

February 11, 2025

Honorable Mayor and City Council
City of Long Beach
California

RECOMMENDATION:

Recommendation to receive the supporting documentation into the record, conclude the public hearing, review and determine that the proposed Long Beach Municipal Code (LBMC) amendments and Local Coastal Program Amendment (LCPA) exempt from the California Environmental Quality Act (CEQA) pursuant to Section 21166, 15162, 15163 and 15061 (b)(3) of the State CEQA Guidelines;

Declare an Ordinance adopting Zoning Code Amendment (ZCA24-003) and the proposed findings related thereto, to amend Chapter 21.67 of the Zoning Regulations to expand the existing Inclusionary Housing Ordinance applicability beyond the Downtown Plan (PD-30) and Mid-Town Specific Plan (SP-1) submarkets and apply the ordinance citywide, including sites within the coastal zone; change the affordability requirements for Inclusionary Housing units; and implement other changes to the Inclusionary Housing Ordinance, 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 City Manager, or designee, to submit the Local Coastal Program Amendment (LCPA24-003) and associated materials and findings related to changes to Title 21 of the Long Beach Municipal Code to the California Coastal Commission (CCC) for its review and certification in compliance with the Certified Local Coastal Program. (Citywide)

DISCUSSION

Inclusionary housing is the regulatory requirement to include restricted-income affordable housing units within otherwise market-rate developments as a condition of development or approval. This requirement is used throughout California and the nation as a mechanism to address acute shortages of housing affordable to lower-income families and households. The use of inclusionary housing has many benefits, including creating mixed-income buildings and affordable housing with no public (governmental) subsidy. The use of inclusionary housing does, however, also have costs, including administrative burden and a marginal decrease in the overall amount of development as costs are passed on to developers and ultimately reflected in land values. Inclusionary housing is relatively new in the City of Long Beach (City), as the policy was adopted in 2021 after more than a decade of discussion.

Currently, Long Beach's Inclusionary Housing Policy (Policy) only applies to certain areas of the City. However, on [February 8, 2022](#), the City Council adopted the 6th Cycle Housing Element update, which included a commitment to exploring the feasibility of expanding the Policy citywide

to help meet the City's fair housing goals. On [May 7, 2024](#), the Mayor and City Council directed City staff to initiate a citywide expansion of the Policy and consider updates to the affordability levels of inclusionary housing units. City staff developed options for expanding the inclusionary housing requirement citywide, requiring restricted units at various affordability levels, and making technical corrections and improvements to the Policy. Those options have been explored with the City Council, the Housing and Public Health Committee, the Planning Commission, the community at large, and specific stakeholders. On [December 19, 2024](#), the Planning Commission held a public hearing on the proposed updates to the Policy and concurred with City staff's recommendations (Attachment A). These recommendations are presented herein for the City Council's consideration.

Background

As part of the development of the current policy, on February 20, 2020, the Planning Commission recommended that the City Council adopt an inclusionary housing requirement for certain parts of the City. For rental housing developments, the Planning Commission recommended that 12 percent of total project units be set aside at a mix of affordability levels: three percent affordable to very low-income, three percent affordable to low-income, and six percent affordable to moderate-income households. However, after extensive discussion, on February 2, 2021, the City Council ultimately adopted the revised Inclusionary Housing Policy (Policy), which requires 11 percent of rental units to be set aside as affordable exclusively to very low-income households because of concerns about focusing on households most in need. Ten percent of total project units must be affordable to moderate-income households for ownership housing. The Policy established Long Beach Municipal Code (LBMC) Chapter 21.67, repealed Chapter 21.60 of the Zoning Regulations, and applies to new housing developments with ten or more units located in the Downtown and Midtown submarket areas.

Cities across California have different rates and requirements for Inclusionary Housing. Many cities have no requirement at all, relying solely on voluntary density bonus and subsidized housing to meet affordable housing needs, while others have a variety of inclusionary approaches. While some cities have numerically higher inclusionary requirements than Long Beach, our approach is unique in its aggressive requirements at the deepest level of affordability, very-low income units.

As required by State law, the Policy provides developers with alternatives to building affordable units onsite, such as paying in-lieu fees or dedicating land to the City or a nonprofit housing developer. To help address a shortage of affordable housing and meet its fair housing goals, in 2022, the City committed in its 6th Cycle Housing Element update to explore expanding the Policy citywide.

