

# FACT SHEET

## Citywide Housing Incentive Program (CHIP) Ordinance

CPC-2023-7068-CA

### Summary

The City's [2021-2029 Housing Element](#) (also known as the Plan to House LA) identified significant housing needs throughout Los Angeles reflected by high rents, overcrowded conditions, and housing instability. Recognizing the urgency of planning for equitable housing solutions for the City's residents, including permanent homes for the unhoused and more affordable housing for those burdened by housing costs, City Planning has developed the [Citywide Housing Incentive Program](#), as one of the many ambitious programs within the Plan to House LA.

The [Housing Element Rezoning Program](#), called for by the 2021-2029 Housing Element, sets out to address these critical housing needs and meet the City's housing obligations under state law. In addition to rezonings that will take place through Community Plan Updates, the Housing Element Rezoning Program encompasses the Citywide Housing Incentive Program (CHIP). The CHIP includes incentives to expand opportunities for mixed-income and 100% affordable housing development while minimizing displacement of tenants. The [Citywide Housing Incentive Program Ordinance](#) will amend the Los Angeles Municipal Code (LAMC) to enable streamlined project review procedures and introduce bold new incentives for eligible project types in order to expand access to affordable housing near transit, jobs, along corridors, and in higher opportunity areas.

## Background

The 2021-2029 Housing Element [zoning analysis](#) found that Los Angeles's current zoning regulations don't allow for the City to meet its Regional Housing Needs Assessment (RHNA). RHNA is the California State-required process that seeks to ensure cities and counties plan for enough housing to be built for Angelenos of all income levels. Los Angeles' current RHNA target, including a buffer (as recommended by the California Department of Housing and Community Development), was 486,379 housing units. After taking into account anticipated housing development, City Planning identified the need to update the City's zoning regulations to allow for an additional 255,433 housing units to be built. This need requires the City to adopt and effectuate a rezoning program by February 2025. The Housing Element Rezoning Program aims to address the City's identified housing needs and consists of several different implementation programs, including the CHIP.

In March 2023, City Planning released [six core strategies](#) that comprise the Citywide Housing Incentive Program. These strategies were developed based on public input, City Council direction, and the results of the Affirmatively Furthering Fair Housing (AFFH) analysis (see Glossary) conducted as part of the [adopted 2021-2029 Housing Element](#). Following extensive outreach including webinars, office hours, and participation in public events, City Planning is proposing the CHIP Ordinance that incorporates the six core strategies into three programs: the State Density Bonus Program, the Mixed Income Incentive Program, and the Affordable Housing Incentive Program. The incentives available in each program will not change the underlying zoning of properties. Instead, the CHIP will offer developers incentives (density, floor area, height, parking, etc.) in exchange for including covenanted affordable units as part of their project.

## Key Provisions

The CHIP Ordinance proposes the addition of three new programs to the Exceptions section (LAMC 12.22) of the LAMC. In addition to these programs (described in more detail below), the Ordinance contains a series of technical revisions to correct references and ensure consistency across the LAMC with provisions proposed as part of the CHIP Ordinance.

### State Density Bonus Program

The CHIP Ordinance encompasses revisions to the City's local Density Bonus Ordinance to align the City's incentives, processes, and procedures with State



Density Bonus Law (see Glossary). To learn more about this program's eligibility requirements, base incentives, menu of additional incentives, and public benefit options (see Glossary), please see the table on page 12 of this Fact Sheet.

### **Mixed Income Incentive Program (MIIP)**

The Mixed Income Incentive Program will focus on establishing mixed income housing (see Glossary) incentives along certain major street corridors, including tools to encourage the construction of various types of "low scale/low rise" housing to create transitions between single-family homes and mid-rise apartment buildings. These "Opportunity Corridor" (see Glossary) and "Opportunity Corridor Transition" (see Glossary) incentives will be available for projects located in the City's High and Highest Resource Areas as defined by the California Tax Credit Allocation Committee (see Glossary) Opportunity Area maps. Additionally, the Mixed Income Incentive Program will codify key elements of the Transit Oriented Communities (TOC) Affordable Housing Incentive Guidelines (see Glossary) for sites near transit citywide. To learn more about this program's eligibility requirements, base incentives, menu of additional incentives, and public benefit options, please see the table on page 12 of this Fact Sheet.


