

CITY COUNCIL
PUBLIC HEARING

FEBRUARY 16, 2021

SUBJECT: ZONE TEXT AMENDMENTS TO MODIFY AFFORDABLE HOUSING REQUIREMENTS AND INCENTIVES, AND OFF-STREET PARKING REQUIREMENTS, TITLE 19, ZONING REGULATIONS, TO AMEND REGULATIONS FOR 100% AFFORDABLE HOUSING PROJECTS IN ACCORDANCE WITH STATE LAW, AND TO CLARIFY REPLACEMENT UNIT REQUIREMENTS, INCREASE DENSITY BONUS TO 50%, AMEND THRESHOLDS FOR INCENTIVES, AND REDUCE PARKING REQUIREMENTS FOR PROJECTS THAT PROVIDE AFFORDABLE HOUSING ON SITE AND UTILIZE DENSITY BONUSES, IN ACCORDANCE WITH STATE LAW, AND TO AMEND THE THRESHOLD FOR CONCESSIONS FOR MODERATE INCOME UNITS TO MATCH THE NEW STATE REGULATIONS FOR LOW INCOME UNITS, CITYWIDE, IN THE CITY OF WEST HOLLYWOOD.

PREPARED BY: PLANNING & DEVELOPMENT SERVICES DEPARTMENT
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STATEMENT ON THE SUBJECT:

The City Council will hold a public hearing to consider a Zone Text Amendment to amend the affordable housing requirements and incentives chapter of the West Hollywood Municipal Code. While most changes to regulations are in response to changes to state law the city is required to comply with, there are also new regulations included that go beyond state law requirements. The regulations being amended in compliance with state law include new regulations on 100% affordable housing projects, amendments to density bonus regulations, including parking requirements, thresholds for concessions and the percentage of density bonus allowed (going from 35% to 50% maximum). In addition to regulations required by state law, staff recommends an amendment to the concessions chart to align threshold for concessions for moderate income units to match the amended state requirements for low income units.

RECOMMENDATION:

Staff recommends the City Council hold a public hearing, listen to all pertinent testimony, and introduce the following Ordinance on first reading:

1. **ORDINANCE 21-XXXX: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WEST HOLLYWOOD, APPROVING AMENDMENTS TO TITLE 19, ZONING ORDINANCE, TO MODIFY AFFORDABLE HOUSING REQUIREMENTS AND INCENTIVES, AND OFF-STREET PARKING REQUIREMENTS, TITLE 19, ZONING REGULATIONS, TO AMEND REGULATIONS FOR 100% AFFORDABLE HOUSING PROJECTS IN ACCORDANCE WITH STATE LAW, INCREASE DENSITY BONUS TO 50%, AMEND THRESHOLDS FOR INCENTIVES, AND REDUCE PARKING REQUIREMENTS FOR PROJECTS THAT PROVIDE AFFORDABLE HOUSING ON SITE AND UTILIZE DENSITY BONUSES, IN ACCORDANCE WITH STATE LAW, AND TO AMEND THE THRESHOLD FOR CONCESSIONS FOR MODERATE INCOME UNITS TO MATCH THE NEW STATE REGULATIONS FOR LOW INCOME UNITS, CITYWIDE, IN THE CITY OF WEST HOLLYWOOD. (ATTACHMENT A)**

BACKGROUND / ANALYSIS:

The following table provides a summary of all of the regulations proposed in the attached draft ordinance, including the corresponding section in the ordinance, the code section, description and whether it is required per state law. The final draft ordinance is included in Attachment A, while a redlined version is included in Attachment E):

Ordinance Section	Code Section	Description	State law?
Section 6	19.22.030(A)	Clarifies existing regulations re: affordable housing unit comparison to market rate units	No
Section 7	19.22.050(C)	Establishes new regulations for 100% affordable housing projects	Yes- AB 2345 (preceded by AB 1763)
Section 8	19.22.050(D)	Amends density bonus calculations to allow up to 50% density bonus	Yes- AB 2345
Section 9	19.22.050(E)	Changes threshold for number of concessions based on percentage of low and moderate income units	Yes for the low income units based on AB 2345, but moderate income units were adjusted to match low income units to provide same concession thresholds
Section 10	19.22.050(F)	Changes parking requirement for 2-3 bedroom units, projects with	Yes- AB 2345

		at least 20% low-income units, or at least 11% very low-income units and 100% affordable housing projects	
Section 11	19.28.040	Clarifies parking chart to reference affordable housing chapter	Yes- AB 2345

Housing Bills

Two housing bills were adopted in 2020 that impacted affordable housing requirements in West Hollywood, AB 1763 and AB 2345. Additionally, SB 330, adopted in 2019, also continues to impact local housing regulations.