While the City is currently experiencing robust levels of investment and development across the City, that was not the case in 2018 when the City began its development of the inclusionary housing approach. Currently, the Policy applies only to new housing development in the Downtown and Midtown areas of Long Beach. This limited geographic boundary was established for the first phase of the Policy based on an economic analysis prepared by a consultant in 2019 as part of the initial Policy development. The economic analysis found that, at that time, very few residential units had been built in the areas of the City outside of Downtown and Midtown. Imposing

inclusionary housing requirements throughout the City could have, at that time, further deterred housing development.

When the City Council adopted the Policy in 2021, City staff committed to monitoring the effects of the Policy and overall housing development in Long Beach, with the goal of expanding Inclusionary Housing citywide in the future as the second phase of the Policy. City staff provided annual updates to the City Council annually and based on that data it became appropriate to modify the policy.

The housing landscape and crisis in Long Beach have evolved significantly since the initial development and adoption of the Policy. Housing development has increased in areas of the City outside of the current Inclusionary Housing Downtown and Midtown submarkets. Some of the recent developments include 1,271 new housing units in the Southeast area of Long Beach that were entitled in 2023, three townhome developments that will bring 140 units to North Long Beach, and 23 townhomes recently built in the Rose Park neighborhood of Long Beach that are currently for sale, among many more housing entitlements throughout Long Beach, outside of Downtown and Midtown. In addition, the City has recently updated the zoning for areas of North and West Long Beach, the Southeast Area Specific Plan, and is in the process of updating the zoning for additional areas of North Long Beach, Central Long Beach, and Greater Bixby Knolls areas. These updated zoning policies will expand the opportunity for housing development in these areas by allowing for higher-density residential and mixed-use development. This marks a critical time to expand Inclusionary requirements citywide so that future housing developments include at least some proportion of affordable units. The City is obligated to facilitate the development of over 26,000 new housing units by 2029, of which over 15,000 units must be affordable across very-low, low- and moderate-income levels. However, the City it is currently on track to only permit 4,112 affordable units by 2029. Expanding inclusionary requirements citywide is an important tool to further facilitate production of affordable and mixed-income housing.

On [May 7, 2024](#), the Mayor and City Council directed City staff to initiate a citywide expansion of the Policy. Part of the motion and discussion on May 7, 2024, was to consider workforce housing at low and moderate affordability levels in the future policy expansion. On [May 8, 2024](#), City staff issued a memo to the Mayor and the City Council outlining the next steps to update the Policy. On [May 14, 2024](#), City staff presented to the City Council an update on the implementation progress of the Policy since its inception in 2021 and what commitments have been made to expanding the policy, including through the Housing Element. Based on feedback at the May 14, 2024, City Council meeting on [June 11, 2024](#), City staff presented several options to the Housing and Public Health Committee for updating the Policy requirements for rental housing developments to include a mix of affordability levels without imposing undue financial hardship that could deter housing development. On [August 15, 2024](#), the Planning Commission held a study session regarding potential updates to the Policy. The Commission raised questions and provided feedback regarding various technical aspects of the proposed Policy amendments, which have been incorporated into City staff's recommendations that were affirmed by the Planning Commission on December 19, 2024, and presented here for the City Council's consideration.

Summary of Community and Stakeholder Engagement

In addition to exploring the potential updates to the Policy with the City Council, the Housing and Public Health Committee, and the Planning Commission, City staff hosted several community outreach and stakeholder engagement meetings in the Summer and Fall of 2024 to help refine the proposal. Community members and stakeholders have provided public comments at the recent City Council, Committee, and Commission meetings on Inclusionary Housing since May 2024. In addition, City staff hosted a series of outreach forums to inform and gather input from community members and stakeholders regarding the expansion and modification of the Policy. This included three Housing Policy Forums in August and September 2024. An overview of the potential changes to the Policy was provided at the forums, along with opportunities to provide feedback on the proposal. The forums also featured information and opportunities to provide feedback on several other housing policies and zoning initiatives. A total of 133 community members and housing advocates attended these forums. City staff fielded questions, received verbal comments at the events, and received 75 written comments specific to Inclusionary Housing that were provided either in-person or via e-comment card.