### **Affordable Housing Incentive Program (AHIP)**

The Affordable Housing Incentive Program will provide tailored land use incentives for One Hundred Percent Affordable Housing Projects (see Glossary) citywide. Additionally, the ordinance will expand the types of zones eligible for One Hundred Percent Affordable Housing projects to "P" Parking zones and "PF" Public Facilities zones, and to parcels owned by public agencies and faith-based organizations (FBOs). FBO projects will have different affordability requirements wherein 80% of units must be deed-restricted to qualify. To learn more about this program's eligibility requirements, base incentives, menu of additional incentives, and public benefit options, please see the table on page 12 of this Fact Sheet.

## **Frequently Asked Questions**

### **Why is the City of Los Angeles proposing the CHIP Ordinance?**

The Plan to House LA identified that, with some of the highest rents and accelerating housing instability, there is a significant housing need in Los Angeles. This has resulted in displacement, homelessness, and unattainable homeownership. The Plan's zoning analysis also found that the City does not have the zoning capacity (see Glossary) necessary to accommodate its RHNA obligations. As a result, under state law, Los Angeles has a legal obligation to develop and adopt a rezoning



program to create at least 255,432 new units of housing capacity by February 2025. The CHIP Ordinance is one way in which the City of Los Angeles will be reaching this rezoning target.

### **How many affordable housing units will be required under the CHIP Ordinance?**

Each program within the larger CHIP Ordinance has different requirements for the number of units that must be set aside as restricted affordable units in order to be eligible for development incentives and streamlined review. The amount of restricted affordable units required per project may vary based on level of affordability (Extremely Low Income, Very Low Income, Low Income, or Moderate Income), the number of incentives requested, market area and/or program specific eligibility criteria. Department staff are currently working with a consultant to conduct a market study analysis to inform recommendations for the proposed percentages of on-site restricted affordable units required for projects to receive development incentives. Based on the results and recommendations of the market study, the updated proposed percentages of affordable unit set asides will be incorporated into future revisions of the draft CHIP Ordinance.

### **How do the six core strategies of CHIP relate to the proposed CHIP Ordinance?**

The core strategies of CHIP have been incorporated into the three programs of the CHIP Ordinance. The Mixed Income Incentive Program (MIIP) will encompass Missing Middle, Opportunity Corridors, and the update to the City's Transit Oriented Communities (TOC) Program. The Affordable Housing Incentive Program (AHIP) will encompass the Affordable Housing Overlay strategy. Updates to the city's existing local Density Bonus Program will be in the State Density Bonus Program. These programs will feature streamlined approval processes to increase project certainty and expedite processing time for projects providing affordable housing.

### **How does the CHIP Ordinance Affirmatively Further Fair Housing?**

As part of an AFFH Analysis, the Plan to House LA found that there is an inequitable distribution of where affordable housing has historically been produced. In particular, the Plan to House LA identified that multi-family developments are often concentrated in central, lower-resourced neighborhoods in the City. This is reflective of what types of housing zoning permits across Los Angeles and an evident lack of multi-family housing in areas of opportunity. For this reason, the CHIP Ordinance endeavors to support AFFH objectives by offering greater development bonuses for mixed income projects on major corridors in Higher Opportunity Areas (see



Glossary) as well as greater bonuses for One Hundred Percent Affordable Housing Projects in Higher Opportunity Areas. Furthermore, the Ordinance opens up new types of locations for 100% affordable housing including land owned by Faith Based Organizations, publicly owned land and land zoned for Public Facilities (PF), and land zoned for Parking (P).

### **What types of projects are eligible for the CHIP Ordinance?**

Multi-family projects with at least five units and providing a designated percentage of covenanted affordable housing units will generally be eligible for a program within the CHIP. Each program has additional specific eligibility criteria based on geographic location, underlying zoning, or other site characteristics. Depending on the program, projects may be 100% affordable or may set aside a portion of the units as affordable.

