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City of Los Angeles Enacts New Housing Linkage Fee

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On December 13, 2017, the Los Angeles City Council passed a new ordinance that will phase in a Housing Linkage Fee payable by most new residential and commercial developments. The new ordinance takes effect on February 17, 2018, but the full fee will not be imposed until summer 2019. The phasing of the fee provides that one-third of the fee will be payable starting June 17, 2018, then two-thirds of the fee payable until December 20, 2018, and the full fee will be assessed after June 16, 2019. Once fully assessed, the fee will range from \$1.00 to \$15.00 per square foot for residential projects and from \$3.00 to \$5.00 per square foot for commercial projects, with the fee range depending on the location of the project in low to high market areas in the City.

In addition to the phased roll-out of the fee, the new fee ordinance provides for “grandfathering” of projects in Plan Check or with a Planning Department Application on file. Any project with such plans or applications on file will pay the fee (or partial fee) in effect on the date of filing. In other words, developers have until June 17, 2018, to get plans or applications on file to be entirely exempt from the fee.

The ordinance also contains a variety of exemptions for smaller projects and public benefit projects. Any commercial project that adds less than 15,000 square feet of building area is exempt, as well as projects meeting affordable housing criteria, and limited additions to single-family homes. Government projects including schools, museums and homeless shelters are exempt, as are private schools and hospitals.

For more information about the new fee and its potential effect on your projects, contact a member of Glaser Weil's Government and Land Use Group: Clare Bronowski (310.282.6254, cbronowski@glaserweil.com), Timothy McOsker (310.556.7870, tmcosker@glaserweil.com), Elisa Paster (310.556.7855, epaster@glaserweil.com) or your Glaser Weil relationship attorney.

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