Department of Regional Planning to conduct a nexus study for the development of an Affordable Housing Benefit program ordinance, as referenced in the December 8, 2015 Board motion on equitable development tools.

## DESCRIPTION

An Affordable Housing Benefit Fee program (alternatively referred to as a housing impact fee or linkage fee program) in the unincorporated areas of the County would charge a fee on all new development to support the production of affordable/homeless housing and preservation of existing affordable/homeless housing. The fee would contribute to County affordable housing programs, including bridge housing, rapid re-housing, and permanent supportive housing.

A nexus study is necessary for the County to adopt a linkage fee for affordable housing. The purpose of the nexus study would be to accomplish the following:

- a. Document the nexus between new development and the need for more affordable housing;
- b. Quantify the maximum fees that can legally be charged for commercial and residential development; and
- c. Make recommendations about the appropriate fee levels with a goal to not adversely impacting potential new development.

The study should be conducted consistent with the goal of flexibility and adaptability to local economic conditions through some of the following key considerations:

- Assess appropriate fee rates for specific industry types;
- Explore potential exemptions for industries that would otherwise bear an unfair burden from the fee program;
- Set thresholds so that fee amounts vary by project size; and
- Explore applying fees in high-growth zones, expanding residential areas or near transit.

## LEAD AGENCY

Regional Planning

## COLLABORATING DEPARTMENTS/AGENCIES

None



## POPULATION(S) TARGETED & OTHER CATEGORIZATIONS

All homeless populations

## POTENTIAL PERFORMANCE METRICS

Amount of fees received

Number of affordable housing units constructed

## FUNDING

\$450,000 in one-time Homeless Prevention Initiative funds to secure consultant to conduct a nexus study for a linkage fee for all new development.

## CONNECTION TO CITIES

3 SAME

COMPLEMENTARY

NO CITY ROLE

Each city which does not already have a Linkage Fee could conduct a nexus study and then implement a Linkage Fee, subject to the results of the nexus study.

Strategy F3 | INCREASE AFFORDABLE/HOMELESS HOUSING

Related to Strategy Brief 2.3

# Support Inclusionary Zoning for Affordable Housing Rental Units

POPULATION IMPACT

✓ ALL

FAMILIES

TAY

SINGLE ADULT

VETERAN

CHRONICALLY HOMELESS ADULT

RECOMMENDATION

Instruct the Chief Executive Officer and the Sacramento advocates to support amendment or clarification of the Costa-Hawkins Rental Housing Act to allow for an inclusionary housing requirement for new rental housing.

DESCRIPTION

Inclusionary housing, also known as inclusionary zoning or mixed-income housing, is a policy tool that requires or encourages private housing developers to include a certain percentage of income-restricted units within new market rate residential developments. The Costa-Hawkins Act, enacted in 1995, provides owners in rent control communities the right to establish initial rental rates when there is a change in occupancy of a dwelling unit and exempts housing constructed after 1995 from local rent controls. California courts have interpreted the Costa-Hawkins Act to mean that inclusionary zoning is prohibited for all newly-constructed rental units. Specifically, in Palmer/Sixth Street Properties v. City of Los Angeles (175 Cal. App. 4th. 1396 (2009), the Court of Appeals (Second District)) held that the Costa-Hawkins Act preempted local inclusionary housing ordinances for new rental units.

LEAD AGENCY

Chief Executive Office

COLLABORATING DEPARTMENTS/AGENCIES

None

Los Angeles County (LAC) could support amending or clarifying the interpretation of the Costa-Hawkins Rental Housing Act (Costa-Hawkins Act) to allow an inclusionary housing requirement for new rental housing. Such authority would apply to the County for the unincorporated areas and to each of the 88 cities in the County within its own boundaries. Support for such a proposal would be consistent with the County’s State Legislative Agenda, section 5.1 Housing and Community Development, which reads: “Support proposals that provide incentives to local governments and/or developers to increase and protect affordable housing and flexibility for counties to promote a diversity of affordable housing types through local policies.”





## POPULATION(S) TARGETED & OTHER CATEGORIZATIONS

All homeless populations

## POTENTIAL PERFORMANCE METRICS

Number of cities adopting inclusionary zoning ordinances

Number and type of affordable housing units created as a result of inclusionary zoning ordinances adopted by the County and cities

## FUNDING

No funding required

## CONNECTION TO CITIES

3 SAME

COMPLEMENTARY

NO CITY ROLE

Cities could also advocate for an amendment or clarification of the Costa-Hawkins Rental Housing Act to allow for an inclusionary housing requirement for new rental housing.