Many participants voiced the need for more affordable rental and ownership housing, especially in high-resource areas of Long Beach, and expressed support for expanding the Policy citywide. Some participants' comments recommended that the Policy prioritize very low- and extremely low-income households, while others recommended prioritizing low-income households. Other recommendations included increasing the total percentage of project units set aside as affordable, removing the three-year phase-in period, adding local hire provisions for housing construction, and keeping the City Council as the approval body for alternative compliance options. A smaller number of comments expressed concern that Inclusionary Housing may stall overall housing development and increase rents for households above very low-income. Participants also voiced a desire for more housing development reforms and incentives to work alongside the Inclusionary requirements.

City staff also hosted focus groups with stakeholder representatives, including housing developers, landlord advocates, the Long Beach Chamber of Commerce, and a housing advocacy group. Housing developers voiced concerns that Inclusionary requirements could negatively affect the development of ownership units specifically, and they suggested voluntary enhanced density bonus incentives instead. A specific subset of developers focused on for-sale products expressed concern that inclusionary requirements result in a particularly acute impact on for-sale products and should not apply due to concerns about creating supply and promoting homeownership.

Landlord advocates voiced support for a range of affordability levels. They also recommended that Inclusionary Housing requirements be voluntary along with additional development incentives and reforms. For transparency purposes, it should also be noted that City staff received approximately 30 written comments via e-comment card and email from landlords that referenced Inclusionary Housing. However, the substance of the comments focused only on opposition to a separate tenant protection policy, the Just Cause Ordinance. Housing advocates expressed support for expanding Inclusionary requirements citywide. They recommended setting aside Inclusionary rental units for very low- and extremely low-income households in all areas of the City and maintaining the City Council as the approval body for alternative compliance options. In addition, housing advocates recommended eliminating the three-year phase-in period for Inclusionary affordability requirements.

Written comments submitted at the recent City Council, Housing and Public Health Committee, Planning Commission meetings, outreach events, and via e-comment and email are attached herein (Attachment B).

Recommendations to Modify the Policy

Based on feedback from the City Council, Planning Commission, community members, and other stakeholders, as well as additional research, City staff has proposed a comprehensive series of Policy amendments to Zoning Code 21.67 (Attachment C), summarized below.

Expand Inclusionary Housing Requirements Citywide

City staff recommend that the zoning code should be amended to apply Inclusionary Housing requirements citywide. This recommendation is pursuant to direction from the Mayor and City Council and the City's commitment in the General Plan Housing Element Program 6.7.2 to expand Inclusionary Housing citywide to facilitate the production of mixed-income and affordable housing.

Update Affordability Requirements for Inclusionary Rental Units

City staff recommends updating the Inclusionary affordability requirements for rental developments to include very low- and low-income affordability levels based on the location of the project. This change is designed to achieve several goals: provide affordable housing for a broader range of households in need, including workforce housing requested by the City Council; address an overconcentration of poverty in low-resource areas; and foster economic inclusion. In addition, most tools to facilitate affordable housing prioritize households at or below very low-income, including Federal and State subsidies, City and State Density Bonus incentives, and Housing Vouchers. Inclusionary Housing requirements present a unique opportunity to expand the City's housing toolbox and facilitate housing production for low-income households in addition to very low-income households. Production of low-income units fills a critical need currently unmet in the City, where lower-income families earn "too much" income for restricted-income housing but cannot afford market rent.

At the initial presentations to the Housing and Public Health Committee and the Planning Commission study session, City staff previously recommended also including moderate-income affordability requirements. However, upon further analysis and considering public input, City staff believe setting Inclusionary requirements at the low-income level would better facilitate workforce housing production due to unique factors in our region while promoting economic integration at deeper affordability than at the moderate-income level. In Los Angeles County, low-income limits exceed median income and are only marginally lower than moderate-income limits due to a federal low-income adjustment for the County as a high-cost-of-living area. However, the high-cost adjustment does not apply to State-prescribed affordable rent calculations. Therefore, low-income rent limits are significantly more affordable than moderate-income rent limits and moderate rent can be higher than market-rate rent in some areas of Long Beach. Table 1 shows the small difference in income limits and the large difference in rent limits for low-income and moderate-income households. It should be noted that the low- and moderate-income limits for a household of four only vary by less than \$7,000, so there would be a very small population eligible at the moderate-income level who are not eligible at the low-income level. As a result, restricting units at

the low-income level for the Inclusionary requirement will more effectively meet workforce housing needs at a meaningfully affordable level, and City staff no longer recommend including moderate-income requirements for rental units.