### **How does CHIP Ordinance affect single-family zones?**

Based on feedback gathered throughout the Spring and Summer through the Department's CHIP Concept Explorer survey, Office Hours, as well as direction from the Los Angeles City Council, the Department has modified how CHIP strategies will apply to single-family zones. Although the Candidate Sites Inventory proposed as part of the 2021-2029 Housing Element explored how the CHIP strategies could potentially apply on single-family zones throughout the City, single-family zoned sites are not currently eligible for the Mixed Income Incentive Program. Additionally, single-family zoned land is only eligible for the incentives proposed within the Affordable Housing Incentive Program when a proposed project is constructed on a parcel owned by a public agency or on land owned by a Faith Based Organization - in which case a site's least restrictive adjacent zone may be utilized to determine base density. Opportunities for refinement will continue to be available as the CHIP Ordinance moves toward adoption.

### **What is the review and approval process for eligible projects?**

The CHIP Ordinance provides multiple pathways to approve eligible projects and prioritizes removing procedural barriers so that more projects that comply with objective zoning standards and utilize the CHIP Ordinance's predetermined menus of incentives can be processed without a discretionary application. An expanded list of project types are proposed to be eligible for ministerial review by the Los Angeles Department of Building and Safety (LADBS). Additionally, eligible projects requesting off-menu incentives (see Glossary) will be processed ministerially through City Planning's Administrative Review so long as certain requirements, including limitations on development standards (Floor Area Ratio, height, tree planting, yard,

and open space reductions) are met. Furthermore, projects seeking development bonuses above and beyond limitations on the aforementioned development standards or waivers (see Glossary) will be subject to supplementary procedures or require discretionary review. Discretionary review may also be required under other circumstances and will vary by program.

### **How does the CHIP Ordinance relate to the Affordable Housing Streamlining Ordinance?**


The Affordable Housing Streamlining Ordinance (Council File [23-0623](#)) was prepared in response to a Council Motion to amend the LAMC to create an administrative review process for One Hundred Percent Affordable Housing Projects and codify the streamlining provisions of [Executive Directive 1](#) (ED1). ED1 was issued on December 16, 2022 by Mayor Karen Bass to expedite the processing of 100% affordable housing and shelter projects to address the housing and homelessness crisis in Los Angeles. The CHIP Ordinance and Housing Element Rezoning Program were prepared in response to the 2021-2029 Housing Element which identified insufficient zoning capacity to meet the City's housing needs and RHNA obligations.

While the Affordable Housing Streamlining Ordinance memorializes key elements of ED1 by establishing a new Administrative Review process for One Hundred Percent Affordable Housing Projects in the LAMC, the CHIP Ordinance offers development bonuses for One Hundred Percent Affordable Housing Projects in Higher Opportunity Areas above and beyond those available under State Density Bonus Law. Unlike the Affordable Housing Streamlining Ordinance, the CHIP Ordinance will not streamline other applicable discretionary actions including but not limited to Project Review, Specific Plan Project Permits, and Historic Preservation Overlay Zone approvals. These and other discretionary actions will continue to be required where applicable to a project. However, an applicant may still opt to propose a project utilizing the development bonuses offered by the CHIP Ordinance in conjunction with the streamlining under the proposed Affordable Housing Streamlining Ordinance.

### **How will the CHIP Ordinance address and incorporate changes in State Density Bonus Law?**

The CHIP Ordinance will be the first comprehensive update to the city's local Density Bonus Program since it was adopted in 2008. In recent years, more than a dozen state bills have significantly amended State Density Bonus Law (CA Govt. Code Sections 65915-65918). To date, these changes have been implemented in Los





Angeles utilizing a range of administrative Implementation Memorandums. The program will bring the city into alignment with revisions to State Density Bonus Law.