## Strategy F4 | INCREASE AFFORDABLE/HOMELESS HOUSING

Related to Strategy Brief 2.4

## Development of Second Dwelling Units Pilot Program

## POPULATION IMPACT



ALL

FAMILIES

TAY

SINGLE ADULT

VETERAN

CHRONICALLY HOMELESS ADULT

## RECOMMENDATION

Direct the Department of Regional Planning to work with the the Community Development Commission, Chief Executive Office, and Department of Public Works to develop and recommend for Board approval a Second Dwelling Unit Pilot Program that:

1. expedites the review and approval processes to facilitate the development of second units on single-family lots in the unincorporated areas of the County;
2. provides technical assistance to homeowners, such as pre-approved architectural plans that would not require extensive engineering approvals; and
3. provides County incentives to assist homeowners in constructing new or preserving existing, unpermitted second units in exchange for providing long-term affordability covenants or requiring recipients to accept Section 8 vouchers, such as:
  - a. waiving or reducing permit fees and/or utility/sewer hookup charges;
  - b. working with Community Development Financial Institutions or banks to provide easy-to-access low-interest loans; ) and/or
  - c. providing grants that could use a mix of conventional home improvement loans, loan guarantees and CDBG or other funds.

## DESCRIPTION

In 2003, the California Legislature passed AB 1866, which explicitly encouraged the development of second units on single-family lots. It precluded cities from requiring discretionary actions in approving such projects, and established relatively simple guidelines for approval. Some cities have adopted local ordinances and some have taken additional actions to help homeowners build second units. For example, the City of Santa Cruz made second units a centerpiece of its affordable housing strategy by providing pre-reviewed architectural plans, waiving fees for permitting and processing, and providing a free manual with instructions about the development and permitting process. The City also helped arrange financing with a local credit union to qualify homeowners for a period of time. This example shows how the locality removed barriers, and actively encouraged residents to pursue this type of development.

The County of Los Angeles has adopted an ordinance specifically regulating second units. The opportunity exists to develop processes to further facilitate the development of new second units and the preservation of existing, unpermitted second units. Similar opportunities exist in cities throughout the County. Construction cost of second dwelling units on single-family lots can be substantially less than creating a new unit of supportive housing because there would be no land costs involved. Per the Community Development Commission, the cost of building a new unit exceeds \$300,000 compared to the cost of developing a second dwelling unit that can range from \$25,000 to \$150,000, depending on the size of the unit.



## LEAD AGENCY

Regional Planning  
Community Development Commission

## COLLABORATING DEPARTMENTS/AGENCIES

Chief Executive Office  
Public Works

## POPULATION(S) TARGETED & OTHER CATEGORIZATIONS

All homeless populations

## POTENTIAL PERFORMANCE METRICS

Number of second dwelling units approved under new program

Number of households with a housing subsidy housed in a second dwelling unit under new program

## FUNDING

\$550,000 in one-time HPI funds for pilot project (\$500,000 pilot project to fund grants and/or loans and/or loan guarantees and \$50,000 for administration)

## CONNECTION TO CITIES

3 SAME

COMPLEMENTARY

NO CITY ROLE

Each city could develop a program to promote the development of second dwelling units, which could be specifically tied to subsidized and/or homeless housing.

## Strategy F5 | INCREASE AFFORDABLE/HOMELESS HOUSING

*Related to Strategy Brief 2.5*

# Incentive Zoning/Value Capture Strategies

### POPULATION IMPACT



ALL

FAMILIES

TAY

SINGLE ADULT

VETERAN

CHRONICALLY HOMELESS ADULT

### RECOMMENDATION

Instruct the Department of Regional Planning (DRP) to secure a consultant to assess the feasibility of implementing various Incentive Zoning/Value Capture strategies, including those outlined in DRP's Equity Development Tools report provided to the Board on June 24, 2015, and in conjunction with the Board's December 15, 2015 motion on equitable development tools. The consultant, with the direction of DRP, would be tasked with:

- coordinating with jurisdictions and stakeholders in the County to develop an inventory of best practices on incentive zoning/value capture strategies;
- Assessing the market conditions of the various unincorporated areas to determine where and which Incentive Zoning/Value Capture strategies would be most practical and effective; and
- Identifying potential uses of the generated funds.

### DESCRIPTION

Incentive Zoning (IZ)/Value Capture (VC) is the concept that investments such as new transportation infrastructure and planning actions such as a zone change or density bonus can increase land values, generating increased profit opportunities for private landowners. Value capture strategies seek to redirect some of the increases in land values for public good. Value capture strategies include:

1. Public Benefits Zoning;
2. Incentive Zoning/Density Bonus;
3. Housing Overlay Zoning;
4. Tax Increment Financing;
5. Community Benefits Agreements;
6. Special Assessment Districts;
7. Development Agreements;
8. Infrastructure Financing Districts; and
9. Business Improvement Districts.