Table 1. 2024 Income and Rent Limits by Affordability Level

Income Limits for a Family of Four			Maximum Rent	
Median Income		\$98,200		
Income Level	% of Median	Income Limit	2 Beds	3 Beds
Very Low-Income	71%	\$69,350	\$1,105	\$1,228
Low-Income	113%	\$110,950	\$1,326	\$1,473
Moderate-Income	120%	\$117,850	\$2,431	\$2,701

Small income gap:
\$6,900/year

Large rent gap:
\$13,260 - \$14,736/year

City staff recommend applying different affordability requirements to rental housing developments in the expanded area for the Inclusionary requirement, based on the geographic area of the development, as shown in Table 2 and Figure 1. Submarket Areas Map, below, which illustrates low-, moderate- and high-resources areas in the City (Attachment D). This approach is designed to help the City achieve its fair housing goals by addressing patterns of racial and economic segregation and help reverse longstanding exclusionary patterns common throughout the region, state, and country. The low, moderate, and high resource areas are defined by the California Tax Credit Allocation Committee (CTCAC) and California Department of Housing and Community Development (HCD) based on characteristics that have been shown by research to be associated with positive economic, educational, and health outcomes for low-income families, particularly long-term outcomes for children.

Historically, almost no affordable housing, and in recent decades no new housing supply at all, has been built in high resource areas of Long Beach. Requiring very low-income Inclusionary units to be built in high resource areas will help ensure equitable access to opportunity at a deeper level of affordability. In low resource areas, including Midtown, requiring low-income Inclusionary units will help deconcentrate poverty, as these units have a higher income limit compared to very low-income. In moderate resource areas and in Downtown, City staff recommends requiring a mix of very low- and low-income Inclusionary units. This approach of bringing very-low-income units to high resource areas complements related efforts in recent years to increase housing production outside of Downtown and attempts to site 100 percent affordable housing projects in high-resource locations.

Although most of the inclusionary requirement mapping is strictly based on the CTCAC/HCD Opportunity Area mapping at the census tract level, based on data from the first three years of implementing the Inclusionary requirement in the Downtown and Midtown areas, as well as community feedback, City staff recommend applying a singular requirement to all of Downtown, and a singular requirement to all of Midtown. Although some sub-areas of Downtown are considered a lower or moderate resource, City staff recommend requiring an equal mix of low- and very low-income units for projects in this mature development market where significant levels of both market rate and affordable housing production have occurred. This change also directly

responds to public concerns that not enough very low-income units will be produced due to the low-income only requirement in low-resource locations.

Conversely, due to the overconcentration of very low-income units in Midtown, City staff recommend that all Inclusionary units in Midtown be designated at the low-income level. This will help alleviate an existing acute over-concentration of affordable units along Long Beach Boulevard that exists today. As described in the proposed code text, the Zoning Administrator would oversee any future amendments to the map.

While City Council has some discretion to change inclusionary requirements, they must comply with legal restrictions that cap requirements and fair housing requirements that assure any inclusionary program is complementary to the City's overall housing and land use plans.

In 2015, the California Supreme Court ruled in *California Building Industry Association v. City of San Jose*, 61 Cal 4th 435 (*San Jose*) that inclusionary housing policies are a valid planning tool to facilitate affordable housing as a public benefit, rather than an exaction on a developer. However, the *San Jose* ruling also noted that the price controls imposed by inclusionary housing policies cannot be confiscatory and cannot deprive a property owner of a fair and reasonable return on their investment. Neither the *San Jose* ruling nor California law place an exact cap on the percentage of housing units that can be set aside as affordable through inclusionary housing policies.

California Government Code Section 65850.01 gives HCD the authority to review the restrictions imposed by an inclusionary housing policy on rental residential developments if it requires that more than 15% of the units to be restricted to households earning less than 80% of the area median income (AMI), and if the jurisdiction has failed to meet at least 75 percent of its Regional Housing Needs Assessment (RHNA) allocation for above moderate income units on a pro-rated basis over the planning period. Moreover, California Government Code Section 65583 (a) requires the City to analyze potential and actual constraints being placed on the development of housing. In 2019, as part of the development of the current policy, the City hired a consultant to complete an economic feasibility study to determine the maximum percentage of units that could be set aside as affordable without unduly constraining the production of housing overall.