AB 1763 required 100% affordable housing projects to receive the following as part of a density bonus request:

- No limit on the number of units in a project
- 4 incentives or concessions
- In addition to incentives or concessions, the ability to construct up to three additional stories, or 33 feet of height in excess of zoning requirements
- 0.5 parking spaces per unit when within one-half mile of a major transit stop
- No parking requirement for projects that are special needs housing developments or supportive housing development in compliance with Government Code Section 65915(p)(4)
- Up to 20% of units may be designated moderate income units, with the remainder for lower income households

AB 2345 (see Attachment E) was introduced in February of 2020 but was not adopted by the State Legislature until August 31, 2020, with adoption by the Governor on September 28, 2020. This new state law amends the law as follows:

- Increased overall density bonus to 50%
- Changed threshold for concessions, allowing lower amount of low income units to trigger a higher number of concessions, up to 3
- Allowed reduced parking for certain amounts of affordable housing on site
- Eliminated all parking requirements for 100% affordable housing projects.

Planning Commission Action

On November 21, 2020, the Planning Commission reviewed another Zone Text Amendment reflecting the regulations in AB 2345. The adopted resolution (Attachment B), staff report (Attachment C) and draft transcript in part (Attachment D) are provided in the attachments for reference. Planning Commission recommended approval of the proposed Zone Text Amendments.

The Planning Commission previously discussed some of these issues in March 2020 but all of the recommendations and Planning Commission action were rolled into the November 21, 2020 hearing.

The proposed Zone Text Amendments reflect the requirements of both bills. The City Council had scheduled to review this item in October but continued the item until December 7, 2020. On December 7, 2020, the City Council continued this item to February 1, 2021 and again to February 16, 2021.

PROPOSED REGULATIONS

Affordable Housing Requirements (Section 6 of the Ordinance)

Language is included to clarify the requirements for affordable housing units, and includes references to requirements for alternating low and moderate income units, as well as language referencing the need to meet inclusionary zoning requirements in addition to

100% Affordable Housing Projects Bonus (Section 7 of the Ordinance)

100% affordable housing project regulations were reviewed and recommended by the Planning Commission in November when state law changed again with AB 2345. The regulations allow for 100% affordable housing projects, where all units, except manager units, are designated as low income, with up to 20% as moderate, to have no cap on number of units, four concessions plus a three story height concession, and no required parking. This will allow non-profit developers to right size the amount of parking included in affordable housing projects to best fit future resident needs and commuting habits. Affordable housing projects are typically deed restricted for the useful life of the building and so there is no future scenario where an affordable housing covenant would expire and the building convert to market rate housing. Not having a minimum parking standard would not mean no parking is provided at affordable housing projects; instead, it would allow the non-profit housing developer to provide the correct amount of parking for the needs of residents, realizing that not all community members and populations targeted for affordable housing have the same driving habits. Allowing non-profit housing developers to right size the amount of parking in future 100% affordable housing projects could represent a significant cost savings in developing much needed housing for the most vulnerable members in the West Hollywood community.

Increase Density Bonus (Section 8 of the Ordinance)

AB 2345 required that standard density bonuses increase from 35% to 50%. For reference, projects in the R3 and R4 Districts with at least 50% affordable housing to obtain a bonus of an equal percentage to the percentage of affordable housing within the building. 100% affordable housing projects are not limited by density per recent changes to state law, providing a bonus of an unlimited number of units.

The City of West Hollywood requires projects of 11 or more units to provide at least 20% of units as affordable housing on-site. As a result, this triggers the ability to utilize the density bonus regulations, which allow for additional market rate units, incentives and reductions in parking. The implications of this zone text amendment are that most projects with residential units will be able to build approximately 15% more units. Other development standards such as height, setbacks, FAR and parcel coverage provide limitations for projects that control the building envelope. As a result, this does not mean buildings will be 15% larger, but rather, have the ability to include more units into the same building

envelope previously allowed.

Typically, a standard multi-family or mixed-use project will provide 10% very low-income units and 10% moderate units. Existing regulations would allow a 35% density bonus for this combination. The proposed regulations would allow the same project to get a 32.5% bonus for the 10% very low-income units and 5% bonus for the 10% moderate units, for a total of 37.5% density bonus. This is not a major change to the existing regulations, and only allows a 2.5% increase in units over existing density bonus requirements. This means a project allowed to build 100 units that provides 10 very-low income units, and 10 moderate units get a bonus of 38 market rate units, for a total of 138 units. This does not amount to much of a change from the previously permitted 35%. However, projects that provide affordable housing units above and beyond the required 20% inclusionary units can achieve the 50% density bonus. The regulations are even written to incentivize a higher amount of each type of affordable unit, with the density bonus increasing when the percentage of units above the minimum percentage required hits a certain number.

