



## Affordable Housing Production Program (AHPP) and Density Bonus Provisions

[This is intended to be a summary of the regulations contained in Santa Monica Municipal Code Section 9.04.10.14 et. seq. and Chapter 9.56. For more information, please contact the City Planning Division at (310) 458-8341.]

### WHAT'S NEW?

- The AHPP does not authorize an affordable housing payment fee option for ownership projects in residential districts consisting of 4+ units and requires:
  - Projects of 4-15 units provide 20% of units on-site as affordable
  - Projects of 16+ units provide 25% of units on-site as affordable
  - Off-site option requires 25% more affordable units than the number of affordable units required on-site
  - Units must be available to Very Low, Low, or Moderate income households
    - Very Low and Low income units can be rental or ownership
    - Moderate income units must be ownership only

Example (6-unit project in residential district)  
Provide 1.2 affordable units on-site  
OR 1.5 affordable units off-site

- Fractions when calculating affordable housing requirements:
  - Any fractional affordable housing unit of 0.75 or greater is rounded up to next whole number and must be constructed by the developer
  - Any fractional affordable housing unit of less than 0.75 can be addressed in one of two ways:
    - Pay a fee based on the following formula: [fractional percentage] x [City's affordable housing unit development cost of \$287,003 **OR**
    - Construct all mandatory affordable units on-site with 3+ bedrooms

Example (6-unit project in residential district)

*ON-SITE*

**Option 1:** Construct 1 unit and pay [0.2] x [affordable housing unit development cost]

**Option 2:** Construct 1 unit with 3+ bedrooms

*OFF-SITE*

**Option 1:** Construct 1 unit and pay [0.5] x [affordable housing unit development cost]

**Option 2:** Construct 1 unit with 3+ bedrooms

Note: The affordable housing unit development cost will be established by City Council resolution.

- A multi-family project applicant in a residential district who provides on-site affordable units in accordance with the AHPP shall be entitled to the density bonuses and incentives provided by Sections [9.04.10.14.050](#) and [9.04.10.14.060](#) and the waiver/modification of development standards provided by Section [9.04.10.14.070](#). This includes all units for sale or rent such as:
  - Substantial remodel and conversion of commercial buildings to residential units
  - Substantial remodel of residential buildings
  - Condos and apartments



Example (6-unit project in residential district)

If affordable unit is very low income: 35% density bonus (3 units)  
 If affordable unit is low income: 30.5% density bonus (2 units)  
 If affordable unit is moderate income: 12% density bonus (1 unit)

- Affordable Housing incentives such as reduction in setbacks or parcel coverage are contingent upon providing a minimum percentage of affordable housing and seeking a density bonus.
  - The applicant only needs to construct at least one density bonus unit in order to receive the incentives and the concessions.
- A multifamily project applicant in a commercial or industrial district shall be entitled to the development bonus and incentives provided in the LUCE and implementing ordinances.

**AHPP COMPARISON TABLE**

	<b>2-3 ownership units in multi-family zones*; 2+ rental units in multifamily zones</b>	<b>4+ ownership units in multi-family zones*</b>
<b>ON-SITE OPTION</b>	<ul style="list-style-type: none"> <li>• 10% of units for Very Low Income</li> <li>• 20% of units for Low Income</li> <li>• 100% of units for Moderate Income (for non-residential zones)</li> </ul>	<ul style="list-style-type: none"> <li>• 20% of units are affordable for 4-15 unit projects</li> <li>• 25% of units are affordable for 16+ unit projects</li> </ul>
<b>OFF-SITE OPTION</b>	<ul style="list-style-type: none"> <li>• Same as on-site option</li> </ul>	<ul style="list-style-type: none"> <li>• 25% more than the required number of on-site units</li> </ul>
<b>AFFORDABLE HOUSING FEE** (adjusted annually by City Council)</b>	\$27.35/sf for apartments \$31.94/sf for condominiums	Not Applicable
<b>LAND OPTION</b>	SMMC 9.58.080	Not Applicable

