



Staff Report Details (With Text)

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Date	Ver.	Action By	Action	Result
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PC - ACTION ITEM: DISCUSSION OF CITYWIDE DENSITY BONUS ORDINANCE UPDATE

Meeting Date: March 13, 2024

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Fiscal Impact: Yes [] No [X] **General Fund:** Yes [] No [X]

Public Hearing: [] **Action Item:** [X] **Attachments:** [X]

Public Notification: (Email) Public Notifications - Planning Commission (02/28/2024), Meetings and Agendas - Planning Commission (03/8/2024); (Posted) City website (02/28/2024); Social Media (02/28/2024)

Department Approval: Emily Stadnicki, Current Planning Manager (2/29/2024)

RECOMMENDATION

Staff recommends that the Planning Commission provide initial guidance and feedback regarding the Density Bonus Ordinance Update.

BACKGROUND

The 2045 General Plan Update (GPU) and Zoning Code Update (ZCU) are currently in development, with an anticipated Fall 2024 adoption. These updates, consistent with the certified 2021-2029 Housing Element, will facilitate and promote affordable housing; comply with state affordable housing law such as AB 1287 (described below); provide additional incentives to secure “workforce” housing; expand eligible groups for

housing bonuses; and streamline housing entitlement processes.

Additionally, at the request of City Council, a City-wide Affordable Housing Overlay concept was presented at the April 25, 2022, Council meeting. This concept evolved into an Affordable Housing update to the Zoning Code that was outside the scope of the larger GPU and ZCU effort. Funds were allocated in FY 2022-2023 and the Request for Proposal (RFP) was released; Rincon Consultants Inc. was chosen and on April 13, 2023, a contract was executed. However, as the work was dependent on aspects of the GPU and ZCU, density bonus was put on hold as work on the larger effort progressed. As the GPU and the ZCU took shape, staff and Rincon have been reviewing affordable housing code language with the goal of providing greater opportunities for affordable housing production, in support of the City's Housing Element and Draft Land Use Element objectives.

DISCUSSION

Planning Commission Input

The 2045 General Plan Draft Land Use Element has higher densities than the current Zoning Code maximums, consistent with the certified 2021-2029 Housing Element and the City's share of expected housing production pursuant to its Regional Housing Needs Assessment (RHNA). RHNA distributes the expected housing production by household income: affordable and market rate. State density bonus law allows developers to increase density on a property above the maximum set by a jurisdiction's General Plan if the development provides affordable housing that meets state requirements (See Attachment No. 1 that lists the income thresholds and base density bonuses granted by the State of California).

Revising and adopting expanded density bonus provisions for multifamily and mixed-use development projects citywide will help further incentivize the production of affordable housing. The additional incentives would be based on existing market conditions with the goal of making it easier to construct projects with a mixture of market rate and affordable units. City staff and the consultant are looking at current density bonus incentives and community benefits to develop mechanisms to implement new incentives for affordable housing citywide that will complement the Zoning Code update. Staff recommends the Planning Commission consider the following potential programs:

- Expand the City's workforce and micro-unit programs from mixed-use projects to all residential developments within the City.
- Allow additional concessions from development standards for projects that provide a certain level of affordability.
- Fast-track and streamline approvals for projects that provide a certain level of affordability by allowing them to be approved administratively.
- Expand the workforce housing range from 129 percent up to 140 percent of the County's Average Medium Income.
- Update the Density Bonus Ordinance to complement recent State Density Bonus amendments.
- Define bonuses, concessions, waivers, and other requirements to ensure clear implementation for the development community.
- Evaluate density bonuses for other desired objectives, such as net-zero energy use buildings, net-zero water use buildings, projects providing public open space, projects providing ground-floor retail or commercial space, etc.
- Evaluate incorporating a cap on height increase requests:
 - 11-foot maximum height increase for any project requesting a density bonus.

- 22-foot maximum height increase for any project including at least 15% affordable (including workforce housing).
- 33-foot maximum height increase for any project that includes a 100% affordable development, as defined by State Law.

Staff is requesting feedback on the above recommendations and asks the Planning Commission if there are key issues and provisions they would like considered as the drafting of the density bonus ordinance moves forward.

State and Local Density Bonuses and Exemptions

The following discussion on bonuses and exemptions provides background regarding the potential programs listed above. Projects that meet the minimum income thresholds identified in Attachment No.1 can receive exemptions from some required development standards (such as height, setbacks, or open space) through concessions, incentives, and waivers. A concession is a reduction in a site development standard or a modification of a zoning code requirement or architectural design requirement that indirectly reduces the cost of construction. An incentive is a bonus that directly reduces the cost of construction, generally in the form of fee reductions or unit bonuses. A waiver is a reduction or elimination of any development standard or other regulation that makes construction of the project infeasible at the proposed density.

Recent state legislation regarding density bonus provisions includes AB 1287, which became effective January 1, 2024. This bill creates a new incentive for affordable housing. A project is eligible for AB 1287, if it provides at least one of the following to achieve a 50% base density bonus:

- 15% Very Low Income (VLI) units,
- 24% Low Income (LI) units, or
- 44% Moderate Income (MI) units.

If the project fulfills this, it's eligible for up to a 38.75% additional density bonus for an additional 10% VLI units provided, or for up to a 50% additional density bonus for an additional 15% MI units provided. These new bonuses would be in addition to the 50% maximum base density bonus potentially allowing up to a 100% density bonus.

Culver City has a Community Benefits incentive within mixed-use developments where additional density is permitted in exchange for developers providing more affordable units and/or studio "micro-units". These Community Benefit units must be income-restricted as workforce housing units (up to 129% AMI). Below is a summary of the density bonuses the city currently permits:

Table 1: City Community Benefit Density Bonus Summary		
Unit/Development Type	Percentage of Units Required	Density Bonus
Community Benefit Project	15% minimum (at up to 129% AMI)	50 du/ac; or 65 du/ac when within a Transit-Oriented District, ½ mile of a "major transit stop", a "transit priority area"
Micro-Units	10-25%	6.5-14%

In the past seven years a total of seven projects have been approved that included a State or Culver City Community Benefit density bonus (See Attachment No. 2 for a list of the projects).

Conclusion

Following the Planning Commission discussion, staff will analyze comments and revise accordingly. The updated draft will be available for public review in Spring 2024; the final draft document will be brought to the Planning Commission and City Council following the approval of the General Plan and Zoning Code updates.

PUBLIC OUTREACH

City staff conducted outreach in Summer and Fall 2023 to gauge public opinion on affordable housing bonuses and incentives among Culver City residents. Outreach events included:

- A pop-up booth at the La Ballona Festival on August 26 and 27, 2023 (approximately 300 people visited the booth over two days)
- An in-person and virtual hybrid outreach meeting at El Rincon Elementary School on October 19, 2023 (27 participants)
- An in-person and virtual hybrid outreach meeting at Veterans Memorial Building on November 6, 2023 (31 participants)
- A virtual outreach meeting on November 15, 2023 (10 participants).

The City also distributed a survey to gather local opinions about housing affordability, affordable housing incentives, familiarity with State and local affordable housing incentives, and interest in developing affordable housing. A total of 133 responses were received, 122 from the general public, and 11 from those involved in housing development.

This Planning Commission workshop is another part of the overall outreach program for the density bonus update program.

FISCAL ANALYSIS

No fiscal impact.

ATTACHMENTS

1. Base density bonuses granted by the State of California, January 2024
2. List of Approved Projects