



Legislation Text

File #: 20-1111, **Version:** 2

Recommendation to declare ordinance amending the Long Beach Municipal Code by adding Section 21.15.1756 and Section 21.45.600, relating to micro-units, read and adopted as read. (Citywide)

In May 2017, the City Council adopted 29 policy recommendations to support the production of affordable and workforce housing. Policy 3.11 directs staff to develop a plan to include micro-units as a method for encouraging housing production.

Micro-unit housing is a newer housing typology that is affordable to moderate-income households. These dwelling units are typically small studio apartments, usually less than 350 square feet, with a fully functioning and Americans with Disabilities Act (ADA) accessible kitchen and bathroom. While micro-units are not subsidized affordable units, they can be an affordable rental housing solution for single-person households and young professionals-offering cost savings to renters. When compared to a conventional studio in the same market, the gross rents for micro-units tend to be 20 to 30 percent lower than the rent for a conventional studio unit. Because micro-units are generally developed without public subsidies, this type of housing offers a market-based solution for tackling issues of housing affordability.

As such, establishing a pilot program to allow micro-units in Long Beach, in accordance with Recommendation 3.11 of the 2017 Report, could diversify the City's housing stock and provide more affordable housing options for students and young professionals.

In response to housing shortages and concerns about housing affordability nationwide, many United States cities have developed micro-unit regulations to facilitate a greater number of smaller units as one strategy to foster housing production and increase housing supply. Staff's research found that micro-unit projects tend to be in highly desirable locations, close to public transit, with a variety of quality amenities to attract prospective occupants. As such, micro-units offer the added benefit of a reduction of vehicle miles traveled (VMT) by bringing housing closer to jobs and other daily destinations.

Micro-units also address a niche in the housing market that is currently underserved by offering a previously unavailable housing choice to single-person households, which helps reduce the demand pressure on multi-family and single-family housing, and can, ultimately, help stabilize rents. The demographic this type of housing tends to attract is mainly young professional singles, mostly under 27 years old. Most respondents in a survey conducted as part of an Urban Land Institute (ULI) market report on micro-units indicated that they are amenable to micro-units as a housing choice in exchange for the opportunity to live alone, pay a lower rent, and to live in a highly desirable location (walkable, trendy, urban).

Case Studies

Common regulations instituted by other cities to encourage this housing typology include relaxation of minimum unit size requirements, density limitations, and requirements that micro-unit projects include a mix of unit sizes that include traditional multi-family units. They also waive or reduce parking when building near transit and require the provision of rich, shared amenities. In New York City, for example, minimum unit size and maximum density limits were waived to allow the first micro-unit project, Carmel Place, to be built as part of an initiative to aid the city's small household population. Carmel Place was completed in Spring 2016 and consists of 55 rental apartments, 40 percent of which are affordable housing units—14 for applicants through the city, and 8 for supportive housing through Veteran's Affairs. The project incorporates five different micro-unit configurations that range between 260 to 360 square feet in size.

Completed in 2013, the Panoramic building in the SoMa neighborhood of downtown San Francisco is a 160-unit building with micro-units for students and interns that average 354 square feet. The building includes amenities such as a rooftop garden, a bike storage room, ground floor café, and lounges on each floor. While onsite parking is not provided, the building provides City CarShare vehicles for residents, and the building is two blocks away from the Civic Center BART station.

Lastly, in Southern California, in March, the City of Pasadena updated existing regulations to increase the maximum allowable unit size from 220 square feet to 375 square feet and remove the Conditional Use Permit (CUP) requirement for these types of units proposed in Pasadena's Central District Specific Plan. The City of Culver City also adopted an ordinance to allow micro-units in January of this year. Specifically, Culver City's micro-unit regulations allow a minimum size of 350 square feet; limit the number of micro-units in a development to 25 percent; exempt micro-units from providing private open space, but are required to provide a minimum of 100 square feet of communal open space per unit; and, allow for a lower parking rate of 0.5 spaces per dwelling unit, except for units in the Transit Oriented District, which do not have to provide any parking spaces. Finally, the City of Santa Monica allows this housing typology, with unit sizes ranging from between 150 to 375 square feet, with the caveat that these units be 100 percent affordable (non-market-rate).