Establishing inclusionary requirements is similar to shopping on a budget, there is a certain amount of cost burden that development can support and the City may impose requirements up to that cost budget. The City has the option of a lower percentage requirement of more-expensive very-low income units or a medium amount and cost of low-income units or more of the least expensive moderate-income units (not recommended at this time). Over the course of the last year City staff worked with the Council, stakeholders and development data to balance various policy goals within the budget of what was possible to impose.

The recommended percentage of Inclusionary affordable units vary slightly for very-low and low-income affordability levels based on differences in household income limits and the resulting affordable rent calculations prescribed by the State. Based on the inclusionary housing economic feasibility study, City staff recommend a total of 11 to 12 percent of project units be set aside as affordable, depending on the affordability level. City staff will monitor the production of Inclusionary units and housing development overall and report annually on progress as part of the Housing Element Annual Progress Report. City staff will report to the Planning Commission and the City

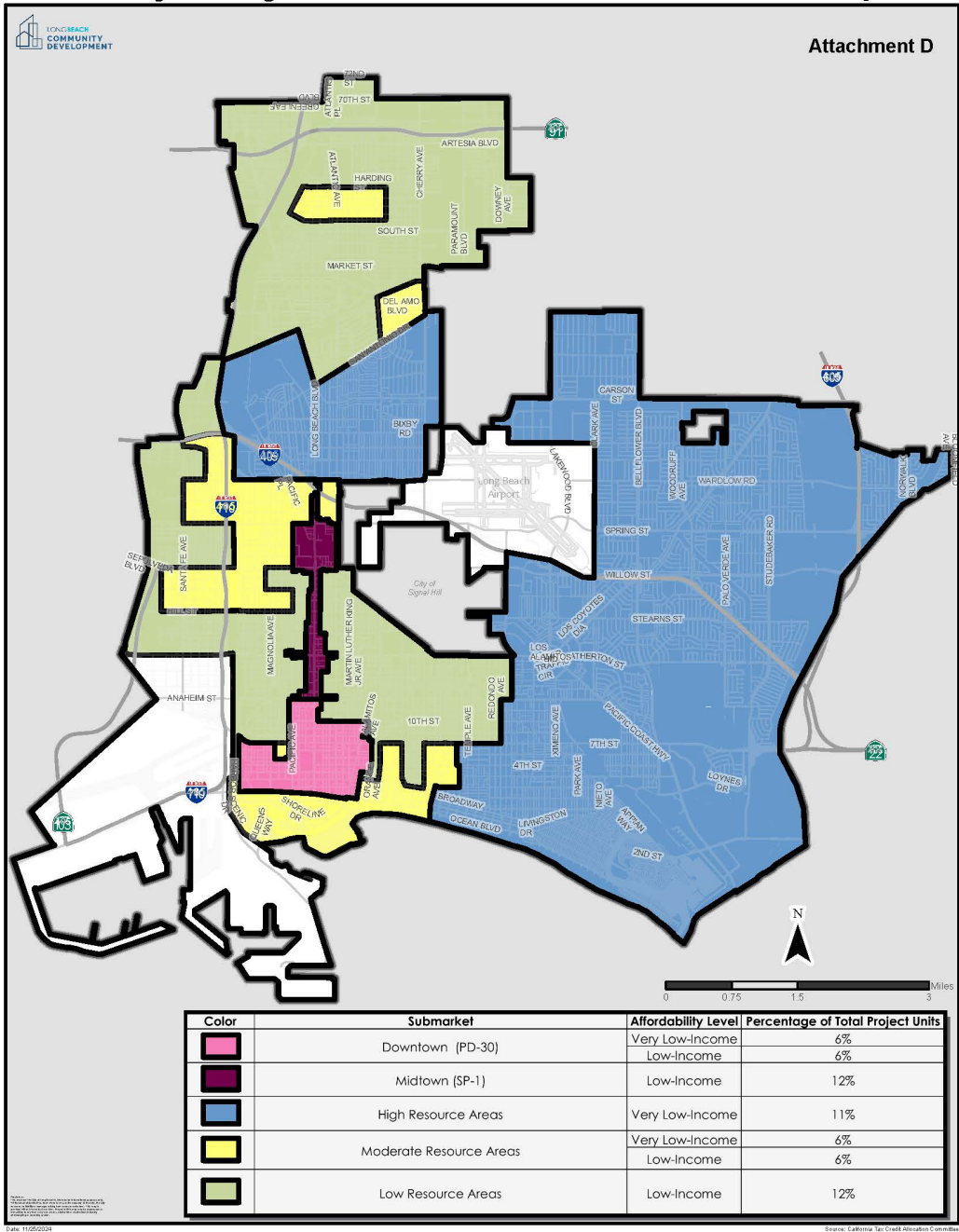
Council a review of the Policy at the end of the third year following the adoption of Policy updates. The entire Policy is intended to be re-evaluated every five years.

