

Density Bonus Findings

Tigran Oganessian (“the Applicant”) is the owner of the real property located at 13022 North Dronfield Ave (“the Property”). The Property consists of Lot 2 of Tract 29127 and contains approximately 10,241 square feet of lot area. The Property is currently improved with two detached residential structures. The Applicant is proposing to demolish the existing structures and construct and maintain a three-story, residential apartment building over one level of parking (“the Project”).

The Applicant is seeking a 35% ministerial density bonus (with 15% of the base number of units set aside for very low-income households) pursuant to Los Angeles Municipal Code (“LAMC”) Section 12.22.A.25, which implements the State Density Bonus law (California Government Code Section 65915). The Applicant also requests On Menu Incentives to reduce the rear and side yards by 20% pursuant to LAMC 12.22.A.25(f)(1).

Pursuant to Section 12.22 A.25(g)(2)(i)(c) of the LAMC and Section 65915(e) of the California Government Code, the Director shall approve a density bonus and additional incentive(s) unless the Director of Planning finds that:

- a. The Incentive does not result in identifiable and actual cost reductions to provide for affordable housing costs as defined in California Health and Safety Code Section 50052.5 or Section 50053 for rents for the affordable units.

As a privately financed project not seeking government funds, the Project must satisfy stringent lending requirements, including a debt service coverage ratio driven by the Project’s stream of rental income. Additional market rate units are necessary to subsidize the loss of revenue attributable to the severely restricted rents for the Project’s VLI Units.

The Project proposes to include 2 VLI Units, accounting for over 15% of the Project’s base density. VLI units have the same incremental costs (for both construction and operations) as market rate units, but their rents are strictly limited as determined by State law, leading to a reduced return for a project that includes affordable units. Increased construction costs, maintenance costs and debt, combined with severely reduced rents could preclude the Project from obtaining conventional financing or making financial sense to capital partners or other investors. If the additional 35% density were not utilized, the Property’s development potential would be severely limited and would not be economically feasible.

- b. The Incentive will have a Specific Adverse Impact upon public health and safety or the physical environment or on any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the Specific Adverse Impact without rendering the development unaffordable to Very Low, Low and Moderate Income households.

There is no substantial evidence that the proposed density bonus will have a specific adverse impact on the public health and safety or the physical environment or on any real property that is listed in the California Register of Historical Resources. The project does not involve a structure

on the City of Los Angeles list of Historical-Cultural Monuments nor in a Historic Preservation Overlay Zone.