Change to Threshold for Incentives (Section 9 of the Ordinance)

Incentives can be a helpful tool to facilitate the construction of projects that utilize density bonuses. Incentives can include reductions in setbacks, height, parcel coverage, and other similar changes to development standards. AB 2345 changed the threshold for incentives to allow projects with 17% of low-income units to qualify for two incentives (previously 20%) and projects with 24% of low-income units to qualify for three incentives. In addition to state law requirements, staff recommends the same changes to moderate unit incentives to mirror the changes to low income. This will allow those same incentives to apply to moderate units and helps to further incentivize the production of moderate units.

Parking in Density Bonus Projects (Sections 10 and 11 of the Ordinance)

As stated above, AB 2345 changed parking requirements for 100% affordable housing projects, eliminating parking requirements. In addition to these changes to parking requirements, AB 2345 requires that 2-3-bedroom units in a building that utilizes the density bonus be allowed to provide a maximum of 1.5 spaces, rather than 2 spaces. Additionally, projects with at least 20% low-income units, or at least 11% very low-income units will only be required to provide 0.5 parking spaces. This is inclusive of guest parking, which has not changed. However, staff included a cleanup to relocate the language regarding guest parking. Parking requirements are linked to transit priority areas, and a map of these areas, covering more than 99% of the city, is included for reference in Attachment F.

CONFORMANCE WITH VISION 2020 AND THE GOALS OF THE WEST HOLLYWOOD GENERAL PLAN:

This item is consistent with the Primary Strategic Goal(s) (PSG) and/or Ongoing Strategic Program(s) (OSP) of:

- PSG-1: Maintain the City's Unique Urban Balance with Emphasis on Residential Neighborhood Livability.
- OSP-9: Upgrade Existing Buildings & Infrastructure.

In addition, this item is compliant with the following goal(s) of the West Hollywood General Plan:

- H-1: Provide affordable rental housing.
- H-4: Provide for adequate opportunities for new construction of housing.

EVALUATION PROCESSES:

City staff evaluates development metrics on an annual basis and will be able to determine the effectiveness of this ordinance upon 100% affordable housing projects in subsequent years.

ENVIRONMENTAL SUSTAINABILITY AND HEALTH:

The zone text amendments are Categorically Exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061 of the CEQA Guidelines. Section 15061 states that CEQA applies only to projects that have the potential for causing a significant effect on the environment. While allowing unlimited number of dwelling units in a 100% affordable housing project may increase the number of units overall, the total number of units is limited by several factors. Factors include the minimum size of a dwelling unit required by the building code, and other state and federal requirements, typically about 300 square feet per unit. Another factor in the overall size of a building would be the limitations of the building envelope, which is governed by setbacks, building height and other development standards. West Hollywood is a fully developed, urban area where these additional standards ensure the scope of projects is still within the general parameters and vision for the city. Further, the construction of dwelling units will be limited by the ability to provide parking and other requirements on site. The increase in affordable housing units will be offset by requirements for green building that will reduce impacts to the environment, including limiting water usage through low flow fixtures, reducing greenhouse gas emission through improved construction methods and materials, and improved energy efficiency through certified appliances and efficient building systems. Furthermore, affordable housing projects will be in high priority transit zones that provide multiple bus routes in close proximity, which will reduce driving by tenants. This change is also required under state density bonus law.

COMMUNITY ENGAGEMENT:

The City reaches out to the community twice a year for housing conversations led by the Housing and Rent Stabilization Commission. Additionally, staff discussed this item with the Government Affairs Committee of the West Hollywood Chamber of Commerce. Staff also held a virtual community meeting in November 2020 to discuss these zone text amendments and answer community questions.

OFFICE OF PRIMARY RESPONSIBILITY:

PLANNING & DEVELOPMENT SERVICES DEPARTMENT / CURRENT & HISTORIC
PRESERVATION PLANNING DIVISION

FISCAL IMPACT:

None.

ATTACHMENTS:

Attachment A: Draft Ordinance

Attachment B: Adopted Planning Commission Resolution dated November 21, 2020

Attachment C: Planning Commission Staff Report dated November 21, 2020

Attachment D: Draft Planning Commission transcript (in part) from November 21, 2020

Attachment E: AB 2345

Attachment F: Map of Transit Priority Areas

Attachment G: Redlined version of the Draft Ordinance