\*Multi-family zones: R2, R2B, R2R, R3, R3R, R4, OP-D, OP2, OP3, OP4, RVC, BR Boulevard Residential

\*\*See

[http://www.smgov.net/Departments/HED/Housing\\_and\\_Redevelopment/Housing/Production\\_Program\\_\(Inclusionary\)/AHPP.aspx](http://www.smgov.net/Departments/HED/Housing_and_Redevelopment/Housing/Production_Program_(Inclusionary)/AHPP.aspx) for more information



**Affordable Housing Table for 4+ Ownership Units  
 in Multi-Family Zones**

	Number of units in project before density bonus	Number of affordable units to be provided**	FRACTIONS***	
			Fraction eligible for fee payment	Fractional cost of developing a unit
<b>ON-SITE OPTION*</b> [# UNITS X 20%]	2	On-site or off-site units are not mandatory. May pay affordable housing fee.		
	3			
	4	1.00	0.00	\$0.00
	5	1.00	0.00	\$0.00
	6	1.00	0.20	\$57,400.60
	7	1.00	0.40	\$114,801.20
	8	1.00	0.60	\$172,201.80
	9	2.00	0.00	\$0.00
	10	2.00	0.00	\$0.00
	11	2.00	0.20	\$57,400.60
	12	2.00	0.40	\$114,801.20
	13	2.00	0.60	\$172,201.80
	14	3.00	0.00	\$0.00
	15	3.00	0.00	\$0.00
	16+	[# units x 25%]	[fraction < 0.75]	[fraction x unit development cost]
<b>OFF-SITE OPTION*</b> [# UNITS X 25%]	2	On-site or off-site units required are not mandatory May pay affordable housing fee.		
	3			
	4	1.00	0.00	\$0.00
	5	1.00	0.25	\$71,750.75
	6	1.00	0.50	\$143,501.50
	7	2.00	0.00	\$0.00
	8	2.00	0.00	\$0.00
	9	2.00	0.25	\$71,750.75
	10	2.00	0.50	\$143,501.50
	11	3.00	0.00	\$0.00
	12	3.00	0.00	\$0.00
	13	3.00	0.25	\$71,750.75
	14	3.00	0.50	\$143,501.50
	15	4.00	0.00	\$0.00
	etc.	etc.	[fraction < 0.75]	[fraction x unit development cost]

\*Ownership units must be available for very low, low, or moderate income households

\*Rental units must be available for very low or low income households

\*\*For fractions of 0.75 or more - round up to next whole number

\*\*\*For fractions less than 0.75 - there are 2 options:

- 1) Pay the fractional cost of developing the unit (based on affordable housing unit development cost)
- 2) Construct all mandatory affordable units with 3+ bedrooms



### Density Bonus Table for Housing Developments in Residential Zones

**Minimum % of project that must be affordable to be eligible for bonus**  
**Minimum Guaranteed Density Bonus (no combining of categories allowed)**

% OF UNITS THAT ARE AFFORDABLE	DENSITY BONUS*			ADDITIONAL BONUS**
	VERY LOW INCOME	LOW INCOME	MODERATE INCOME	LAND DONATION
<b>FOR RESIDENTIAL ZONES</b>				
<b>5%</b>	<b>20.0%</b>			
6%	22.5%			
7%	25.0%			
8%	27.5%			
9%	30.0%			
<b>10%</b>	32.5%	<b>20.0%</b>	<b>5.0%</b>	<b>15.0%</b>
11%	35.0%	21.5%	6.0%	16.0%
12%	35.0%	23.0%	7.0%	17.0%
13%	35.0%	24.5%	8.0%	18.0%
14%	35.0%	26.0%	9.0%	19.0%
15%	35.0%	27.5%	10.0%	20.0%
16%	35.0%	29.0%	11.0%	21.0%
17%	35.0%	30.5%	12.0%	22.0%
18%	35.0%	32.0%	13.0%	23.0%
19%	35.0%	33.5%	14.0%	24.0%
20%	35.0%	35.0%	15.0%	25.0%
21%	35.0%	35.0%	16.0%	26.0%
22%	35.0%	35.0%	17.0%	27.0%
23%	35.0%	35.0%	18.0%	28.0%
24%	35.0%	35.0%	19.0%	29.0%
25%	35.0%	35.0%	20.0%	30.0%
26%	35.0%	35.0%	21.0%	31.0%
27%	35.0%	35.0%	22.0%	32.0%
28%	35.0%	35.0%	23.0%	33.0%
29%	35.0%	35.0%	24.0%	34.0%
30%	35.0%	35.0%	25.0%	35.0%
31%	35.0%	35.0%	26.0%	35.0%
32%	35.0%	35.0%	27.0%	35.0%
33%	35.0%	35.0%	28.0%	35.0%
34%	35.0%	35.0%	29.0%	35.0%
35%	35.0%	35.0%	30.0%	35.0%
36%	35.0%	35.0%	31.0%	35.0%
37%	35.0%	35.0%	32.0%	35.0%
38%	35.0%	35.0%	33.0%	35.0%
39%	35.0%	35.0%	34.0%	35.0%
40%	35.0%	35.0%	35.0%	35.0%

