



Legislation Details (With Text)

File #: 21-0041 **Version:** 1 **Name:** DS - Mello Act Update
Type: Ordinance **Status:** Unfinished Business
File created: 12/28/2020 **In control:** City Council
On agenda: 1/19/2021 **Final action:** 1/19/2021

Title: Recommendation to determine that the project is categorically exempt from the California Environmental Quality Act (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 that 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 (CE20-090);

Declare 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 increase the in-lieu fees for Coastal Zone areas of Long Beach, read the first time and laid over to the next regular meeting of the City Council for final reading; and

Sponsors:

Indexes:

Code sections:

Attachments: 1. 011921-H-13sr&att.pdf, 2. 011921-H-13 PowerPoint.pdf

Date	Ver.	Action By	Action	Result
1/19/2021	1	City Council	laid over	Pass

Recommendation to determine that the project is categorically exempt from the California Environmental Quality Act (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 that 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 (CE20-090);

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In 2014, the City Council adopted the current 2014-2021 General Plan Housing Element. The document identifies several actions to be completed during the 2014-2021 period including Program 4.4 related to Affordable Housing Funding Opportunities. One of the actions 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 October 1, 2020, the Planning Commission approved the staff recommendation and recommended that the City Council adopt the proposed Ordinance to increase in-lieu fees (Attachment A). Unlike other development impact fees, Mello Act fees exist within the Zoning Code and must be modified by amending Title 21 of the Long Beach Municipal Code (LBMC). This action will match the fee to the full financial gap associated with the construction of affordable units, as demonstrated in a technical study from Keyser Marston Associates (Attachment B). Below are the proposed updated in-lieu fees:

In-Lieu Fee Schedule			
Number of Bedroom 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

The proposed ordinance will also eliminate exceptions for projects involving one and two units that exist in the current code provisions (Attachment C). As the number of individuals renting single-family homes, duplexes and accessory dwelling units has increased, it is no longer appropriate to exempt those properties from the requirements of the Mello Act. Findings in support of the proposed Zoning Code Amendment are attached to this report (Attachment D).

Public Notice and Environmental Compliance

Notice of this public hearing was published in the Long Beach Press-Telegram on December 21, 2020, in accordance with provisions of the Zoning Code (Title 21). Due to the declared state of emergency, notices were not provided to City libraries (they are closed), notice posting was provided at City Hall but not at multiple locations. 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.

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 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 December 15, 2020 and by Budget Analysis Officer Julissa José-Murray on December 19, 2020.

SUSTAINABILITY

There is no sustainability impact associated with this recommendation.

City Council action is requested on January 19, 2021, to allow sufficient time to implement the revised fees for the current Fiscal Year 2021.

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 accurate 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.

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OSCAR W. ORCI
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

THOMAS B. MODICA
CITY MANAGER