

**Proposed Code Amendment-Proposed Changes are marked as follows:**

- **Red** – proposed new text
- ~~Strikethrough~~ – proposed deletions

**CHAPTER 21.61 - MAINTENANCE OF LOW INCOME HOUSING IN THE COASTAL ZONE**

**21.61.010 - Purpose.**

The purpose and intent of this Chapter is to maintain the present number of very low, low and moderate income housing units within the coastal zone and to require that any applicant for a coastal development permit, as a condition of permit issuance, be responsible for replacing existing very low, low and moderate income housing on a one-to-one basis.

**21.61.020 - Definitions.**

Very low, low and moderate income households and housing units are defined in Chapter 21.15 (Definitions).

**21.61.030 - Applicability of this Chapter.**

Any applicant proposing to remove existing affordable housing in the coastal zone shall be responsible for replacing on a one-to-one basis all existing very low, low and moderate income housing removed. This provision shall not apply in the following instances:

- A. If the residential structure has been condemned and would require the expenditure of fifty percent (50%) or more of the improvement value, not including land value, to meet applicable building codes; or
- B. ~~If the removal is for the purpose of building two (2) or fewer new residential units, or for converting two (2) or fewer rental units to condominium type units.~~

**21.61.040 - Administration.**

- A. **Authority.** The administration of the replacement housing program and in-lieu fee payment are delegated to the ~~Housing Authority~~ **Director of Development Services**, subject to its consent as expressed in a resolution of its governing body. The ~~Housing Authority~~ **Development Services Department** shall adopt appropriate guidelines for program administration consistent with the intent of this Chapter. The authority may also adopt a fee schedule for the administration of this program as reasonably necessary.
- B. **Determination.**
  - 1. It shall be the responsibility of the ~~Housing Authority~~ **Director of Development Services** to make all determinations regarding the very low, low and moderate cost housing displaced. In order to avoid short-term actions by the owner to

disqualify housing from the very low, low and moderate income definitions, the authority shall develop procedures to average rental Levels over a three (3) year period and to establish fair market sales value based upon prior sales and assessment records.

2. Determinations made by the ~~authority~~ **Director of Development Services** shall be attached by the applicant to the coastal development permit application and shall become a public record in all proceedings and hearings related to that application. The ~~authority~~ **Department** shall verify the rent/sales value history and insure that there have been no price changes made for the purpose of circumventing these regulations.
3. When the units provided under this program are not under the ownership and control of the ~~Housing Authority~~ **City**, the ~~authority~~ **Director of Development Services** shall guarantee that the units continue to be made available to very low, low and moderate households. The **City** ~~authority~~ and the property owner shall enter into an agreement and shall cause necessary covenants and deed restrictions recorded as provided for in Subsections 21.61.080.E and F.

#### **21.61.050 - Responsibility to provide housing.**

No coastal permit and no permit to demolish units shall be issued until the applicant has demonstrated compliance with the responsibility to provide replacement units, or has demonstrated the intention to comply with this Chapter prior to occupancy of the new development. No certificate of occupancy shall be issued prior to the satisfaction of this responsibility.

#### **21.61.060 - Method of replacement.**

An applicant shall provide replacement housing units by one of the methods outlined in Subsections 21.61.060.A through E.

- A. **On-site—New Units.** The replacement units may be provided on the same site as the units being removed.
- B. **Off-site—New Units.** Replacement units may be provided at an off-site location approved by the ~~Housing Authority~~ **Director of Development Services**. The new units shall be completed and ready for occupancy within three (3) years of issuance of a coastal development permit. To assure performance, the applicant shall post a performance bond in favor of the City in an amount equal to the in-lieu fee as specified in Section 21.61.070 required for the number of units being replaced.
- C. **Off-site—Rehabilitated Units.** Replacement units may consist of rehabilitated existing residential units at a site approved by the ~~Housing Authority~~ **Director of Development Services**. The units to be rehabilitated shall have been cited as substandard by the City Building Official. Also one (1) of the following shall apply:
  1. The units to be rehabilitated must, in the opinion of the Building Official, require an investment equal to at least twenty-five percent (25%) of the

improvement value (total value less land value) of the units to correct the substandard conditions; or

2. The applicant may rehabilitate two (2) units for each unit displaced, provided that the existing units are substandard and require an investment equal to at least twelve and one-half percent (12½%) of the improvement value of the units to correct the substandard condition.
- D. **Off-site—Unit Conversion.** Replacement units may be provided through the permanent conversion of existing units to housing for very low, low and moderate income households. The existing units, prior to conversion, must be renting or selling at least twenty percent (20%) above the affordable housing limit of very low and low income housing units displaced and fifteen percent (15%) above the limit of moderate income units displaced.
- E. **In-lieu Fees.** A developer may choose to pay in-lieu fees rather than provide replacement housing. Fees shall be paid in accordance with the provisions of Section 21.61.070. If the in-lieu fee is selected in a redevelopment project area, the developer shall be credited with the amount of relocation benefit actually paid to displaced residents, up to a maximum of four thousand five hundred dollars (\$4,500.00) per unit, provided that the relocation payments made to displaced residents by the redevelopment agency are subsequently reimbursed by the developer.

