



Enhanced Density Bonus – Zoning Code Amendment

City Council Hearing - September 14, 2021

Background: State Density Bonus Law

- Enacted in 1979 to help address Statewide affordable housing shortage
- To help offset the cost of including a percentage of affordable units in a market-rate development, State Density Bonus provides:
 - An increase in density
 - Development standard concessions and incentives, including by-right parking reductions
- Over 40 years later, the City, region, and State face even greater affordable housing challenges
- Recent amendments (Assembly Bill 2345) increased bonus from 35% to 50%, lowered the development concession threshold when low income units are included, and reduced parking requirements

What is “Enhanced” Density Bonus and Why Do We Need It?

- Greater density bonus, incentives, and development concessions [beyond those found in State law](#), in exchange for affordable housing units
- Tailors the incentive structure to [local conditions](#) with the greatest bonuses in areas served by the highest quality transit
- Complements the [Inclusionary Housing Ordinance](#)
 - Helps offset the cost of meeting the new inclusionary requirements

What it does not do:

- Rezone or change land use designation of properties
- Upzone low density residential (R1/R2) properties or allow residential uses in areas planned solely for commercial use (Community Commercial PlaceType, for example)

What is “Enhanced” Density Bonus and Why Do We Need It?

- Encourages housing production citywide; important for creating a more equitable city
 - The City is not producing sufficient housing overall, and, is producing insufficient levels of affordable housing to meet demonstrated need
 - The State Density Bonus has proven insufficient to encourage housing production; only been used in limited instances in the past two decades
- Furthers the goals of the inclusionary housing outside of Downtown and Midtown
- Temporary measure to meet Housing Element obligations
 - Help achieve 26,000-unit Regional Housing Needs Allocation (RHNA) through 2029
 - Proposed to sunset when RHNA for affordable units is met or by 2030, whichever comes first

Why this specific strategy?

- UPLAN ground truthing revealed market forces, development costs and site constraints mean many sites cannot be developed to anticipated densities
- EDB is designed to help address this and make many sites citywide more viable for multifamily housing development

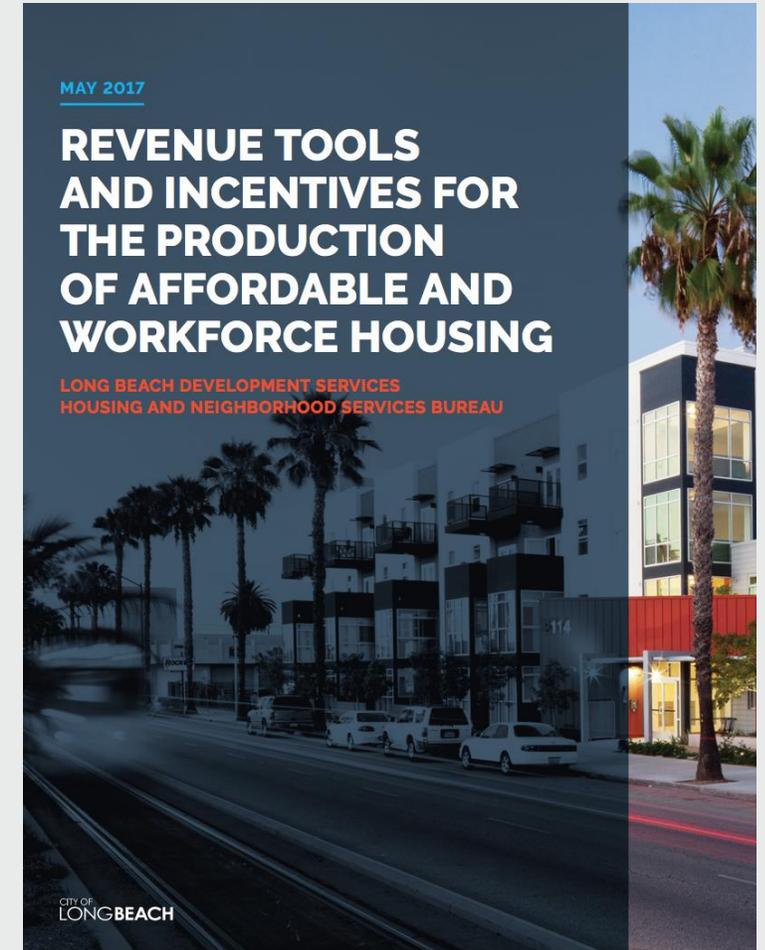
*“Even on vacant lots the land costs would have to be reduced by **almost 40%** to reach feasibility in the Base Case. Reducing land cost by approximately 20% bring the density bonus scenarios within the realm of feasibility. Alternatively, a **parking reduction of nearly 20%** would bring the density bonus scenarios to a feasible return on cost.”*

Site 2: Neighborhood Residential Lot MFR-L (29 DUAC Max)			
	Base Case	Enhanced DB Base Area	Enhanced DB Transit Corridor
RETURNS			
Net Profit Margin			
Net Value = Net Profit	(\$513,089)	(\$445,334)	(\$445,334)
Gross Revenue	\$2,004,590	\$2,706,590	\$2,706,590
Net Profit / Gross Revenue	-25.60%	-16.45%	-16.45%
SENSITIVITY ANALYSIS			
Land Cost			
Base (/Sq.Ft.)	\$86	\$86	\$86
Cost to reach Return Threshold (\$/Sq.Ft.)	NA ¹	NA ¹	NA ¹
Change	NA ¹	NA ¹	NA ¹
Revenue			
Market Price or Rent/Sq.Ft.	\$314	\$315	\$315
Price Premium for feasibility (\$/Sq.Ft.)	\$442	\$423	\$423
Price Premium %	41%	35%	35%
Units Required for Project	6	8	8
Parking Ratio (spaces per unit)	1.50	1.33	1.33
Units in Parking for feasibility	NA ¹	NA ¹	NA ¹
Required Parking Scenario(# of Spaces)	NA ¹	NA ¹	NA ¹
Required Parking Scenario Ratio (Spaces per Unit)	NA ¹	NA ¹	NA ¹
Scenario			
Units in Required Parking provided	4	5	5
Required Parking Ratio (spaces per unit)	1.00	0.83	0.83
Price Premium Needed for Feasibility			
Sales Price /Rent per SF required	\$437	\$417	\$417
Price Premium %	39.25%	32.50%	32.50%

