

Affordable Housing Production Program Handout

What is the AHPP?

[Chapter 9.64 of the Santa Monica Municipal Code](#) (SMMC) establishes the City's inclusionary affordable housing program, *Affordable Housing Production Program (AHPP)*, which requires developers of market rate housing to provide a specified percentage of the project's total units as affordable units or pay in-lieu fees.

When does the AHPP apply?

The construction of two or more dwelling units, not including ADUs or JADUs (SMMC Section 9.64.030).

What are the AHPP requirements?

Number of Units	On-Site Requirement	Off-Site Option (in lieu of on-site requirement)
2-5 units	Pay the Affordable Housing Fee. Projects that provide an affordable housing unit in accordance with State Density Bonus Law are not required to pay the Affordable Housing Fee.	-
6-19 units	15% affordable units for up to 80% AMI	-
20 units or more	15% affordable units with even distribution across 50% AMI, 80% AMI, and Moderate Income	20% affordable units at 50% or 80% AMI

For Tier 2 and 3 projects located in the Downtown Community Plan area, please refer to SMMC Section 9.10.070(C)(1)
 50% of Area Median Income (AMI) - Very Low Income
 80% of AMI - Low Income
 80% to 120% of AMI - Moderate
 Income limits available online at <https://www.santamonica.gov/housing-BMH>

For projects of 20 units or more, affordable units shall be evenly divided across the three income levels. Any remainder above multiples of three shall be distributed to Very Low Income households first and Low Income households second.

Example:

An applicant has an affordable housing obligation of 17 units, which must be distributed one-by-one across the Very Low, Low, and Moderate Income levels (similar to how a deck of cards is dealt). This would result in:

- 6 Very low, 6 Low, and 5 Moderate

Any fractional affordable housing unit that is 0.5 or more shall be treated as a whole affordable housing unit (i.e., any resulting fraction shall be rounded up to the next larger integer) and must be built. For a fractional unit less than 0.5, the affordable housing obligation can be provided as a unit or be satisfied by paying a partial Unit Development Cost fee.

Example 1:

An applicant wants to develop 12 apartment units, their affordable housing obligation is:

$15\% \times 12 \text{ units} = 1.8$ on-site affordable units required, rounded to 2 affordable units

Example 2:

An applicant wants to develop 15 apartment units, their affordable housing obligation is:

$15\% \times 15 \text{ units} = 2.25$; At least 2 on-site affordable units are required and the fractional unit can be provide as a third unit or satisfied by paying a partial Unit Development Cost fee (see Example under Fees below).

Are there unit mix requirements for affordable units?

Yes, the unit mix percentage for affordable two- and three-bedroom housing units must be equal to or greater than the unit mix percentage for the corresponding market rate units. The unit mix percentage for studio (0-bedroom) units cannot exceed 15%.

Any other requirements for the affordable units?

- On-site affordable units must be rental and have the following floor area and occupancy requirements:

Unit Type	Min Size	Min Occupancy
0 bedrooms	500 sf	1 occupant
1 bedroom	600 sf	1 occupant
2 bedrooms	850 sf	2 occupants
3 bedrooms	1,020 sf	3 occupants
4 bedrooms	1,200 sf	5 occupants

- Affordable units must be evenly disbursed throughout the project.

What are the deed restrictions term for an affordable housing unit?

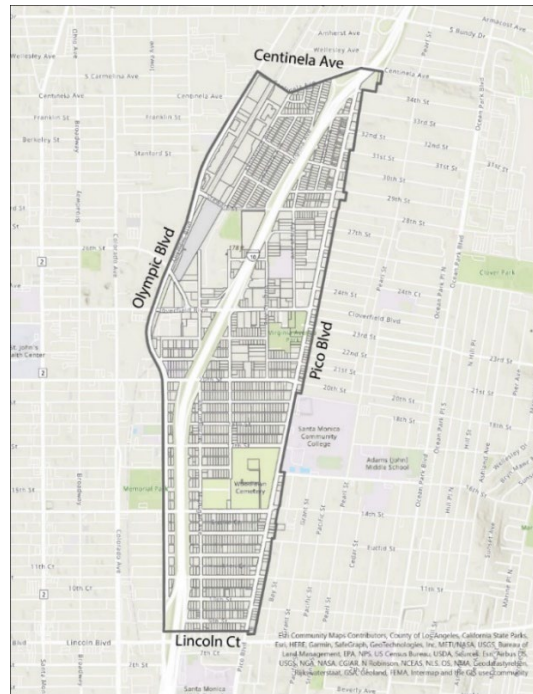
55 years for affordable housing unit provided by a market-rate developer; 99 years for affordable housing unit funded by City's housing trust fund.

