

MOTION

Incentivizing Production of Middle-Income Homeownership Housing Opportunities

The City of Los Angeles has been experiencing a severe housing shortage which is causing housing instability for a wide range of households. The City's existing land-use incentive programs do not adequately encourage the production of income-restricted homeownership housing units affordable to middle-income households earning between 120% (ranging from \$72,101 to \$108,100 for a family of four) and 150% (ranging from \$108,101 - \$135,150 for a family of four) of the Area Median Income (AMI).

Inasmuch as the City does not provide land-use incentives for middle-income homeownership housing units, the Affordable Housing Linkage Fee Ordinance (AHLF) (Council File No. 17-0274) does not provide exemptions or deductions for housing developments which contain homeownership units affordable to middle-income households. Instead the AHLF ordinance only exempts projects from AHLF requirements if they have at least 40% of total units affordable to moderate-income households making between 80% and 120% of the AMI for homeownership units.

It is in the interest of the City to address the provision of homeownership opportunities for middle-income households given the increasing price and shortage of housing. City policymakers need to address this matter and expeditiously consider policy options, including a Linkage Fee exemption for homeownership housing units affordable to and occupied by middle-income households making between 120% and 150% of the AMI.

Time is of the essence. Implementation of the AHLF Ordinance will be phased-in: no linkage fee will be imposed for the first 120 days after it becomes effective. Commencing on day 121 after adoption, the fee will be incrementally increased by one-third until requirements for payment of the full fee amount is imposed 485 days after the effective date of the Linkage Fee Ordinance.

I THEREFORE MOVE that the Council instruct the Housing and Community Investment Department and the Department of City Planning, in consultation with the City Attorney, to prepare and present a report with recommendations in 60 days identifying legislative changes to new Section 19.18.B.4.b, and Section 12.22 A.25 of the Municipal Code (*Affordable Housing Incentives – Density Bonus*) required to provide an exemption from the Affordable Housing Linkage Fee, and new incentives to promote the production of homeownership housing units affordable to middle-income households earning between 120% and 150% of the Area Median Income.

PRESENTED BY:

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Councilmember, 1st District

SECONDED BY:

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