Source: AECOM
(1) No Solution

Policy Goals

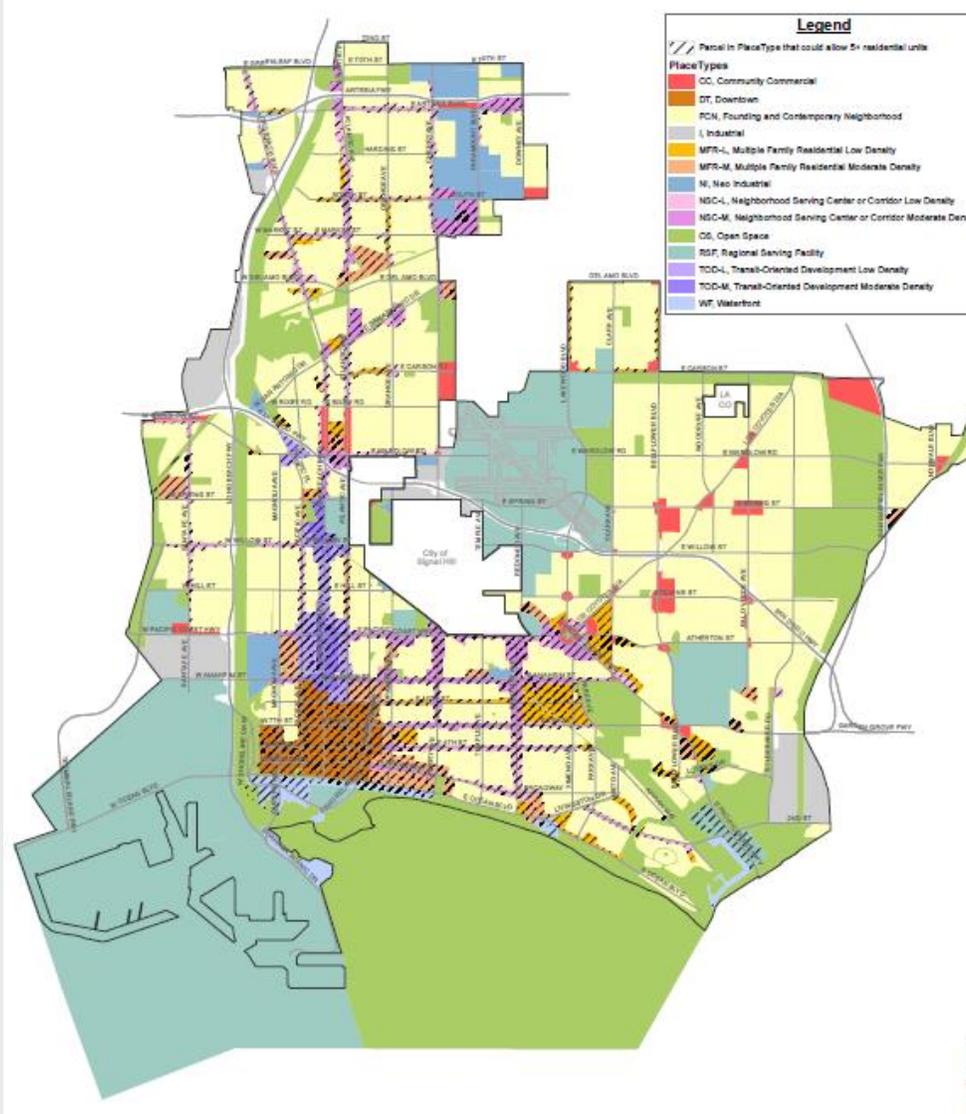
- Implement Policy 1.4 of the May 2017 Affordable and Workforce Housing study
- Implement Recommendation 2e of the 2018 Everyone Home Long Beach report for expanding the number of rent-stabilized units through options such as production, policy, and preservation
- Implement Land Use Element (LUE) goals, policies, and land use strategies
- Complement Inclusionary Housing Policy
- Early implementation for Housing Element Update