Regulatory Framework

As a means to implement the micro-unit policy recommendation adopted by the City Council and using research on best practices and micro-units feasibility, staff has crafted an ordinance that would establish a 500-micro-unit (5 to 10 projects) pilot program with a focus on geographic areas that, based on existing development standards, can better facilitate micro-unit projects and enable the City to test out regulations prior to developing permanent regulations. The proposed ordinance establishes a 500-micro-unit pilot program in the Downtown (PD-30) and Midtown (SP-1) areas. It generally maintains existing zoning

regulations and development standards with two main exceptions. The proposed regulations: (1) exempt micro-unit projects from otherwise applicable minimum unit size and unit mix requirements; and, (2) adjusts open space requirements to be calculated as a percentage of the lot rather than as a minimum square footage requirement per unit and requires common open space rather than private open space. All other zoning regulations and development standards of the SP-1 and PD-30 zoning districts would continue to apply to these projects.

Following is a more detailed discussion of the provisions of the proposed ordinance:

- **Establish a Micro-unit Definition.** The proposed ordinance establishes a “micro-unit” definition, which does not currently exist in the Zoning Code. The proposed definition does not include a minimum unit size, but rather defers to the Building Code to regulate unit size to avoid any potential conflicts between Zoning and Building Code regulations. Per the Building Code, minimum unit size differs based on the building typology and construction type; however, the minimum unit size for a typical micro-unit project is anticipated to be 220 square feet and, in practice, the units are likely to be larger based on evidence from various case studies. The proposed definition also describes other required features of micro-units.
- **Grant Relief from Unit Size and Unit Mix Requirements.** The proposed micro-unit definition also exempts micro-unit projects from existing unit size and unit mix requirements. Currently, the SP-1 and PD-30 zoning districts have a minimum unit size requirement of 600 square feet (with the potential for up to 15 percent of the units to be a minimum of 450 square feet). Similarly, these zoning districts have requirements for a unit mix (mix of unit sizes and number of bedrooms). The proposed ordinance would exempt micro-unit projects from those requirements and would allow 100 percent micro-unit projects, creating greater flexibility to facilitate such projects.
- **Establish Geographic Areas.** The proposed ordinance establishes the geographic boundaries of the micro-unit pilot program area. Based on the City’s research on micro-units, PD-30 and SP-1 are likely the best candidates for a micro-unit pilot program due to allowable height and Floor Area Ratio (FAR) permitted in those areas, in addition to the locational amenities (Attachment A - Pilot Program Location Map). Micro-unit projects would still be subject to applicable setback, landscaping, FAR, height, and other development standards as required by PD-30 or SP-1.
- **Establish a Unit Cap.** The proposed ordinance establishes a temporary micro-unit program with a cap on the total number of micro-units that can be constructed under the interim regulations. The proposed unit cap is 500. This number of units permits the City to gain experience with a number of projects (5 to 10 projects, depending on the size of the projects) as a means to test and finetune the regulations, prior to establishing more permanent regulations. As proposed, the ordinance will sunset once 500 units are entitled through the planning process.

· **Permit Adaptive Reuse to Micro-Unit Projects.** The proposed ordinance clarifies that adaptive reuse of existing buildings to micro-unit projects is permitted. As proposed, micro-unit projects would be permitted both as new construction and adaptive reuse of existing buildings. The proposed ordinance would facilitate reuse of existing buildings to micro-units as long as the proposal otherwise meets the requirements of the applicable adaptive reuse regulations and those of the proposed micro-unit ordinance and does not already contain dwelling units.

· **Prohibit Conversion of Existing Dwelling Units.** The proposed ordinance includes a provision that prohibits the conversion of existing dwelling units to micro-units to prevent any potential displacement of existing tenants while facilitating an increase in housing units.

· **Adjust Open Space Requirements.** The proposed ordinance tailors open space requirements to the unique conditions of micro-unit projects. Open space requirements are typically assessed as a square footage amount per dwelling unit. As it pertains to micro-unit projects, these regulations could result in a significant open space requirement that could render such projects infeasible. The proposed micro-unit pilot ordinance has been drafted to swap conventional per-unit open space requirements with an alternative open space requirement that emphasizes common areas to ensure the livability of this housing typology for future residents. The proposed ordinance delineates the amount of open space that is required-10 percent of the lot area-and a requirement that two or more types of common open space be provided from among a menu of choices. Those choices include communal lounges or kitchens, rooftop open space and/or more conventional ground-level outdoor common areas. The common open space provision of the pilot program has been crafted to allow for minimum common open space requirements to be met while allowing for creativity in how common open space amenities may be provided.

