



# City of Culver City

## Staff Report

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**CC - ACTION ITEM: (1) Discussion of an Affordable Housing Overlay Zone; and (2) Direction to the City Manager as Deemed Appropriate.**

**Meeting Date:** April 25, 2022

**Contact Person/Dept.:** Erika Ramirez, Current Planning Manager  
Sol Blumenfeld, Community Development Director

**Phone Number:** 310-253-5727

**Fiscal Impact:** Yes  No  **General Fund:** Yes  No

**Attachments:** Yes  No

**Commission Action Required:** Yes  No

**Public Notification:** (E-Mail) Meetings and Agendas - City Council (04/21/2022);

**Department Approval:** Sol Blumenfeld, Community Development Director (04/21/2022)

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### **RECOMMENDATION**

Staff recommends the City Council (1) discuss the implementation of an Affordable Housing Overlay Zone; and (2) provide direction to the City Manager as deemed appropriate.

### **BACKGROUND**

The City Council directed staff to research Affordable Housing Overlay Zones and return with a discussion item regarding a potential Zoning Code Amendment.

### **DISCUSSION**

The State of California requires local jurisdictions to facilitate the production of an adequate supply of housing available for all income levels through State housing law. In order to conform to State law, some jurisdictions have created a Housing Overlay Zone (HOZ). The intent of an HOZ is to offer developers flexibility in developing more housing while reducing development costs, without imposing significant costs on the jurisdiction. HOZs provide development incentives for developers to build

housing within specific districts of a municipality. An overlay allows development standard flexibility and tailor-made development applications applied to particular zones or geographic locations within a municipality, but it can also establish areas or even specific sites within the overlay. Often specific types and levels of affordability are required to qualify for the incentives. Special population or desired housing products can also be included as requirements of the overlay to meet particular housing needs of the local jurisdiction. For example, the cities of Rancho Cucamonga and Perris implemented a Senior Housing Overlay Zoning District intended to facilitate the construction of affordable rental housing units to serve those 55 years and older. Overlays can also target workforce populations or missing middle housing types such as attached single family dwellings.

Affordable Housing Overlay Zones (AHOZs) are one type of HOZ often implemented to offer a variety of incentives to developers to include affordable units in their housing developments such as increased density, relief from development standards, reduced fees or streamlined processing. An AHOZ is usually coupled with state and local density bonus allotments to allow for added benefits or a wider variety of incentives. There are four main components to an AHOZ which include:

1. Geographic area of the AHOZ;
2. Amount of affordable units required for projects to qualify for overlay zone incentives;
3. The package of incentives given to qualifying projects; and
4. The extent of exemptions from discretionary project-level approvals.

An ordinance to implement an AHOZ often includes such details as listed below to address the components of the policy listed above:

1. Applicability- What zones or geographic area or specific sites may this apply to? Who/what populations or what housing need is the overlay intended for?
2. Target population- Is there is a specific target population for the overlay or for an area within the overlay?
3. Income restrictions- What household affordability level(s) does the City want to serve?
4. Standard for review/qualifications- What is the base zone, geographic area, infrastructure requirements, is topography a concern, proximity to amenities, criteria set by project size (ex. 5 - 100 units and over 100 units) or income levels?
5. Development standards- Does the underlying zoning establish the base standards or are there unique standards applicable to the overlay or to areas within the overlay? Do design standards have to be modified to be objective? Will there be tiered standards depending on the size of the development or specific % of units at specified income levels?
6. Development incentives- What incentives will be available for qualifying projects? Common examples are reduced parking, density bonuses, fee waivers or fee reductions.
7. Review procedure/approval requirements - What application would be required? Who is the approving body? What is the mechanism for approval, such as a development agreement or other agreement? What is the term of the approval?

Housing Overlay Zones and Affordable Housing Overlay Zones can be found in many cities and counties including Los Angeles, Anaheim, County of Orange, Rancho Cucamonga, Perris, San Dimas, Temecula, San Diego, Calabasas, Brisbane, Burlingame, Menlo Park, Buellton, Redwood City, San Mateo, Foster City, South San Francisco, Oakley, Goleta, and Los Gatos.

In Culver City, affordable housing production in mixed use development is incentivized with local and State density bonus laws. A base density of 35 units per acre may be increased with a Community Benefit to up to 50 units per acre, or up to 65 units per acre in a Transit Priority Area (TPA) or within

the Transit Oriented Development (TOD) District. Additional density incentives can be added with State Density Bonus Law and the inclusion of micro-units within a project. Under State Density Bonus Law, if a developer chooses to add Very Low-Income Units, they may receive a 35% density bonus increase and if micro units are added an additional 14% density bonus is provided. Further, under AB 2345 a developer is entitled to a 50% density bonus over the base density when a project contains the prescribed number of Very Low, Low and Moderate-income Units. The base density is calculated on top of the Community Benefit density. For example, on a one-acre site, a developer would be allowed between 50 to 65 units per acre (depending on location) with a Community Benefit and with AB 2345 layered on top of Community Benefits a developer could get up to 113 units per acre. These density incentives may be coupled with up to three developer incentives and concessions such as reduced parking, extra building height or other variations from City development standards.

As indicated above, the goal of AHOZs is to incentivize the construction of affordable housing by providing a menu of added benefits to a developer that would not otherwise be available to them rather than penalize those that do not include affordable unit in residential developments. The challenge is to ensure the requirements or criteria and the incentives are economically feasible and represent true cost savings to a developer at a point in which they are motivated to increase the desired housing product for the targeted population at the rate in which the local jurisdiction deems optimal.

## **FISCAL ANALYSIS**

There are no fiscal impacts associated with discussion of affordable housing overlay zones.

## **ATTACHMENTS**

None.

## **MOTIONS**

That the City Council:

1. Discuss the implementation of an Affordable Housing Overlay Zone (AHOZ);
2. Provide direction to the City Manager as deemed appropriate.