Regulatory Framework – Eligibility

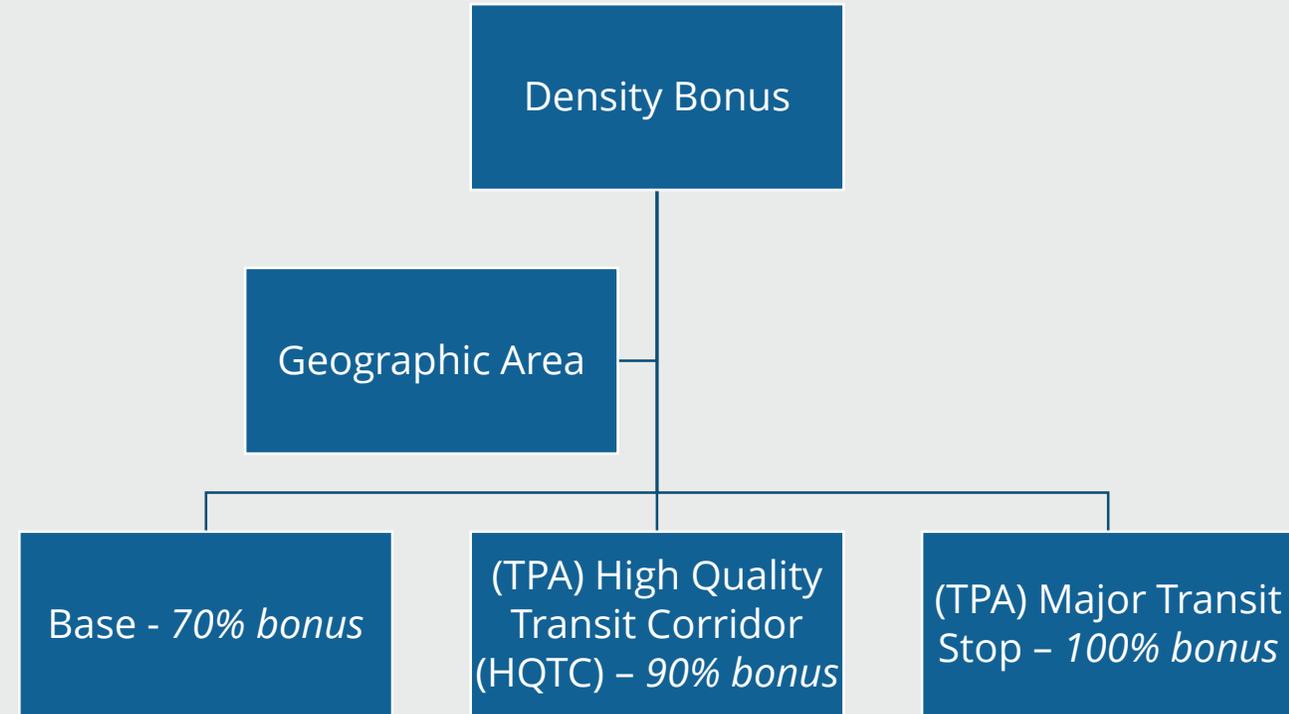
- Properties are only eligible if the property’s zoning or PlaceType allows both **residential uses** and allows **five or more housing units** to be built
- The ordinance **does not change existing zoning**
 - **This ordinance does not change any underlying zoning; it does not increase allowable density to five units per lot**
 - The five units baseline is an eligibility criterion
 - Properties zoned R1 and R2 or with the Founding Contemporary Neighborhood (FCN) PlaceType are not eligible
 - Commercial-only properties are not eligible

LUE PlaceTypes Likely Eligible for EDB

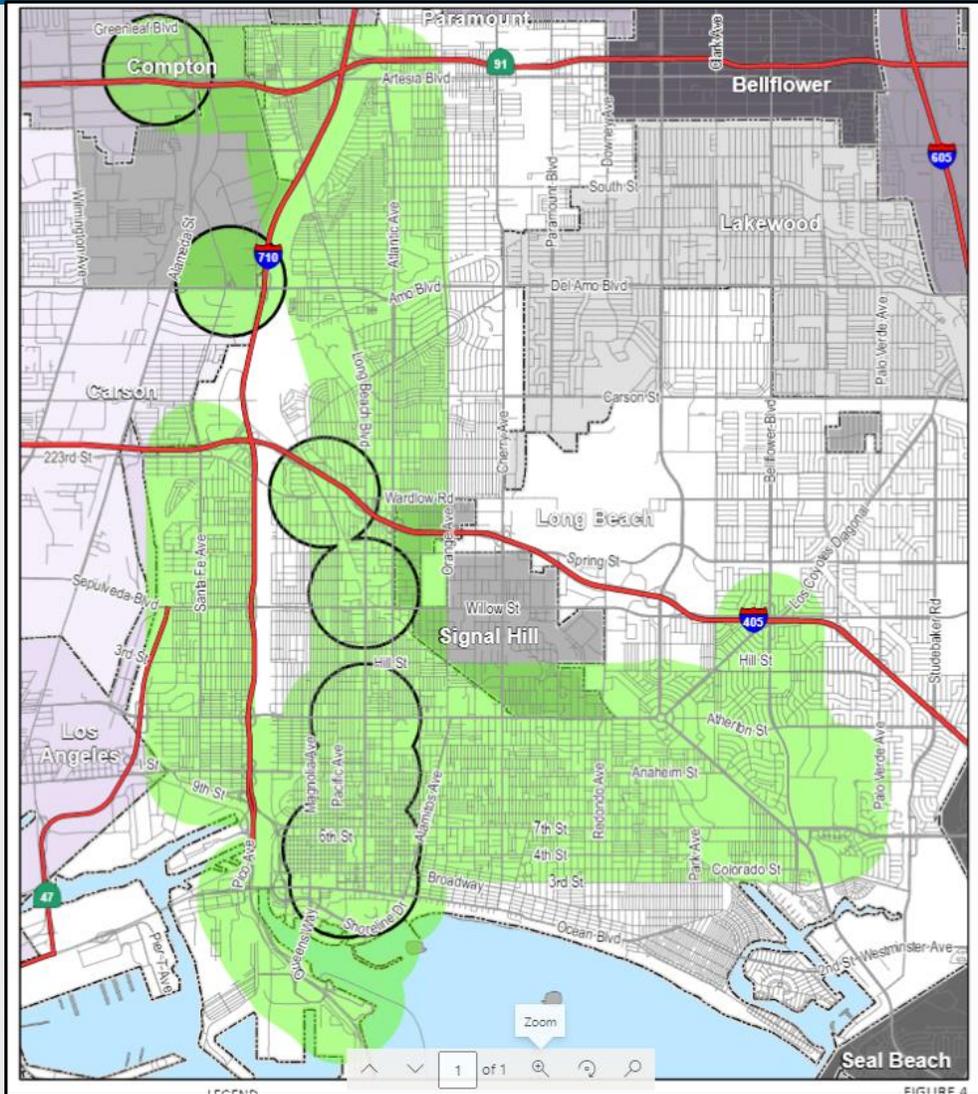


Regulatory Framework – Geographic Tiers and Density Bonus

- Density bonus amount is based on percentage and affordability level of affordable units proposed and project location
- Greatest density bonuses are limited to infill sites in Transit Priority Areas (TPAs) defined by the state
 - Reduce Greenhouse Gas (GHG) by reducing Vehicle Miles Traveled (VMT)
 - The greater bonuses most likely in mixed-use corridors and Downtown/Midtown areas, near highest quality transit