#### 21.61.070 - In-lieu fees.

- A. **Payment Schedule.** In-lieu housing replacement fees shall be paid in accordance with the schedule indicated in Table 61-1. The fee shall be paid to the Housing Trust Fund and shall be based on the number, size and income groups served by the displaced units. The schedule in Table 61-1 shall be adjusted annually in accordance with the current Construction Cost Index for the Los Angeles metropolitan area.
- B. **Dispensation of In-lieu Fees.** The Director of Development Services shall place all in-lieu funds received into a special account for very low, low and moderate income housing. The funds must be dispensed within three (3) years from the date of receipt.

**Table 61-1  
In-Lieu Fee Schedule**

<b>Number of Bedrooms in Displaced Unit</b>	<b>Very-Low Income</b>	<b>Low Income</b>	<b>Moderate Income</b>
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
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Number of Bedrooms in Displaced Unit	REQUIRED FEE Type of Housing			
	Very Low	Low	Moderate I 80—100% <sup>(a)</sup>	Moderate II 100—120% <sup>(a)</sup>
Zero/1	\$20,000	\$15,000	\$10,000	\$10,000
2	20,000	20,000	15,000	10,000
3	25,000	20,000	20,000	15,000
4+	30,000	25,000	20,000	20,000
(a) Percent of County median income.				

C. **Inventory of Properties.** The ~~Housing Authority~~ **Director of Development Services** shall maintain an inventory of properties suitable for rehabilitation, new construction or acquisition within the area specified in Subsection 21.61.080.B.

D. **Priority.** The ~~Housing Authority~~ **Director of Development Services** shall seek housing opportunities **funded by in-lieu fees** in accordance with the following order of priority:

1. Rehabilitation of existing substandard units.
2. Conversion of existing standard market rate units to housing for very low, low and moderate income persons.
3. Construction of new housing for very low, low and moderate income persons.

The intent of this priority order is to maximize the number of affordable units produced so that the number produced will approximate or exceed the number of units lost to displacement. The ~~authority~~ **Director of Development Services** may alter this priority as deemed reasonable to accomplish the objectives of this Chapter. The ~~Authority Director~~ shall attempt to reproduce affordable units in a mix proportional to the City-wide housing need, as established by the most current adopted general plan housing element and housing assistance plan.

E. **Annual Report Required.** The ~~Housing Authority~~ **Development Services Department** shall make an annual report to the City Council on its progress in this

program. The report shall include annual and cumulative figures, in size and cost, for the number of housing units lost and the number of units provided by the program, as well as the relationship between program achievements and existing housing needs as established by the housing element and housing assistance plan. **This reporting may be integrated into overall annual reporting to City Council regarding the Housing Element.**

#### **21.61.080 - Conditions on replacement housing.**

A. **Equivalency.** An applicant shall provide replacement housing units which are equivalent to the units displaced in terms of size, measured in the number of bedrooms and income range served, for persons of very low, low and moderate incomes. Subject to the approval of the ~~Housing Authority~~ **Director of Development Services**, and upon showing that provision of equivalent units is not feasible, an applicant may provide replacement housing in a mix of household sizes and incomes. The mix shall be proportional to the City-wide housing need, as established in the most current general plan housing element and housing assistance plan.

B. **Location.**

1. Any affordable housing produced through this program shall be located within the City of Long Beach anywhere south of the following line:

Beginning at the Los Angeles River and Anaheim Street; thence east along Anaheim Street to Pacific Coast Highway; thence southeast along Pacific Coast Highway to Seventh Street; thence east along Seventh Street to West Campus Drive; thence north along West Campus Drive to the common boundary between Cal. State Long Beach and the VA Hospital on the north side of the hospital; thence west, north, east and south around the Cal. State Long Beach property line, returning to Seventh Street along East Campus Drive; thence east along Seventh Street to the boundary line between Los Angeles and Orange Counties.

2. The ~~Housing Authority~~ **Director of Development Services** shall attempt to achieve a reasonable distribution throughout this area in accordance with City General Plan housing element policies.

C. **Income Requirements.**

1. Housing units produced through the replacement program shall be available to households of very low, low and moderate income. To achieve this, each new tenant of rental property and each new buyer of sales property shall first be qualified by the Housing Authority in accordance with procedures set forth by HUD under Section 8 of the Housing Act of 1937, as amended, or similar procedures which take into account annual household income and total household assets.

2. Applicants shall be qualified as very low income, low income and moderate income, corresponding to the three (3) classes of housing units (very low, low and moderate) defined in Chapter 21.15 (Definitions).