\*Developer shall only choose ONE density bonus category and may request a lesser density bonus.

\*\*Bonus for land donation can be in addition to density bonus for providing units. Combined total shall not exceed 35%



## Affordable Housing Incentives and Concessions

### Note That:

- Requests for incentives/concessions on the Menu shall not require the filing of an application for Variance, GPA, Zone Change, or any other discretionary approval.
- Requests for density bonuses without incentives, with by-right incentives, and/or one or more incentives included in the Menu of Incentives/Concessions shall be reviewed by the Director of Planning or designee.
- Requests shall be granted unless:
  - The incentive/concession is not required to provide for affordable housing costs per Section 50052.5 of Health and Safety Code, or for rents for the affordable units.
  - There is a specific adverse impact upon public health and safety, on the physical environment or on any real property that includes historic sites, and for which there is no feasible method to mitigate or avoid the specific adverse impact without rendering the development unaffordable to Moderate, Low, or Very Low Income households.
  - The incentive or concession is contrary to State or Federal law.

### **PARKING STANDARDS (as an alternative to Section 9.04.10.08.040)**

When requested, the following parking standards must be granted to an entire housing development that has obtained a density bonus and are inclusive of guest and disabled access parking:

**0 to 1 bedroom units: 1 onsite space/units**  
**2 to 3 bedroom units: 2 onsite spaces/unit**  
**4 or more bedroom units: 2.5 onsite spaces/unit**

Fractional numbers shall be rounded up to the next whole number.

### **DEVELOPMENT STANDARDS**

#### **Incentives and Concessions**

A developer that obtains a density bonus may be granted up to 3 concessions/incentives based on the percentage of units in a project that are affordable.

Number of Incentives/Concessions	% of units that are restricted affordable (before density bonus)		
	Very Low Income	Low Income	Moderate Income
1	5%	10%	10%
2	10%	20%	20%
3	15%	30%	30%



The following are the incentives/concessions that a developer may request, depending on the zone. The developer may also request additional waivers and modifications not in this list.

Type of Zone	Menu of Incentives/Concessions that may be requested	
Residential Zones	Side Yard Setback	up to 15% deviation from one side yard setback requirement
	Parcel Coverage	up to 10% deviation
	Rear Setback	up to 15% deviation as long as rear yard setback is at least 5 feet

**Additional Waivers and Modifications**

Developer that seeks a density bonus may also request the waiver or modification of development standards but shall show that:

- 1) The modification is necessary to make the housing units economically feasible.
- 2) The development standards, even with the concessions or incentives, would have the effect of precluding construction of the density bonus units.

A Public Hearing shall be held by the Planning Commission to review these waivers and modifications following the procedures for Design Compatibility Permits in SMMC 9.04.20.15.030. The Planning Commission’s decision may be appealed to the City Council.