Table 2. Recommended Inclusionary Affordability Requirements for Rental Units

Submarket	Affordability Level	Inclusionary Requirement: Percentage of Total Rental Project Units
Downtown	Very Low-Income	6%
	Low-Income	6%
	<i>Total:</i>	12%
Midtown	Low Income	12%
High Resource Areas	Very Low-Income	11%
Moderate Resource Areas	Very Low-Income	6%
	Low-Income	6%
	<i>Total:</i>	12%
Low Resource Areas	Low-Income	12%

Figure 1. Map of Proposed Submarket Areas

Inclusionary Housing Submarket Areas for Rental Residential Developments



Phase-In Schedule for Inclusionary Rental Units

For the proposed expansion area, City staff recommend phasing in the Inclusionary requirements over three years for rental developments located in all areas of the City except Downtown and Midtown, which are already fully phased in. Any updates to the requirements for Downtown and

Midtown would apply immediately in full effect. As shown in Table 3, the first phase of required Inclusionary percentages for locations outside of Downtown and Midtown would take effect when this code amendment goes into effect in 2025, with the full requirements to be imposed beginning January 1, 2027, and beyond. The proposed phasing is recommended to allow time for the housing market to adjust, as housing developers plan projects and financing several years in advance. Within the Coastal Zone, this zoning change will require certification by the California Coastal Commission (CCC), which may delay implementation in the Coastal Zone only for one to three years, depending on the actions by the CCC that are beyond the City’s control.

**Table 3. Recommended Inclusionary Requirements Phasing Schedule:
Rental Housing Developments Citywide, Excluding Downtown and Midtown**

Submarket	Affordability Level	Inclusionary Requirement: Percentage of Total Rental Project Units		
		2025	2026	2027
High Resource Areas	Very Low-Income	5%	6%	11%
Moderate Resource Areas	Very Low-Income	3%	4%	6%
	Low-Income	3%	4%	6%
	<i>Total Requirement</i>	6%	8%	12%
Low Resource Areas	Low Income	6%	7%	12%

Update Affordability Levels for Ownership Units

City staff recommends a quite different approach for ownership units than for rental units. While the approach on rental units is based on a certain income with the amount phased in over time, the requirement for ownership would be steady at ten percent immediately and going forward. The level of affordability for ownership would be the phased-in factor, starting with only mildly discounted homes and then increasing to deeper levels of affordability over time as the ownership market matures and grows across the City.

Based on data analysis and stakeholder input from the development community, City staff recommend updating the affordability levels for ownership housing developments to facilitate the increased production of for-sale housing units. Since the Policy went into effect in 2021, only three ownership projects (333 units) have been entitled in Long Beach. No ownership projects have been entitled in the current Inclusionary Housing zones (Downtown and Midtown) or high resource areas of the City during this time. To address the need for ownership housing production, City staff recommend phasing in Inclusionary affordability levels citywide based on milestone thresholds, as shown in Table 4. Applying a higher income threshold initially would increase the limit on the affordable sales price for each Inclusionary unit, thereby increasing the incentive to develop ownership units. As more ownership housing is built, City staff propose phasing in deeper levels of affordability until moderate-income (120 percent of the Area Median Income [AMI]) is reached. City staff propose that 10 percent of total ownership project units be set aside as affordable citywide for all affordability levels. City staff will report annually on ownership unit production as part of the Housing Element Annual Progress Report and review the Inclusionary requirements after three years and every five years thereafter.

Table 4. Recommended Inclusionary Affordability Requirements for Ownership Units

Milestone Threshold	Phase-In Affordability Levels once each threshold is met: % of AMI	Income Limit for Family of 4	Affordable Sales Price for a 3-Bedroom Condo/Townhome*
First two years or when 200 total ownership units (market-rate and Inclusionary) are entitled, whichever is longer	200%	\$196,400	\$677,500
One year thereafter or when 200 additional ownership units are entitled, whichever is longer	150%	\$147,300	\$484,200
One year thereafter or when 200 additional ownership units are entitled, whichever is longer	135%	\$132,570	\$426,200
Thereafter	120%	\$117,840	\$368,200
*The affordable sales price is estimated based on variables including mortgage interest rate, downpayment, utility allowance, HOA fees and property tax. Actuals will vary.			