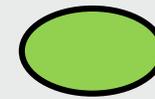


Transit Priority Areas (TPAs) as Defined by State Law



Three Geographic Tiers

LEGEND



Major Transit Stop



High Quality Transit Corridor



Base Area

Regulatory Framework- Maximum Bonuses Available

	State DB	Long Beach Proposed EDB		
	Statute 65915	Base Area	HQTC	Major Transit Stop
Very Low Income Requirement	15%	14%	17%	16%
Low Income Req	24%	18%	20%	20%
Moderate Income Req	44% for-sale only	22%	24%	24%
Total Max Bonus Allowed	<u>50%</u>	<u>70%</u>	<u>90%</u>	<u>100%</u>

Example Scenario

- The site is in the HQTC area
- Eligible for 80% density bonus if 15% of units are Very Low Income (VLI)
- 36 base units per zoning
- $36 \times 0.15 = 5.4 = \mathbf{6 \text{ VLI Units}}$
- $36 \times 0.8 = 29$ additional units
 - 23 additional market-rate units plus the 6 VLI units
- $36 + 29 = \mathbf{65 \text{ max units total with 80% bonus}}$
- 7 concessions allowed corresponding to the bonus

Affordable Component	Bonus for VLI	Bonus for LI	Bonus for Mod
3 (*)	20	5	
4 (*)	25	10	
5	30	15	
6	35	20	6
7	40	25	7
8	45	30	10
9	50	35	15
10	55	40	20
11	60	45	25
12	65	50	30
13	70	55	35
14	75	60	40
15	80	65	45
16	85	70	50
17	90	75	55
18		80	60
19		85	65
20		90	70
21			75
22			80
23			85
24			90

Regulatory Framework – Development Concessions

- The maximum number of concessions for an EDB project is nine (9)
 - **On-menu concessions** → “by-right”: FAR increases, and reductions in non-residential parking, open space, transitional height, and individual setback requirements
 - Height concessions: one additional story of height per incentive; max two-story in Base Area and three stories in TPAs
 - **Off-menu concessions** → Each request counts as two (2) concessions and requires Planning Commission approval
 - **Projects subject to Inclusionary Housing Policy (IHP)** → Are required to include the required percentage of housing units as onsite affordable units
 - Eligible for up to six concessions
 - **Special Bonuses and Concessions for Large Units and Childcare Facilities**

Regulatory Framework – Parking

- The lower of the parking reductions offered by the State or by the EDB ordinance:

State Density Bonus Law

0-1 Bedrooms	1 space/unit
2-3 Bedrooms	1.5 spaces/unit
4 and more Bedrooms	2.5 spaces/unit

EDB Ordinance

0-1 Bedrooms	0.75 space/unit
2 Bedrooms	1.00 space/unit
3 Bedrooms	1.25 space/unit
4 and more bedrooms	2.5 spaces/unit
Guest Parking	1 space / 8 units
Commercial Parking	First 6,000 square feet exempt; zoning code parking requirements apply beyond 6,000 square feet

- State law reduces parking for DB projects in TPAs to 0.5 spaces per unit
- As with State DB projects, 100% affordable EDB projects are parking exempt

Parking Scenario Examples: Base Area

- The site is in the Base area
- 36 base units allowed per zoning
- Eligible for 60% density bonus if 12% of units are VLI
- 58 max units total with 60% bonus

Unit breakdown	Parking required per State	Parking required per EDB
10 one-bedroom units	10 parking spaces	7.5 parking spaces
23 two-bedroom units	34.5 parking spaces	23 parking spaces
25 three-bedroom units	37.5 parking spaces	31.25 parking spaces
Guest parking	Included in the above rates	7.25 spaces
Total (rounded up)	<u>82 parking spaces</u>	<u>69 parking spaces</u>

Parking Scenario Examples: Major Transit Stop Area

- The site is in the Major Transit Stop area
- 44 base units allowed per zoning
- Eligible for 80% density bonus if 12% of units are VLI
 - State law: if you provide at least 11% VLI → 0.5 spaces **per unit**
- 80 max units total with 80% bonus

Unit breakdown	Parking required per State	Parking required per EDB
20 one-bedroom units	10 parking spaces	15 parking spaces
45 two-bedroom units	22.5 parking spaces	45 parking spaces
15 three-bedroom units	7.5 parking spaces	18.75 parking spaces
Guest parking	Included in the above rates	10 parking spaces
Total (rounded up)	<u>40 parking spaces</u>	<u>89 parking spaces</u>

Regulatory Framework – Enhanced No-Net-Loss Requirements

- Additional findings to address no-net-loss; requirements for replacement of existing affordable units + affordable housing units required by EDB
- Number and affordability levels of replacement units must be based on the number of units on the site that are affordable to lower-income households
 - To stabilize the amount of ‘naturally occurring’ affordable housing units regardless of income of households who resided in them
 - Anti-displacement measure aimed at ensuring a net increase in affordable units
- Documentation to establish rent and affordability levels; AMI comparison; no demo permits to be issued

Regulatory Framework – Review Process, Affordability Restriction, and Administrative Provisions

- **Sunset clause:** Ordinance must sunset either on October 1, 2030, unless extended by City Council, or if the City fulfills its 6th Cycle Housing Element RHNA requirements for very low-, low-, and moderate-income units
- **Review Process:** Site Plan Review required for EDB projects
 - Objective design and development standards; Urban Design Element standards; Transitional height requirements
- Projects with requests for off-menu incentives will require Site Plan Review by the Planning Commission
- **Administrative Provisions:** Existing development Impact fee waiver for affordable units extended to moderate income units

