



Legislation Details (With Text)

File #: 21-0646 **Version:** 2 **Name:** DS - Mello Act In-Lieu Fees
Type: Ordinance **Status:** Adopted
File created: 6/24/2021 **In control:** City Council
On agenda: 7/13/2021 **Final action:** 7/20/2021
Title: Recommendation to declare ordinance amending the Long Beach Municipal Code by amending Chapter 21.61 relating to Maintenance of Low Income Housing in the Coastal Zone, read and adopt as read. (Citywide)
Sponsors: Development Services
Indexes:
Code sections:
Attachments: 1. 071321-H-19sr&att.pdf, 2. 072021-ORD-21att.pdf, 3. 071321-H-19 presentation.pdf, 4. ORD-21-0027.pdf

Date	Ver.	Action By	Action	Result
7/20/2021	2	City Council	approve recommendation and adopt	Pass
7/13/2021	1	City Council	declare ordinance read the first time and laid over to the next regular meeting of the City Council for final reading	Pass

Recommendation to declare ordinance amending the Long Beach Municipal Code by amending Chapter 21.61 relating to Maintenance of Low Income Housing in the Coastal Zone, read and adopt as read. (Citywide)

In 2014, the City Council adopted the current 2013-2021 General Plan Housing Element. The document identifies several actions to be completed during the 2013-2021 period including Program 4.4 related to Affordable Housing Funding Opportunities. One of the implementing actions for that program involves an update to the Coastal In-Lieu Fees that developers are required to pay if a lower-income unit is demolished within the Coastal Zone. Along with the updating of the fees to reflect current market costs, this action will remove a one- to two-unit exemption from the fee requirements that is no longer consistent with State law and best practices.

In 1981, the California legislature enacted Government Code Section 65590, the Mello Act, which prohibits the demolition of lower-income housing units within the Coastal Zone unless a provision is made for those units to be rebuilt onsite or within a certain distance or to be replaced through the payment of in-lieu fees. Between 1981 and 2014, the City of Long Beach (City) received over \$2 million in in-lieu fees related to demolitions and condo conversions within the Coastal Zone. These fees supported the construction of 393 affordable units to offset the loss of 111 affordable units.

Around 2008, City and Coastal Commission policy began to evolve alongside changes in market and regulatory conditions in Long Beach. The payment of in-lieu fees is no longer

desirable when considering the rapidly increasing cost of developing affordable housing units. Preservation of existing housing or replacement onsite are superior options under current conditions. No Mello Act fees have been collected since 2014; however, it remains a legal requirement to offer in-lieu fees as an alternative means of compliance with the Mello Act.

Proposed Ordinance

On January 19, 2021, a proposed Ordinance was presented to City Council to amend Chapter 21.61 (Maintenance of Low-Income Housing in the Coastal Zone) to limit exceptions to the requirements to replace affordable units and to increase the in-lieu fees for Coastal Zone areas of Long Beach. During that hearing, the City Council approved a motion directing staff to revise the Ordinance based on feedback from the community and the City Council (Attachment A - January 19, 2021 City Council Letter and Ordinance). The proposed Ordinance has since been revised to incorporate additional changes to better ensure it aligns with the proposed Inclusionary Housing and No Net Loss policies the City adopted in February 2021. The proposed changes to the Ordinance (Attachment B - Findings) include extending the affordability covenants on new units for the life of the project, requirements for the onsite construction of new affordable housing units in the Coastal Zone as the only alternative to paying in-lieu fees, and removing the option that proposed allowing the construction, rehabilitation, or conversion of offsite units to meet the obligation. A new provision has been added to require all replacement units be provided at either the same or a greater level of affordability as the existing affordable unit being replaced. Finally, in the event of a project triggering Mello Act requirements in the city, Development Services staff is proposing to develop a pilot program to monitor the implementation of affordability requirements that are defined by looking at both the rent and income levels of tenants. Findings in support of the proposed Zoning Code Amendment are attached to this report (Attachment C - Draft Code Amendment).

Public Notice

Notice of this public hearing was published in the Long Beach Press-Telegram on June 28, 2021, in accordance with provisions of the Zoning Code (Title 21). Notices were provided to City libraries and notice posting was provided at City Hall and at three public locations in the Coastal area. A notice of the proposed Zoning Code amendment was distributed through the City's LinkLB e-mail blast system and to individual stakeholders who have requested notification on this item. No responses were received as of the date of preparation of this report. Any comments received prior to the City Council hearing will be provided at the hearing.

Environmental Review

In accordance with 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 and none of the exceptions in 15300.2 apply, and it is further exempt pursuant to Section 15308 (Actions by Regulatory Agencies for Protection of the Environment) and

Section 15061(b)(3) (Common Sense Exemption), as it will not result directly or indirectly in significant environmental impacts.

This matter was reviewed by Assistant City Attorney Michael J. Mais on June 23, 2021 and by Budget Management Officer Rhutu Amin Gharib on June 22, 2021.

City Council action is requested on July 13, 2021, to allow sufficient time to implement the revised fees for Fiscal Year 2022.

When levied, the revised Mello Act in-lieu fees will result in additional revenue to help offset the development of affordable housing units in the Coastal Zone. The revenue impact of the Mello Act in-lieu fees is anticipated to be limited. In the past decade, there has been a lack of development in the Coastal Zone to trigger Mello Act fees, and an estimate of new revenues generated cannot be estimated with accuracy at this time. Implementation of the Mello Act update has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LONG BEACH AMENDING THE LONG BEACH MUNICIPAL CODE BY AMENDING CHAPTER 21.61 RELATING TO MAINTENANCE OF LOW INCOME HOUSING IN THE COASTAL ZONE

OSCAR W. ORCI
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

THOMAS B. MODICA
CITY MANAGER