- D. **Guarantee.** An applicant shall guarantee that replacement housing provided pursuant to Section 21.61.040 will continue to be provided for very low, low and moderate income households. The applicant shall enter into a recorded agreement with the ~~Housing Authority~~ **City** as specified in Subsections 21.61.060.C and D.
- E. **Rental Units Guarantee.** Affordable housing developed as rental units shall be subject to the following:
1. Prior to the issuance of an occupancy permit, the developer shall enter into an agreement with the ~~Housing Authority~~ **Director of Development Services** to assure that all units will continue to be rented at prices affordable to very low, low and moderate income renters. The agreement shall bind the developer and any successor in interest to the real property being developed. The agreement shall be recorded as a covenant running with the land, with no prior liens, other than tax liens, for a period extending ~~thirty~~ **fifty five(55 30)** years from the date the agreement is recorded. The agreement shall provide that either:
    - a. The unit rents shall be fixed at a level affordable to very low, low and moderate income households. The rent may be adjusted annually to reflect changes in the median income. Tenants must qualify as meeting the definition of very low, low and moderate income; or
    - b. The units shall be rented at the fair market rent for new construction as established by the Department of Housing and Urban Development (HUD). The units shall be rented to persons who either meet the standards for rent subsidy established by HUD pursuant to Section 8 of the Housing Act of 1937, as amended, or to persons who meet the requirements of other rent subsidy or funding program that provides rental housing for low income households.
    - c. **The developer and all successors in interest shall be subject to period affordable housing covenant monitoring fees as may be established.**
  2. The developer shall make best efforts to accomplish the intent of this Chapter. Those efforts shall include, but not be limited to, entering into contracts offered by HUD, the Housing Authority, or other such agency administering a rent subsidy program; or, refraining from taking any action to terminate any rent subsidy programs entered into.
  3. In the event that any time within ~~thirty~~ **fifty five(55 30)** years after the agreement is recorded housing subsidies are not available, the developer or his successor shall maintain the rental levels for the unit at amounts no higher than those affordable to persons within the appropriate income categories described in this Title. In the event that so-called Section 8 or comparable maximum rental levels are no longer published by the federal government or local governmental agencies, maximum rental levels shall be a base rent established by the last rental ceiling published for the Section 8 program, adjusted by a percentage to reflect the percentage increase or decrease in median income.
- F. **Sale Unit Guarantee.** Affordable units developed as sale units shall be subject to the following:

1. Prior to the issuance of an occupancy permit, the developer shall enter into an agreement with the ~~Housing Authority~~ **Director of Development Services** to assure that subsequent sales following the initial sale of the unit will be at a price affordable to households earning substantially the same percentage of the median income as the initial purchasers. The agreement shall bind the developer, any successor in interest and all subsequent purchasers of the unit. The agreement shall be recorded as a covenant running with the land, with no prior liens other than tax liens. The agreement shall provide as follows:
  - a. The applicant, his successors and any subsequent purchasers shall give the **City and Department of Development Services** ~~Housing Authority~~ an option to purchase the units. The authority may assign this option to an individual private purchaser who qualifies as a very low, low or moderate income person and who falls within substantially the same income group as the person for whom the initial sales price was originally established.
2. Whenever the applicant or any subsequent owner of the unit wishes to sell or transfer the unit, the applicant shall notify the ~~Authority~~ **Director of Development Services** of his intent to sell. The ~~authority~~ **City** shall have the right to exercise the option cited in Subsection 21.61.080.F.1 within one hundred and eighty (180) days of the initial sale of the unit by the developer, or within ninety days for subsequent sales. Following the exercise of the option, escrow shall be opened and closed within ninety (90) days after delivery of the notice to exercise the option.
3. The option price paid by the ~~authority~~ **City** or its designee shall be the original sales price of the unit plus an amount which reflects any increase in the median income since the time of original sale.
4. Following the notice of intent to sell the unit, the ~~authority~~ **City** shall have the right to inspect the premises to determine whether repair or rehabilitation beyond the requirements of general or deferred maintenance is necessary. If such repair or maintenance is necessary, the ~~authority~~ **City** shall determine the cost of repair, and the cost shall be deducted from the purchase price. The repair costs shall be paid to the ~~authority~~ **City**, its designee, or contractors chosen by the ~~authority~~ **City** to carry out the deferred maintenance, and the money received shall be expended in making repairs.
5. The purchaser shall not sell, lease, rent, assign or otherwise transfer the property without the expressed written consent of the ~~Housing Authority~~ **Director of Development Services**. This provision shall not prohibit encumbrancing the property for the sole purpose of securing financing. However, in the event of foreclosure or sale by deed of trust or other involuntary transfer, title to the property shall not be taken subject to the recorded agreement.

#### **21.61.090 - First option.**

Any resident displaced by new construction or condominium conversion in the coastal zone shall have the first option to rent or buy affordable housing.