Public Outreach and Comments

Public Outreach

- Housing Element outreach meetings and focus groups
- HEU Virtual Open House
- Long Beach Press-Telegram publication
- LinkLB email blast

Summary of Public Comments

- Feedback on housing topics, strategies for increasing housing production, concern over bonus, goal of EDB should be to increase proportion of affordable units in market-rate housing
- Need for more affordable housing and quality housing, parking, difficulty in finding affordable housing, infrastructure, concerns over new housing
- 3 letters of support; 10 letters of concern; 5 letters on the merits of the Negative Declaration (but 2 received after the deadline)

EDB Environmental Review

- Initial Study/Negative Declaration (IS/ND-08-20) finds that the project will not result in significant effects to the environment
- Posted on City website and published in Long Beach Press-Telegram on May 3, 2021
- EDB aims to help the city achieve its 6th Cycle HEU RHNA allocation, which is less than, but comparable to, the number of housing units planned for in the LUE (28,524 units)
- Bonuses directed to high quality transit areas, consistent with State Law in which infill residential and mixed-use projects would be exempt from transportation analysis; aesthetic impacts not significant (SB 743)
- Individual projects subject to environmental review, as required by CEQA

Recommendation

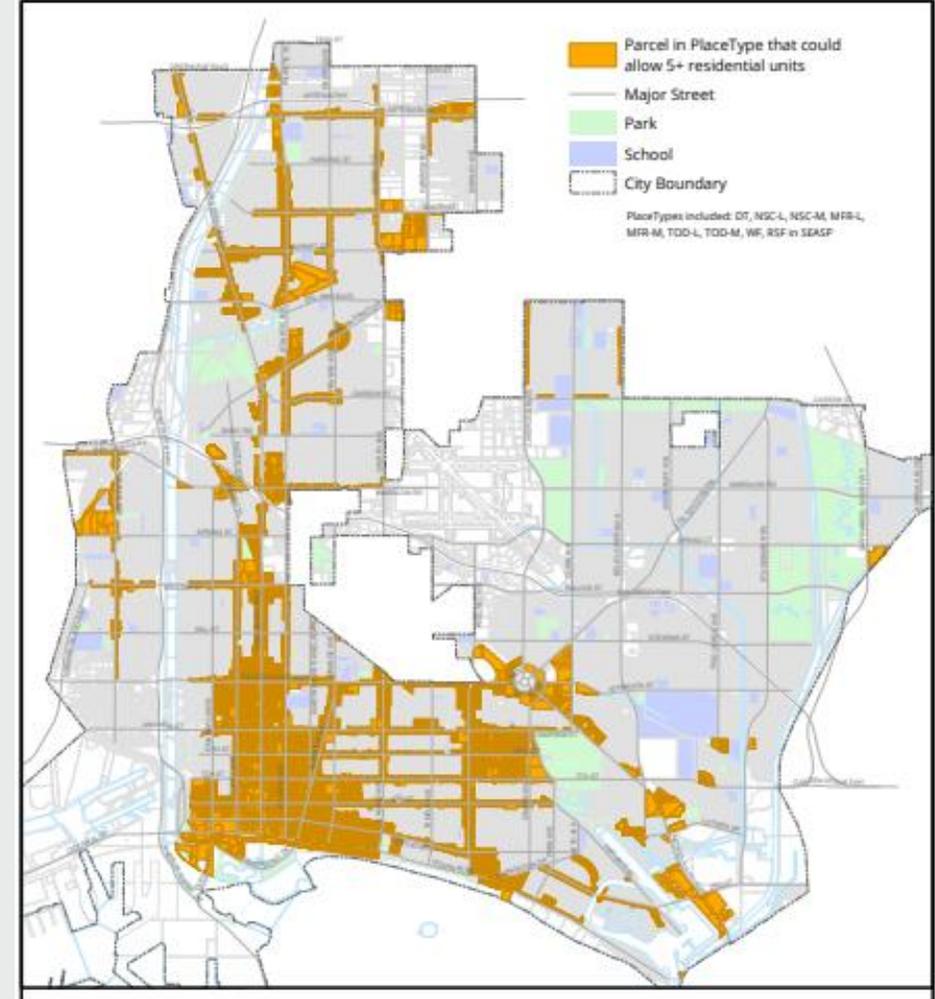
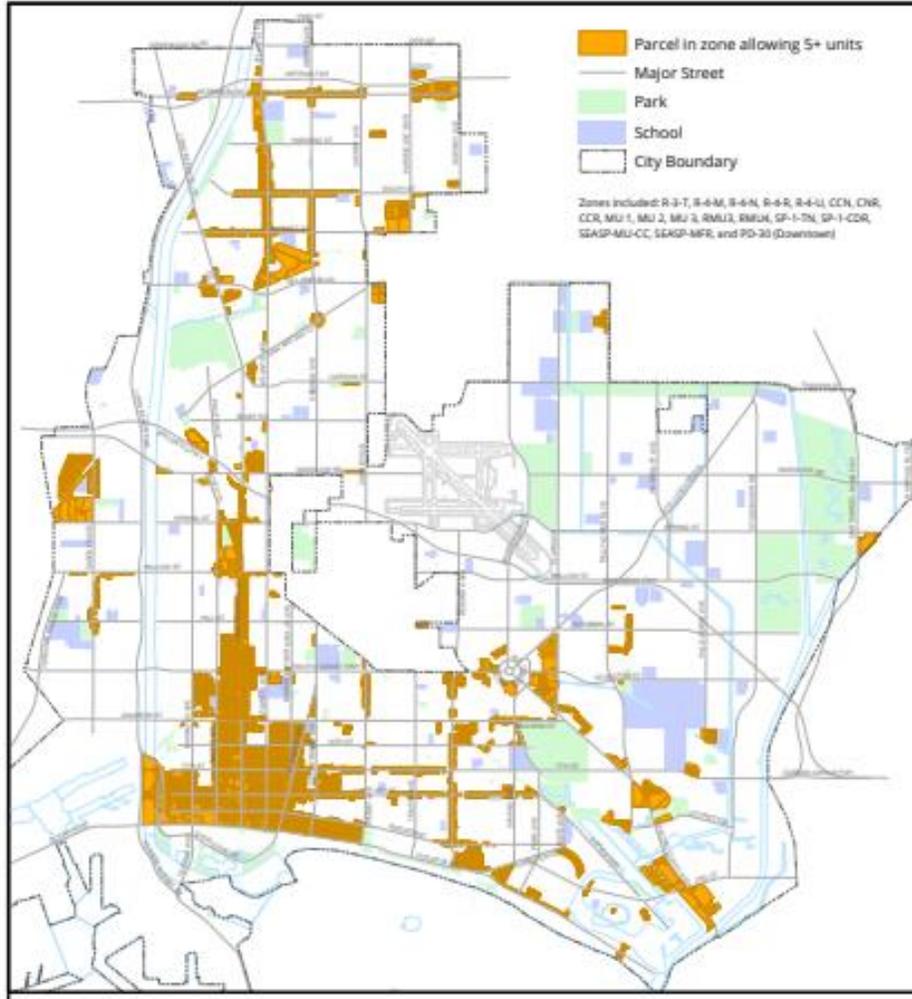
- Receive supporting documentation into the record, conclude the public hearing, and adopt Negative Declaration ND08-20;
- Declare an Ordinance amending the Long Beach Municipal Code by adding Chapter 21.68 establishing an Enhanced Density Bonus (EDB); and by adding Section 21.25.506.A.7 regarding required Site Plan Review (SPR) findings, read the first time and laid over to the next regular meeting of the City Council for final reading;
- Declare an Ordinance amending the Long Beach Municipal Code Subsections 18.15.110.A.2.e, 18.16.110.A.2.e, 18.17.130.B.5, and 18.18.120.E, all related to impact fee waivers for affordable moderate income units built or produced in future mixed-use and residential projects, read the first time and laid over to the next regular meeting of the City Council for final reading; and,
- Adopt a Resolution directing the Director of Development Services to submit the Ordinance amendments to the California Coastal Commission for a finding of conformance with the Certified Local Coastal Program.