### **How will CHIP change the Transit Oriented Communities (TOC) Affordable Housing Incentive Program Guidelines?**

The Mixed Income Incentive Program of the CHIP Ordinance will codify and update the transit-based incentives currently available in the Transit Oriented Communities (TOC) Affordable Housing Incentive Program Guidelines (see Glossary). In response to recent updates in State Density Bonus Law, density bonuses will begin at 100% for eligible projects that are located near transit under the CHIP Ordinance. These revisions to the amount of density bonus available to projects will ensure that transit-based incentives continue to encourage the development of transit-adjacent housing while also aligning with state law.

### **How will the CHIP Ordinance protect renters?**

Utilization of incentives contained in the CHIP Ordinance will require compliance with the provisions of the proposed [Resident Protections Ordinance](#). The Resident Protections Ordinance aims to enhance and build upon current regulations concerning tenant protections, affordability term durations, and amenities for affordable housing units. Tenant protections include the memorialization and expansion of state housing requirements, set to expire in 2030, covering safeguards for Angelenos such as housing replacement, the right to remain before demolition, and the right to return to the new development. New provisions include one-to-one replacement requirements for units subject to the Rent Stabilization Ordinance, codification of fair housing related requirements for mixed-income projects to ensure equal size, location, amenities and distribution for affordable units and a requirement that all covenants for restricted affordable units permitted in the City of Los Angeles be for terms of 99 years, with some exceptions.

### **How does CHIP Ordinance relate to ongoing Community Plan Updates?**

The Housing Element Rezoning Program encompasses a wide array of multifaceted efforts, including the CHIP, and updates to Community Plans and other Specific Plans or Neighborhood Plans. Some local plan efforts have already been approved by the City Planning Commission but are pending final adoption (e.g. DTLA, Hollywood, CASP), while others are still in development. The CHIP Ordinance will work alongside the Community Plan and other updates to create citywide incentive-based and streamlining strategies aimed at facilitating more affordable

housing in citywide priority areas, and meeting the housing needs identified in the Housing Element.

The CHIP Ordinance will be available to projects based on specific eligibility criteria and will not modify the underlying zoning, however, the Community Plan programs will continue to look at communities at the local level to fine tune land use designations and zoning regulations at the parcel level. Ongoing coordination between the citywide and community planning teams, with respect to content and schedule, will ensure that efforts are aligned and compatible. To learn more about active Community and Neighborhood plan updates, click [here](#).

### **Will anything be built as a result of the CHIP Ordinances?**

Although CHIP and the Housing Element Rezoning Program focus on expanding housing capacity necessary to accommodate the City's RHNA targets, the actual development of housing is largely conducted by the private market. In sum, increasing the residential zoning capacity of a site does not guarantee that construction will occur on that site.

### **What are the next steps and upcoming opportunities to provide public comment?**

The release of the CHIP Ordinance draft kicks off the next phase of outreach. In this phase of outreach, City Planning will host webinars to share information about the [CHIP Ordinance, Housing Element Sites Ordinance, and Resident Protections Ordinance](#). Members of the public are encouraged to attend to learn more about what is proposed in the Ordinances and share their feedback. After the webinars, staff will evaluate the comments received and revise the draft ordinance to incorporate feedback. Members of the public may also submit written comments to [housingelement@lacity.org](mailto:housingelement@lacity.org). More information on the CHIP Ordinance and this next phase of outreach can be found [here](#).

### **Who can I contact for additional information?**

Questions and comments on the Citywide Housing Incentive Program Ordinance can be submitted to [housingelement@lacity.org](mailto:housingelement@lacity.org). Additional information is available on the LA City Planning Housing Element Rezoning Program webpage. To receive updates about the CHIP Ordinance and upcoming public comment opportunities, sign up for the email list by completing [this form](#).



Any media inquiries should be directed to Jamie Francisco at [planning.media@lacity.org](mailto:planning.media@lacity.org) or (213)562-8294.

## Glossary

### **Affirmatively Furthering Fair Housing (AFFH)**

AFFH is defined as taking meaningful actions that not only combat discrimination but also that undo the legacy of past harms created by segregation in order to foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics.

### **California Tax Credit Allocation Committee (TCAC)**

The California TCAC is overseen by the California State Treasurer Office and helps to administer the federal and state Low-Income Housing Tax Credit Programs which enable private investment in rent-restricted affordable housing for low-income residents.