**APPLICATION TO REQUEST INCENTIVES**

Applicant must submit the following with the first application for approval of a housing development:

- 1) Site Plan showing total number of units, number and location of affordable housing units, and number and location of density bonus units.
- 2) Level of affordability for affordable housing units and proposals for ensuring affordability.
- 3) Description of any requested modifications or incentives. For all waivers and modifications not on the Menu of Incentives/Concessions, applicant must demonstrate that the request will result in identifiable, financially sufficient, and actual cost reductions. The cost of reviewing any financial data submitted by the developer, including the hiring of a consultant by the City, shall be borne by the developer.



## Density Bonuses for Land Donation and Child Care Facilities

### LAND DONATION

**Note:** Ownership projects of 4+ units in multi-family residential zones cannot donate land to meet the requirements of the AHPP.

#### *How does it work?*

Developer may choose to donate land in lieu of or in combination with the provision of on-site affordable housing units. The minimum required donation is 10% of the project's parcel area. The project will be guaranteed a minimum density bonus of 15% with an additional 1% added for each 1% increase in donated land. The bonus may be increased up to maximum of 35%. If the land is donated in conjunction with production of affordable housing units, the combined density bonus cannot exceed 35%.

#### *What are the restrictions on donated land?*

**Donated land can only be developed with very low income housing units of not less than 10% of the total number of units in the project** and is subject to the following additional restrictions:

- 1) TRANSFER OF LAND
  - a. Developer will donate and transfer the land no later than the date of approval of the final map, parcel map, or development application.
  - b. The land will be transferred to the City, Redevelopment Agency, or housing developer approved by the City.
  - c. The land and the very low income units will be subject to a deed restriction, to be recorded at the time of transfer, ensuring continued affordability of the units.
- 2) QUALITIES OF THE LAND
  - a. Be at least 1 acre in size or of sufficient size to accommodate development of 40 units.
  - b. Have the appropriate General Plan designation.
  - c. Be zoned for very low income housing and have development standards that make it feasible to develop such housing.
  - d. Currently be served, or will be served by the time of construction, by public facilities and infrastructure.
  - e. Is within the boundary of or within ¼ mile of the proposed housing development.
- 3) PERMITS
  - a. Permits and approvals for development of the very low income housing must be obtained no later than the date of approval for the final map, parcel map, or development application.
- 4) PROCESS
  - a. Application shall show the location of the land to be dedicated.
  - b. Developer must provide evidence that the land meets the "Qualities of the Land" requirements in 2).



## **CHILD CARE FACILITIES**

### ***How does it work?***

If a developer proposes a housing development that includes a child care facility on or adjacent to the premises, the City may grant ONE of the following:

- 1) Additional density bonus of residential SF equal to or greater than the child care facility SF.
- 2) Additional concession or incentive that contributes significantly to the economic feasibility of the construction of the child care facility.

### ***What are the restrictions?***

The additional bonus or concession shall be granted only if the following findings are made:

- 1) The child care facility will remain in operation as long as or longer than the time that the affordable units are required to remain affordable. (currently 55 years)
- 2) The percentage of children from very low income, low income, or moderate income households who attend the facility shall be equal to or greater than the percentage of dwelling units that are proposed to be affordable.
- 3) City finds, based upon substantial evidence, that the community does not already have adequate child care facilities.

The application shall show the location and square footage of the child care facility and provide evidence to make the above 3 findings.



## CLARIFICATIONS

### Density Bonus (Interim Ordinance No. 2252)

#### BASIC PROVISIONS

- 1) **Can I treat a unit as constituting a density bonus unit even if the overall development would still be less than the maximum allowable density authorized by the City's Zoning Ordinance?**

No, a density bonus constitutes a density increase over the otherwise maximum allowable residential density granted by the City's Zoning Ordinance. If the overall project would not exceed the Zoning Ordinance's maximum allowable density, the developer has not sought a density bonus.

- 2) **Can I seek the parking incentives and other incentives authorized by Section 9.04.10.14.060 and the State Density Bonus law if I have not sought a density bonus?**

No, the incentives are only authorized for density bonus projects. If the housing development does not seek a density bonus, it is not entitled to the incentives. Consequently, a housing development that does not seek a density bonus is still subject to the City's regular development standards, including all parking requirements such as guest parking. However, the development does not have to seek the entire increased density authorized by Section 9.04.10.14.050 and the State Density Bonus law in order to be eligible for the incentives. The construction of one density bonus unit would meet this requirement.