Incentive Zoning/Value Capture strategies could generate funding to support the preservation of existing affordable/homeless housing and/or construction of new affordable/homeless housing units. Such funding could be used for a range of specific uses, from preserving existing Single Room Occupancy (residential) hotels to construction of permanent supportive housing and workforce housing.

### LEAD AGENCY

Regional Planning

### COLLABORATING DEPARTMENTS/AGENCIES

Community Development Commission



## POPULATION(S) TARGETED & OTHER CATEGORIZATIONS

All homeless populations

## POTENTIAL PERFORMANCE METRICS

Number of housing units preserved/developed with funding generated through implementation of Incentive Zoning/Value Capture Strategies

## FUNDING

\$50,000 from one-time HPI funds to secure a consultant to assess the feasibility of implementing Incentive Zoning/Value Capture strategies in the unincorporated areas.

## CONNECTION TO CITIES

3 SAME

COMPLEMENTARY

NO CITY ROLE

Each city could systematically review opportunities to utilize Incentive Zoning/Value Capture strategies to preserve and/or develop affordable/homeless housing.

## Strategy F6 | INCREASE AFFORDABLE/HOMELESS HOUSING

Related to Strategy Brief 2.6

## Using Public Land for Homeless Housing

## POPULATION IMPACT



ALL

FAMILIES

TAY

SINGLE ADULT

VETERAN

CHRONICALLY HOMELESS ADULT

## RECOMMENDATION

Instruct the Chief Executive Office's Real Estate Division and the Community Development Commission to work in collaboration with the departments of Internal Services, Fire, Health Services, Libraries, Parks and Recreation, Public Works, Regional Planning, and Sheriff, to assess the feasibility of making County-owned property available for the development of housing for homeless families/individuals, and develop a public land development strategy/program that shall include:

1. a comprehensive list of available County land suitable for housing, including identification of the top five most suitable properties ;
2. governing structure options, such as an agency authorized to own, hold, prepare, and dispose of public land for affordable housing;
3. identification of funds that can be used for pre-development of properties;
4. partnership opportunities with non-profit developers, if appropriate; and
5. policies to:
  - a. identify and protect publicly owned sites that are good for affordable housing;
  - b. define affordability levels on public land, e.g., homeless, very-low income, low-income, etc.;
  - c. engage communities in the development process;
  - d. link publicly owned land to other housing subsidies; and
  - e. reduce the cost of development through public investment in public land set aside for housing.

## DESCRIPTION

In Los Angeles County, there are opportunities for using public land for affordable housing on many different types of sites, including vacant publicly owned land, under-utilized sites, parcels where existing public facilities are no longer needed, and as part of the development of new public facilities such as community centers, libraries, fire stations, and police stations. Discounted public land can provide a valuable subsidy to the development of affordable housing, as well as facilitate the development of affordable housing in transit-accessible, amenity-rich locations. The joint development of public facilities and housing properties can lead to infrastructure cost savings, better design, and more accessible public services.

Opportunities that support using public land for homeless housing include:

- AB 2135, which provides affordable housing projects the right of first refusal to obtain surplus land held by local governments, gives project developers more time to negotiate the purchase of the surplus land, and allows the land to be sold for less than fair market value as a developer incentive; and
- Establishing a Joint Powers Authority to acquire, hold, and dispose of public land for housing.

Various examples of discounted public land are available throughout the country. Examples of Public Land being used for Affordable Housing in Los Angeles County include:

- Affordable Housing on Metro Joint Development Sites;
- Affordable Housing on Los Angeles Unified School District property;

## DESCRIPTION *continued*

- Homeless Housing on surplus Department of Motor Vehicle site in Hollywood;
- Affordable Housing on land purchased by former redevelopment agencies; and
- Housing for Homeless Veterans on U.S. Department of Veteran Affairs Property in Westwood.

## LEAD AGENCY

Chief Executive Office  
Community Development Commission

## COLLABORATING DEPARTMENTS/AGENCIES

Fire  
Health Services  
Library  
Internal Services Department  
Parks and Recreation  
Regional Planning  
Sheriff

## POPULATION(S) TARGETED & OTHER CATEGORIZATIONS

All homeless populations

## POTENTIAL PERFORMANCE METRICS

Number of housing units developed for homeless people on County and other publicly-owned properties

## FUNDING

No cost to conduct the feasibility assessment and develop the strategy/program.

## CONNECTION TO CITIES

✓ **SAME**

COMPLEMENTARY

NO CITY ROLE

Each city could pursue development of homeless housing on city-owned property.