### **California Tax Credit Allocation Committee/HCD Opportunity Area Maps**

The California TCAC/HCD Opportunity Areas maps are a tool designed to visually represent how “access to opportunity” varies from place to place. “Access to opportunity” refers to a person’s ability to access places with characteristics linked to critical life outcomes such as educational attainment, earnings from employment, and economic mobility. More information on the California TCAC/HCD Opportunity Maps can be found [here](#).

### **Higher Opportunity Areas**

Higher Opportunity Areas are identified as high and highest resource areas in the TCAC/HCD Opportunity Map tool. More information on High Opportunity Areas can be found [here](#).

### **Mixed Income Housing**

Mixed Income Housing is a housing development that may consist of both market-rate housing units and rent-restricted affordable housing units.

### **One Hundred Percent Affordable Housing Project**

A project where all housing units, with the exception of a manager’s unit or units, are affordable to lower income households. Twenty-percent of the units may be affordable to Moderate Income Households. For more information on the definition of a One Hundred Percent Affordable Housing Project, please see the draft Affordable Housing Streamlining Ordinance (Council File [23-0623](#)).

### **Opportunity Corridor**

An Opportunity Corridor is a major thoroughfare located in a Higher Opportunity Area with access to bus and train services.

### **Off-Menu Incentives**

Off-Menu Incentives are incentives that may be requested as part of an application for a housing development that may not be listed on a predetermined menu of incentives. More information on incentives included on the predetermined menus in the CHIP Ordinance can be found on page 12.

### **Opportunity Corridor Transition Area**

Opportunity Corridor Transition Areas are designed to provide a transition or step down from the building development scale of Opportunity Corridors (five to seven stories) to the lower scale buildings (one to two stories) of adjacent residential neighborhoods. Buildings within this area are anticipated to be between two and three stories in height, and up to 11 additional feet in height if the project meets a multi-bedroom requirement. These areas are located a specified distance (150 or 350 feet) from Opportunity Corridors and include properties zoned for low scale multifamily residential.

### **Public Benefit Options**

Public Benefit Options provide by-right development bonuses in exchange for community benefits including but not limited to childcare facilities, housing developments with multi-bedroom units, and privately owned public space.

### **State Density Bonus Law**

State Density Bonus Law (found in California Government Code Section 65915-65918) is a state law that allows applicants to seek development bonuses in exchange for the provision of deed-restricted affordable housing.

### **Transit Oriented Communities Affordable Housing Incentive Program Guidelines (TOC Guidelines)**

Created as a result of Measure JJJ, passed by voters in 2016, the TOC Guidelines facilitate the construction of affordable housing near bus and train stations. More information on the TOC Guidelines can be found [here](#).

### **Waivers**

Waivers are requests for relief from development standards not listed on a predetermined menu of incentives that may have the effect of physically precluding the construction of a housing project. More information on incentives included on the predetermined menus in the CHIP Ordinance can be found on page 12.





### **Zoning Capacity**

The number of housing units that can be constructed using zoning regulations and incentive based programs. Sites that are zoned for higher density have more zoning capacity compared to lower density sites. Zoning capacity can be highly theoretical (maximum number of units allowed) or may be based on more realistic development considerations, depending on the purpose and requirements under state and local law.

## Citywide Housing Incentive Program Ordinance Summary Table

*\*NOTE: All programs shall be required to provide the requisite number of restricted affordable units per the provisions of the applicable code section. Incentives and waivers requested for development standards not described on the table below may be subject to additional requirements or supplementary procedures.*