Following is a discussion of the relationship between the proposed ordinance and other applicable zoning regulations and development standards:

· **Parking Relief Through Existing TDM Provisions and Density Bonus.** Micro-unit projects may be eligible for parking reductions using existing regulations that are intended to encourage multimodal transportation use and affordable housing, as a means to improve the feasibility of this housing typology. In PD-30, projects within the Alternative Mobility Overlay are eligible for a parking reduction from the baseline parking required in PD-30 by incorporating Transportation Demand Strategies (TDM) strategies such as: car-sharing, carpool, unbundled parking, shared parking, etc., subject to Site Plan Review Committee approval. Similar TDM strategies for parking reduction are also allowed in SP-1 with Site Plan Review Committee (SPRC) approval. Outside of incorporation of TDM strategies for a reduction in parking, micro-unit projects incorporating covenanted, income-restricted affordable units can also take advantage of parking reductions permitted by the State Density Bonus Law (Government Code §65915). Conventional per-unit parking requirements can present a regulatory hurdle for micro-unit projects by virtue of the high

density typically associated with these projects. These measures will improve the feasibility of micro-unit projects and have the added goal of reducing vehicle miles traveled in the pilot project area.

If the ordinance is adopted by the City Council, the subject provisions allowing and regulating micro-units shall remain in effect until a total of 500 micro-units have gone through the planning development review process and are entitled. After 500 micro-units are entitled, the micro-unit pilot program will automatically sunset and become null and void unless extended by action of the City Council, after review and recommendation by the Planning Commission. Staff will use pilot projects as a means to evaluate the effectiveness of the proposed regulations in facilitating micro-unit projects and propose recommended modifications that the City should consider if and when permanent regulations are considered. In addition to tracking the number of micro-units for compliance with the 500-unit limit through the Site Plan Review process, staff will also evaluate whether proposed regulations are resulting in the desired increase in housing production.

On September 3, 2020, the Planning Commission reviewed and recommended approval of the proposed micro-unit ordinance to the City Council, consistent with adopted policies and plans (Attachment B - Findings). The draft Zoning Code Amendment is attached (Attachment C - Draft Zoning Code Amendment). The Planning Commission staff report is also attached as Attachment D - Planning Commission Report.

Public Notice and Environmental Compliance

Notice of this public hearing was published in the Long Beach Press-Telegram on November 3, 2020, in accordance with provisions of the Zoning Ordinance. 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 (ZCA) 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 regarding this matter 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) and the CEQA Guidelines, the ZCA is exempt from CEQA under Section 15305 (Minor Alterations to Land Use Limitations) and Section 15308 (Actions by Regulatory Agencies for Protection of the Environment) and none of the exceptions in Section 15300.2 apply. Section 15305 exempts projects that consist of minor alterations in land use limitations in areas with an average slope of less than 20 percent, which do not result in any changes in land use or density. The properties affected by this ZCA have an average slope of less than 20 percent.

The ZCA 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. The ZCA does not

result in any physical changes in the environment because it is limited to amendment of the Zoning Code to allow micro-units in the PD-30 and SP-1 areas, where residential uses are currently permitted. The proposed ordinance does not change the height, intensity of land use, or allowable land uses currently permitted by the underlying planned development district zoning or specific plan. Furthermore, the micro-unit pilot project area represents the most transit accessible areas of Long Beach and largely coincides with areas mapped as having low vehicle miles traveled (VMT), in which infill residential and mixed-use projects would be exempt from further transportation analysis, in accordance with CEQA and the City's recent implementation of SB 743. Finally, projects seeking approval subsequent to this ZCA will be subject to individual CEQA review, as appropriate.

This matter was reviewed by Assistant City Attorney Michael J. Mais on October 26, 2020 and by Budget Analysis Officer Julissa José-Murray on October 14, 2020.

City Council action is requested on November 17, 2020. Pursuant to Section 21.25.103 of the Zoning Code, this request must be presented to the City Council within 60 days of the Planning Commission hearing, which took place on September 3, 2020. The November 17, 2020 public hearing date was the first available opportunity for the item to be reviewed by the City Council.

There is no fiscal or local job impact associated with this recommendation. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities.

Approve recommendation.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LONG BEACH AMENDING THE LONG BEACH MUNICIPAL CODE BY ADDING SECTION 21.15.1756 AND SECTION 21.45.600, RELATING TO MICRO-UNITS

OSCAR W. ORCI
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

THOMAS B. MODICA
CITY MANAGER