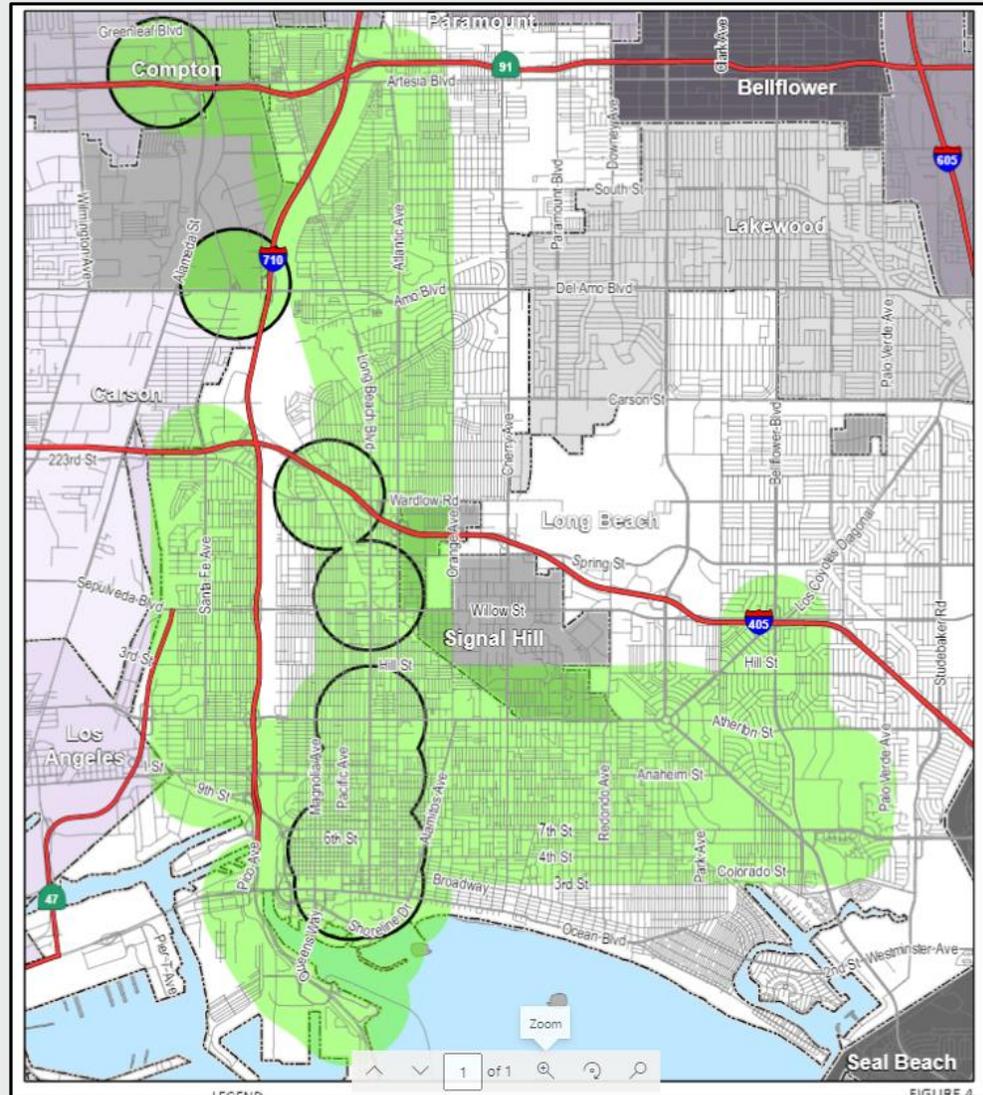
Thank you

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Eligible Parcels based on Zoning and PlaceType