Can a developer do off-site affordable housing units?

Yes, but must comply with the following:

- Only projects consisting of 20 units or more may provide off-site units.
- Off-site units shall only be affordable to Very Low or Low Income households

- Off-site units shall adhere to the same requirements for on-site affordable units, such as, but not limited to, unit size, occupancy, unit mix, and rental requirements.
- Off-site receiver site can be located anywhere in the City except the following area, which includes the Pico Neighborhood:



- If two or more market rate projects elect to use the off-site option in a single project, the off-site affordable housing units in the project cannot be double counted towards the satisfaction of any affordable housing obligation, but can count towards eligibility for a density bonus.

How does compliance with AHPP integrate with State Density Bonus?

Projects that include on-site affordable units pursuant to the AHPP are entitled to the density bonuses, incentives or concessions, and waivers or reductions of development standards allowed by State Density Bonus Law.

For projects of 20 or more units providing an even distribution of on-site affordable units between 50% AMI, 80% AMI, and Moderate Income, the total AHPP requirement (i.e. 15% affordable) can be counted as the income level that achieves the highest bonus and number of incentives and concessions granted under State Density Bonus Law. In other words, a 100-unit project providing 15% onsite affordable units evenly split amongst income categories (5% VLI/ 5% LI/ 5% moderate) would be treated as if it was providing 15% VLI (the highest bonus category in this situation) under State Density Bonus Law and would be eligible for 50% density bonus and up to 3 incentives/concessions.

Do replacement units required by Senate Bill (SB) 330/SB 8 count towards AHPP?

Yes, replacement units that are required by SB 330/SB 8 and are deed restricted as affordable, can “double count” towards a project’s AHPP obligation and State Density Bonus.

What are the affordable housing fees? When can they be applied? And how are they calculated?

To review the most current affordable housing fees, please refer to the following website:
<https://www.santamonica.gov/housing-ahpp-developers>

Projects 5 units or less are eligible to pay an affordable housing fee in-lieu of providing affordable units. To calculate the in-lieu fee, the following formula shall be used:

$$(Affordable\ Housing\ Unit\ Base\ fee) \times (floor\ area\ of\ multiple\ unit\ project)$$

Currently, the [Affordable Housing Base Unit fees](#) are:

- \$41.39 / square foot for apartments (effective 12/01/23; updated annually)
- \$48.35 / square foot for condominiums (effective 12/01/23; updated annually)

Example:

An applicant develops a 3-unit apartment complex that totals 6,000 sf and elects to pay the affordable housing fee. Then the fee is:

$$\$41.39/sf\ per\ apartment \times 6000\ sf = \$248,340$$

For projects 6 or more units with a fractional affordable housing units of less than 0.5, a partial Unit Development Cost fee can be paid to fulfill the fractional affordable housing obligation. To calculate this in-lieu fee, the following formula shall be used:

$$(Unit\ Development\ Cost) \times (fractional\ percentage)$$

Currently, the Unit Development Cost fee is:

- \$434,257 Unit Development Cost (effective 12/1/23; updated annually)

Example:

An applicant of a 14-unit condo project must provide 15% affordable Very Low Income units.

$$15\% \times 14\ units = 2.1\ units\ must\ be\ affordable$$

In that case, the applicant must provide 2 affordable units on-site and can pay a fee for the 0.1 fractional unit:

$$\$434,257 \times 0.1\ fractional\ unit = \$43,257$$