



# Mello Act Update – Zoning Code Amendment

City Council Public Hearing - July 13, 2021

# Background

- California adopts Mello Act in 1981
  - Establishes a requirement to replace demolished affordable housing in the coastal zone
  - Payment of in-lieu fees is permitted as an alternative
- State-mandated Housing Element update adopted in 2014 for 5<sup>th</sup> Cycle (2014-2021)
  - Housing Element requires an update to the in-lieu affordable housing fees for Coastal Zone
  - City has not collected any Mello in-lieu fees since 2014 as no projects have triggered the Mello Act

# Overview

- Item first heard by City Council on January 19, 2021
  - Draft Ordinance has been revised, per City Council instruction, to better align proposed Mello Act amendments with adopted Inclusionary Housing and No Net Loss Ordinances
- Proposed fee schedule based on market study of current development costs
- Update removes exemption for Single Family Houses/ Duplexes/Accessory Dwelling Units as single-family rental units have become more common in Coastal Zone
- Planning Commission approved recommendation on October 1, 2020

# Proposed Fee Schedule

In-Lieu Fee Schedule*			
Number of Bedrooms in Displaced Unit	Very-Low Income	Low Income	Moderate Income
Studio	\$241,000	\$222,000	\$127,000
1 Bedroom	\$296,000	\$272,000	\$155,000
2 Bedrooms	\$350,000	\$322,000	\$183,000
3+ Bedrooms	\$404,000	\$372,000	\$212,000

\*Fees to escalate each year at the rate of the Construction Cost Index (CCI) to reflect current market cost

# Additional Changes

- Both rent *and* tenant income considered in establishing replacement unit affordability level
- Eliminates alternative ways to comply with affordable unit replacement requirement (rehab, conversions, and offsite units)
- Must replace all housing units at same or greater affordability
- Ensure fees maintain pace with construction costs
- Affordability covenants established for the life of the project

# Outreach and Environmental Review

- Public Outreach:
  - Planning Commission Hearing
  - Long Beach Press-Telegram publication
  - Link LB Blast
  
- Environmental Review:
  - In accordance with the California Environmental Quality Act (CEQA) Guidelines, the proposed ordinance is exempt from CEQA pursuant to Section 15305 (Class 5 – Minor Alterations to Land Use Limitations) of the CEQA Guidelines

# City Council Action

- Receive the supporting documentation into the record, conclude the public hearing, and determine that the project is categorically exempt from the California Environmental Quality Act (“CEQA”);
- Declare an Ordinance amending Title 21, Zoning Regulations (Zoning Code), of the Long Beach Municipal Code to add Chapter 21.61 (Maintenance of Low Income Housing in the Coastal Zone) to limit exceptions to the requirements to replace affordable units and to modify the in-lieu fees for Coastal Zone areas of the City; and,
- Adopt Resolution authorizing the Director of Development Services to submit amendments to the Long Beach Zoning Regulations to the California Coastal Commission for its review, approval and certification.





**Thank you**

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