Transit Priority Areas Map



LBMC Residential Parking

Number of Units/Bedrooms ^(e)	Number of Spaces per Unit ^(a)	Coastal Zone Only
Unit Parking		
-0 bedrooms (not more than 450 sq. ft.)	1.00	1.00
-1 or more bedrooms (or zero bedrooms, 451 sq. ft. or more)	1.50	2.00
-2 bedrooms or more	2.00	2.00
Guest parking^{(b)(c)(d)(e)}	1 space/4 units	1 space/4 units

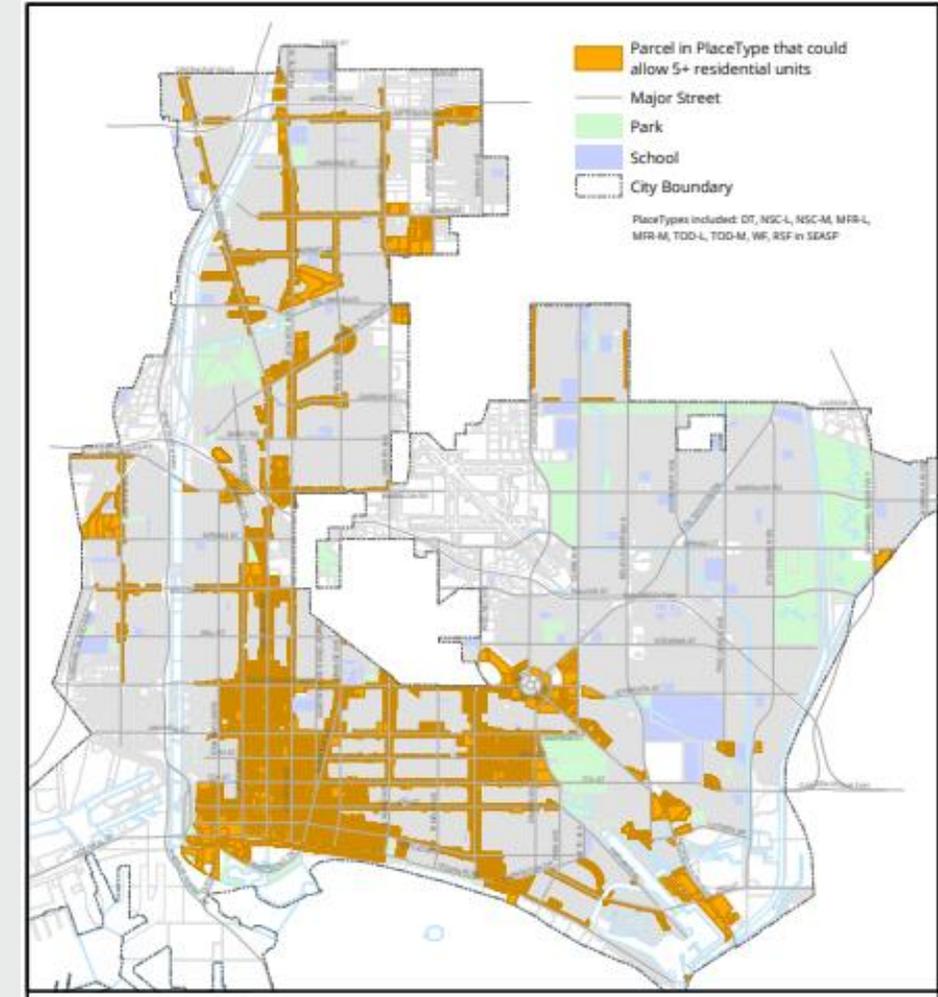
Background

- July 16, 2020: PC Study Session
- September 3, 2020: PC Hearing
 - Informal Dwelling Units Amnesty
 - Micro-Unit Pilot Program
 - **Enhanced Density Bonus**
- June 17, 2021: PC recommended approval
- Early implementation action of the Housing Element update process
- 26,000-unit RHNA requirement through 2029

Income Level	Total Annual RHNA Target (2014-2021)	Total units remaining to meet RHNA Target	Average Annual RHNA Target	% of RHNA met by # of permitted units (2014-2020)
Very Low-	1,773	1,363	222	23%
Low-	1,066	850	134	20%
Moderate-	1,170	1,131	147	3%
Sub-total Affordable	4,009	3,383	502	16%
Above-Moderate	3,039	-465	380	115%
TOTAL	7,048	3,830	881	59%