Additional Technical Policy Changes

City staff also recommend amending certain technical provisions of the current Policy to align the Policy with the proposed changes to the affordability requirements and refining the Policy based on implementation experience thus far. City staff have revised several of their original recommendations based on feedback from Planning Commissioners, community members, and stakeholders in Summer and Fall 2024. These revised recommendations include:

- Calculating the number of Inclusionary units (LBMC 21.67.050.B.2): For larger rental residential developments with 21 or more units, amend the provision to require fractions of an Inclusionary unit to be rounded up when computing the total number of required Inclusionary units rather than allowing developers the option to pay an in-lieu fee for the fractional unit. This amendment would align the Policy with the unit calculation procedures required under the City's Enhanced Density Bonus Ordinance and the State Density Bonus law. City staff also recommend that fractional units at different income levels be added together and applied to the lowest affordable level. For example, 0.2 very low-income and 0.4 low-income fractional units would be delivered as one very low-income unit. City staff have revised their prior recommendation to allow developers of smaller rental housing developments (20 units or fewer) and ownership housing developments the option to pay in-lieu fees for fractional units instead of rounding up. This provision is intended to balance the disproportionate financial impact of rounding up Inclusionary units on smaller projects.
- First-Time Homebuyer Requirement for Ownership Units: Add a requirement that Inclusionary Housing ownership units must be sold to first-time homebuyers. This amendment would close a loophole at the federal level regarding how income is calculated

that could allow homebuyers who already own real estate to purchase affordable units. A new definition is proposed in the Zoning Code to effectuate this change.

- *Expand City Use of In-Lieu Fees (LBMC 21.67.110.C)*: Remove the requirement that in-lieu fees may only be used to provide newly constructed housing. Instead, allow for in-lieu fees to be used for a broader range of affordable housing assistance in addition to housing development, such as homebuyer downpayment programs and Community Land Trust. Additionally, to align with the proposed mixed-income affordability approach, remove the requirement that in-lieu fees may only be used for housing assistance for very low-income households.
- *Developers' Alternative Compliance Options (LBMC 21.67.080)*: For the provision that allows developers alternatives to constructing the affordable units onsite with the market-rate units, designate the approval body as the Planning Commission rather than the City Council. This amendment aligns with the Planning Commission's role as the approval body for development projects that require discretionary approval but do not require legislative action. Planning Commission decisions would be appealable to the City Council.
- *Developers' Alternative Compliance Options, Land Dedication (LBMC 21.67.080.B)*: Amend the provision to require that land to be dedicated for affordable housing must be located within one mile of the housing development that is subject to Inclusionary Housing requirements unless the land is located in a high resource area of the City. This amendment aligns with the City's fair housing goals to increase affordable housing production in high resource areas. The land to be dedicated must be reviewed and approved to satisfy Inclusionary requirements.
- *Developers' Alternative Compliance Options, Other Alternative Compliance Methods (LBMC 21.67.080.C)*: The current policy allows developers to propose an alternative method to providing the Inclusionary units if the method provides for more units at the same or a deeper affordability level or if it would provide a greater public benefit. Add language to clarify that City staff will evaluate the developer's proposal, issue findings regarding whether the proposal helps achieve the City's fair housing goals and Regional Housing Needs Assessment, and recommend the Planning Commission approve or deny the proposal based on these findings.
- *Exempt Developments that Exceed the Inclusionary Affordability Requirements*: Add an exemption for residential developments in which a recorded regulatory agreement will restrict at least 49 percent of the total units to very low- or low-income households. Financial subsidies for affordable housing developments may have affordability and/or financing restrictions that conflict with the Inclusionary requirements. This amendment would allow housing developers the flexibility needed to obtain financial subsidies to build additional affordable units beyond those required under the Policy. For example, a housing development with half of the project units restricted to low-income households should not be considered out of compliance with the eleven percent very low-income Inclusionary requirements.
- *Inclusionary Housing Regulatory Agreement (LBMC 21.67.090.B)*: Amend the provision to require the inclusionary housing regulatory agreement to be recorded against the residential development earlier in the development process, within 30 days of submitting for plan check rather than prior to issuance of any building permit.