- 3) **In determining the percentage of affordable units that are being provided by a development project for purpose of calculating the density and incentives that must be allowed, do I take into account any affordable housing fee that I have paid?**

No, the density bonus and incentives that may be requested are dependent on the number of affordable units that are actually constructed on-site. Fees paid to satisfy the affordable housing requirement do not count towards this requirement.

#### PARCEL COVERAGE [Section 9.04.10.14.060(f)(2)]

- 4) **Does the 10% increase in parcel coverage apply to 2<sup>nd</sup> story parcel coverage?**

No, it only applies to the first floor parcel coverage because the 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> story parcel coverage is relative to the first floor parcel coverage.

#### SETBACKS [Section 9.04.10.14.060(f)(1)]

- 5) **For the side yard setback concession of a 15% deviation from one side yard setback requirement, is it intended to be a 15% reduction in each side yard or is it only one side yard?**

The 15% reduction only applies to one side yard.

- 6) **For the side yard setback concession of 15%, does this also apply to additional side setback or stepback requirements? (i.e. would it be an overall setback/stepback reduction in an entire side elevation of a building – using the example of the base side setback and an additional 2 foot average setback in R2 zones?)**

The 15% reduction applies to stepbacks and additional setbacks only in the sense that the additional requirements would be taken from the newly reduced side yard setback. This



would continue to allow for articulation in the upper stories of a building. Consistent with the above clarification, this would only apply for one side yard.

**PARKING** [Section 9.04.10.14.060(a)]

- 7) **There are long-standing parking requirements in the Zoning Ordinance for affordable housing development [Section 9.04.10.08.040] but there are also by-right parking incentives in the new density bonus ordinance. The requirements are not the same. Which ones should be used?**

It is the applicant's discretion to utilize the parking incentives for density bonus projects listed in Chapter 9.04.10.14 as an alternative to Section 9.04.10.08.040. These parking incentives are intended to account for all required parking for the project, including guest and handicapped parking. Parking space allocation is left to the discretion of the developer. It is possible that the affordable housing units may end up with less parking than the market rate units. For all other projects not eligible for a density bonus, the parking requirements in the Zoning Ordinance would continue to apply.

- 8) **The density bonus by-right parking incentives indicate that if the total number of required spaces results is a fractional number, it should be rounded up to the next whole number. Does this mean fractions of 0.5 or greater, like the existing Zoning Ordinance [Section 9.04.10.08.030(i)], or a fraction of any amount (0.1 and above)?**

A calculation that results in any fraction (0.1 and above) would require rounding to the next whole number.

- 9) **The density bonus by-right parking incentives do not list anything for visitor parking requirements. What are the visitor parking requirements in projects eligible for a density bonus (or are there intended to be none)?**

There are no visitor parking requirements in the by-right parking incentives. This was deleted to be an incentive for density bonus projects.

**NUMBER OF CONCESSIONS** [Section 9.04.10.14.060(b)]

- 10) **For the total number of concessions that a developer may request (projects may receive up to a maximum of 3), could the developer request an additional number of concessions/incentives (i.e. more than 3) through the public hearing process?**

No, the maximum number of incentives that a density bonus project can have is up to 3 incentives. The developer may apply for different incentives than those listed in the "Menu of Concessions" in the Ordinance but cannot apply for more incentives than the project is allocated (as determined by the percentage of affordable housing that is actually constructed).

## **Affordable Housing Production Program**

**COMBINING OFF-SITE UNITS**

- 11) **Can a developer combine the required affordable units for multiple projects on one site that is within ¼ mile of all the projects? How does this work?**

Yes, a single developer that has multiple projects could consolidate the associated affordable housing requirements on an off-site property, as long as it is within ¼ mile of all the developments. Theoretically, multiple developers could also partner together to consolidate affordable housing requirements for multiple projects on one site. This multiple developer scenario would require further consultation with the City Attorney.