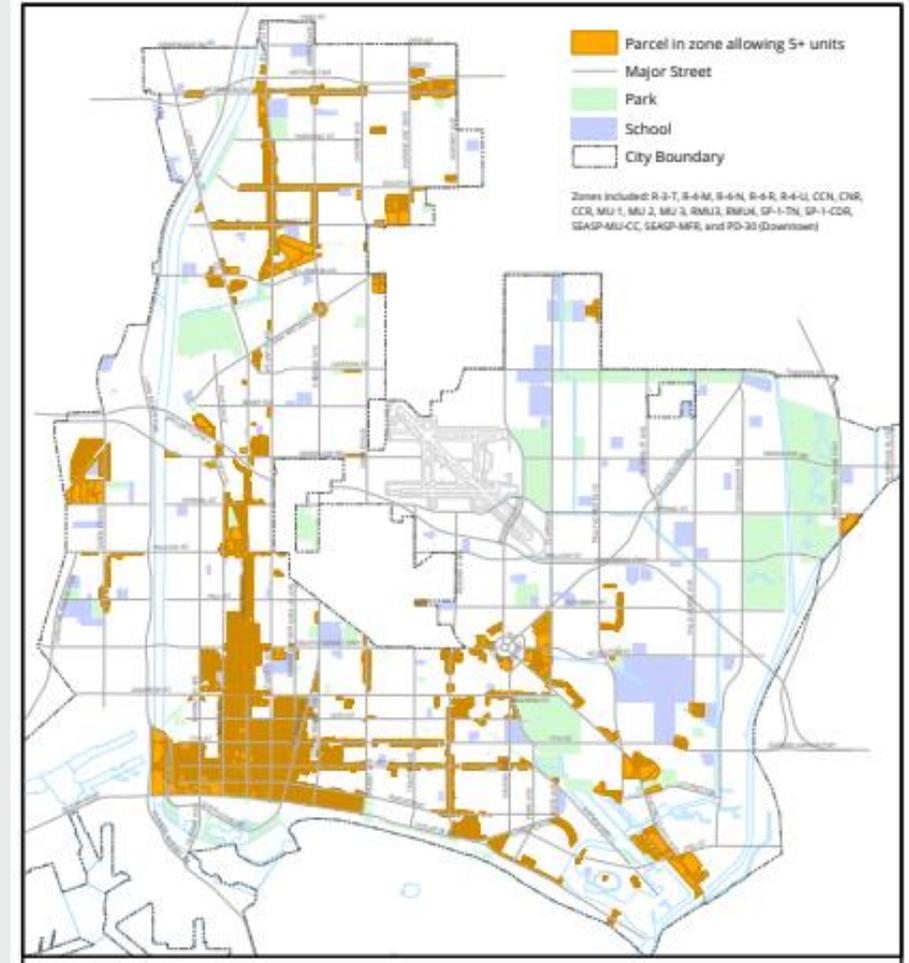
Regulatory Framework – Eligible Parcels (PlaceType)

- Properties are only eligible if the property's zoning or PlaceType allows both **residential uses** and allows **five or more housing units** to be built
- The ordinance **does not change existing zoning;**
 - **This ordinance does not change any underlying zoning; it does not increase allowable density to five units per lot**
 - The five units baseline is an eligibility criterion
 - Properties with the FCN PlaceType → not eligible
 - Commercial only properties → not eligible



Regulatory Framework – Eligible Parcels (Zoning)

- Properties are only eligible if the property's zoning or PlaceType allows both **residential uses** and allows **five or more housing units** to be built
- The ordinance **does not change existing zoning;**
 - **This ordinance does not change any underlying zoning; it does not increase allowable density to five units per lot**
 - The five units baseline is an eligibility criterion
 - Properties zoned R1 and R2 → not eligible
 - Commercial only properties → not eligible



Regulatory Framework – Concessions

- The maximum number of concessions for an EDB project is nine (9)
 - **On-menu concessions** → “by-right”: FAR increases, and reductions in non-residential parking, open space, transitional height, and individual setback requirements
 - Height concessions: one additional story of height per incentive; max two-story in Base Area and three stories in TPAs
 - **Off-menu concessions** → count as double and require PC approval
 - **Projects subject to Inclusionary Housing Policy (IHP)** → Are required to include a percentage of housing units as on-site affordable units
 - Eligible for up to six concessions

Regulatory Framework – Concessions (non-IHP projects)

Concession	Eligible Density Bonus
1	20
2	30
3	40
4	50
5	60
6	70
7	80
8	90
9	100

Regulatory Framework – Concessions (IHP projects)

Total Concessions	#	Eligible Density Bonus (2023 and beyond)	Maximum Concession for Height	Eligible Density Bonus (2022)	Concession for Height	Eligible Density Bonus (2021)
3		70	1 story	50	1 story	40
4		80		70		60
5		90	2 stories	90	2 stories	80
6		100	3 stories	100	3 stories	100

* Any height increases on a lot sharing a lot line or across an alley from a R1 or R2 zone, occupied by a single-family home or duplex, shall step-back any height increase over 12 feet at least 10 feet from the exterior face of the ground floor of the building face.

Housing Production Proposals: SB 9 and SB 10

On July 20, City Council voted to direct staff to report back to the State Legislation Committee with information regarding the potential impacts of SB 9 and SB 10, including:

- Areas of potential impact
- Parameters and provisions of the legislation
- How the legislation related to ADUs
- Advocacy efforts

- Authorizes a city or county to pass an ordinance to zone any parcel for up to ten units of residential density, notwithstanding any local or voter-mandated restrictions on zoning ordinances, as long as the parcel meets the following geographic parameters:
 - Located in a transit-rich area or urban infill site
 - Not located in a high- or very-high fire hazard zone
 - Not subject to a local restriction enacted or approved by a local initiative that designates publicly owned land as open-space land or for park/recreational purposes
- Advances local control–voluntary program where Cities can choose to adopt flexibility and streamlining allowed by SB 10

Main Provisions: allows for ministerial approval of duplex and subdivision under specific conditions, for a total of 4 units in limited circumstances.

Shared Restrictions	Duplex Requirements	Subdivision Requirements
<ul style="list-style-type: none"> • Demolition or alteration not required for: <ul style="list-style-type: none"> ○ Covenant properties for lower income ○ Rent-controlled properties ○ Housing occupied by tenant within last 3 years • Historic districts exempt 	<ul style="list-style-type: none"> • Demolition of more than 25 percent of the existing exterior structural walls not allowed, unless a local ordinance allows, or the property has not been occupied for more than 3 years 	<ul style="list-style-type: none"> • New parcels approximately equal lot size: between 40-60%, both parcels no smaller than 1,200 square feet • Does not require additional lot splits on parcels that have been subdivided through this provision • Does not require subdivision for adjacent parcels by owner of the parcel being subdivided nor any person acting in concert with the owner