Findings

The proposed amendment is consistent with various goals, policies, and strategies within the City's General Plan Land Use, Housing, Urban Design, and other Elements. The proposed zoning code amendment advances Multiple Land Use Element (LUE) policies, including but not limited Land Use (LU) Policy 12-1, LU Policy 12-2, LU Policy 13-1, and LU Policy 16-5) guiding the provision of a variety of housing types for varied income ranges with an equity lens. This zoning code amendment would also align with the Urban Design Element's policy aimed at providing opportunities for mixed-use developments within focused locations to provide opportunities for affordable and mixed-income housing, among other things. Housing Element's (HE) policies HE Policy 1.11, HE Policy 6.7.1, and HE Policy 6.7.2 support expanding the City's Policy to other neighborhoods outside the downtown and midtown submarkets (Attachment E).

Local Coastal Program Amendment

Title 21 of the LBMC is part of the Implementation Plan of the City's Certified Local Coastal Program. Therefore, any revisions to Title 21 require a Local Coastal Program Amendment (LCPA) to ensure the proposed regulations are consistent with the Coastal Act. The proposed amendment to Chapter 21.67 of the Zoning Regulations would expand the existing Policy applicability beyond the Downtown Plan and Midtown Specific Plan submarkets and apply the ordinance citywide, including sites within the City's Coastal Zone.

Submittal of the LCPA to the CCC requires the City Council to adopt a resolution directing the City Manager or designee to submit the zoning code amendments and associated materials and findings to the CCC, for a finding of conformance with the Certified Local Coastal Program.

Public Hearing Notice

A notice was published as a one-eighth-page advertisement in the Long Beach Press-Telegram newspaper on January 22, 2025, in accordance with the requirements of Chapter 21.21, Division III of the Zoning Regulations. The notice of public hearing was posted in at least three public places within the boundaries of the City. Additionally, notices of public hearing were provided to stakeholders and other interested parties and posted at City Hall and City libraries. Finally, the notice of public hearing was posted on the Department website and distributed through the City's LinkLB notification system. The notice of public hearing was also mailed, along with all proposed changes, additions, modifications, or deletions to all City libraries and anyone requesting such notice. No public comment has been received at the time of preparation of this report.

Environmental Review

In accordance with the California Environmental Quality Act (CEQA) and the State CEQA Guidelines, this project is within the scope of what was analyzed in the previously certified and Addended Program Environmental Impact Report (PEIR) EIR 03-16 (SCH NO. 2015051054) prepared for the General Plan LUE update. The proposed amendment to the City's Inclusionary Housing Regulations will not result in any new significant impacts or any impacts greater than those analyzed in the PEIR. None of the conditions requiring a new subsequent or supplemental

environmental impact report, as stated in Section 21166 of the Public Resources Code or in Sections 15162 or 15163 of the CEQA Guidelines, are present.

Additionally, action is also Categorically Exempt (CE-24-174) from CEQA under Section 15061(b)(3) of the State CEQA Guidelines (the “common sense exemption”), which states “CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.” As this action consists only of changes to the Zoning Regulations, does not involve the physical development of housing units, and instead establishes the requirement that future residential development projects be required to include a percentage of units affordable to very-low, low- and moderate-income households, the activity is not subject to CEQA (Attachment F).

This matter was reviewed by Principal Deputy City Attorney Erin Weesner-McKinley on January 27, 2025, and by Revenue Management Officer Geraldine Alejo on January 24, 2025.

TIMING CONSIDERATIONS

City Council action is requested on February 11, 2025. Pursuant to the LBMC, this request should be heard by the City Council within 60 days of the Planning Commission hearing, which took place on December 19, 2024.

FISCAL IMPACT

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 City Council priorities.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



Christopher Koontz
Community Development

APPROVED:



THOMAS B. MODICA
CITY MANAGER

ATTACHMENTS: ORDINANCE
RESOLUTION
A – DECEMBER 19, 2024, PLANNING COMMISSION STAFF REPORT AND ATTACHMENTS
B – COMMUNITY AND STAKEHOLDER INPUT
C – PROPOSED AMENDMENTS TO ZONING CODE 21.67 INCLUSIONARY HOUSING POLICY
D - INCLUSIONARY RENTAL HOUSING SUBMARKET AREAS MAP
E – FINDINGS
F – NOTICE OF EXEMPTION (CE-24-135) AND CEQA STATEMENT OF SUPPORT