

LEGISLATIVE DIGEST

[Planning Code - Inclusionary Housing Requirements in the Eastern Neighborhoods]

Ordinance amending the Planning Code to eliminate the Rental Incentive from the Eastern Neighborhood Urban Mixed Use Districts that permits project sponsors to lower their Inclusionary Affordable Housing requirements and applicable Eastern Neighborhood Public Benefit Fee by agreeing to maintain the units in their market rate development as rental units for 30 years; and affirming the Planning Department's determination under the California Environmental Quality Act, and making findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

Existing Law

Project sponsors of housing projects in the Urban Mixed Use District of the Eastern Neighborhoods Plan Area (UMU) must comply with the Inclusionary Affordable Housing Program, Planning Code Section 415 et seq., but at higher percentages than the general citywide requirement. But, project sponsors of housing projects in the UMU may choose the Rental Incentive or at least two additional alternatives – the Middle Income Alternative or a Land Dedication Alternative – to meet their Inclusionary Housing obligations. The Rental Incentive allows project sponsors to receive a \$1 per gross square foot reduction in the Eastern Neighborhoods Public Benefit fee and a 3% reduction in the Inclusionary Housing requirement in exchange for an agreement to provide the units in the Principal Project as rental housing for not less than thirty years. A project sponsor who chooses the land dedication alternative where its Principal Project is on a site of less than 30,000 square feet may also take advantage of the Rental Incentive and would be entitled to a 5% reduction in its Inclusionary requirements. A project sponsor choosing the Land Dedication alternative for a project located on a site of 30,000 square feet or more or choosing the Middle Income Alternative cannot use the Rental Incentive

Amendments to Current Law

The Proposed Legislation would eliminate the Rental Incentive. The Middle Income and Land Dedication Alternatives would remain.

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