Program	Geographic Eligibility	Base Incentives	Additional Incentives		Public Benefit Options
<b>State Density Bonus Program</b>	<ul style="list-style-type: none"> <li>— Be located on a site that allows at least 5 residential units, including mixed-use developments</li> </ul>	<ul style="list-style-type: none"> <li>— Density</li> <li>— Parking</li> </ul> <p>100% Affordable Housing Projects:</p> <ul style="list-style-type: none"> <li>— Density</li> <li>— Parking</li> <li>— Height</li> </ul>	<ul style="list-style-type: none"> <li>— Yards</li> <li>— Floor Area Ratio</li> <li>— Height</li> <li>— Transitional Height</li> <li>— Space Between Buildings &amp; Passageways</li> <li>— Lot Coverage</li> </ul>	<ul style="list-style-type: none"> <li>— Lot Width</li> <li>— Open Space</li> <li>— Density Calculation</li> <li>— Averaging</li> <li>— Supplementary Parking Reductions</li> <li>— PF Zone</li> <li>— Modification of an Objective Standard</li> </ul>	<ul style="list-style-type: none"> <li>— Childcare Facility</li> <li>— Land Donation</li> <li>— Commercial Off-Site</li> <li>— Multi-Bedroom Units</li> </ul>
<b>Mixed Income Incentive Program</b>					
<b>Transit Oriented Areas</b>	<ul style="list-style-type: none"> <li>— Be located within a ½ mile of a major transit stop</li> </ul>	<ul style="list-style-type: none"> <li>— Density</li> <li>— FAR</li> <li>— Parking</li> <li>— Height</li> </ul>	<ul style="list-style-type: none"> <li>— Yards</li> <li>— Ground Floor Height Requirement</li> <li>— Transitional Height</li> <li>— Space Between Buildings &amp; Passageways</li> </ul>	<ul style="list-style-type: none"> <li>— Lot Coverage</li> <li>— Lot Width</li> <li>— Open Space</li> <li>— Density Calculation</li> <li>— Averaging</li> <li>— PF Zone</li> <li>— Modification of Objective Standard</li> </ul>	<ul style="list-style-type: none"> <li>— Childcare Facility</li> <li>— Multi-Bedroom Units</li> <li>— Preservation of Trees</li> <li>— Land Donation</li> <li>— Active Ground Floor Exemption from Calculation of Floor Area</li> <li>— Privately Owned Public Space</li> <li>— Adaptive Reuse Projects</li> </ul>
<b>Opportunity Corridors</b>	<ul style="list-style-type: none"> <li>— Be located on a designated corridor with frequent bus service, high quality transit service, or within ½ mile of a Metro Rail Station in a Higher Opportunity Area</li> </ul>				
<b>Opportunity Corridor Transitional Area</b>	<ul style="list-style-type: none"> <li>— Be located within 150 or 350 ft from the rear property line of an Opportunity Corridor Incentive Area</li> </ul>				
<b>Affordable Housing Incentive Program</b>					
<b>100% Affordable</b>	<ul style="list-style-type: none"> <li>— Be an eligible 100% Affordable Housing Project</li> </ul>	<ul style="list-style-type: none"> <li>— Density</li> <li>— FAR</li> <li>— Parking</li> <li>— Height</li> </ul>	<ul style="list-style-type: none"> <li>— Yards</li> <li>— Transitional Height</li> <li>— Ground Floor Activation</li> <li>— Ground Floor Height</li> <li>— Commercial Parking</li> <li>— Space Between Buildings &amp; Passageways</li> </ul>	<ul style="list-style-type: none"> <li>— Lot Coverage</li> <li>— Lot Width</li> <li>— Open Space</li> <li>— Density Calculation</li> <li>— Averaging</li> <li>— Modification of an Objective Standard</li> </ul>	<ul style="list-style-type: none"> <li>— Childcare Facility</li> <li>— Multi-Bedroom Units</li> <li>— Preservation of Trees</li> <li>— Land Donation</li> <li>— Active Ground Floor Exemption from Calculation of Floor Area</li> <li>— Privately Owned Public Space</li> <li>— Adaptive Reuse Projects</li> </ul>
<b>Faith Based Organizations</b>	<ul style="list-style-type: none"> <li>— Be a project constructed by a Faith Based Organization with 80% of units restricted affordable</li> </ul>				
<b>P and PF Zones</b>	<ul style="list-style-type: none"> <li>— Be an eligible 100% Affordable Housing Project located in a:</li> <li>— P or PB 'Parking' zone</li> <li>— PF 'Public Facilities' zone and/or on parcels owned by a public agency</li> </ul>				