



HERMOSA BEACH
CHAMBER *of* COMMERCE
and VISITORS BUREAU

November 17, 2025

City of Hermosa Beach
1315 Valley Drive
Hermosa Beach CA 90254

RE: Mixed-use and Land Value Recapture

Dear City Council and Mayor:

The Hermosa Beach Chamber of Commerce and Visitors Bureau supports mixed-use development as a strategy to strengthen downtown vitality, enhance foot traffic, and attract private investment into our commercial corridors throughout the year. However, since the Land Value Recapture (LVR) Program was adopted in 2023, no mixed-use applications have been submitted on the small downtown lots subject to the fee. This lack of investment underscores that the program, as currently structured, has created a barrier to redevelopment rather than an incentive.

These small parcels face physical and financial limitations that make new construction challenging even before the fee is applied. Even a reduced LVR fee would continue to make these projects infeasible. Smaller sites cannot offset the cost through economies of scale or density bonuses, nor can they blend affordable and market-rate units to balance returns. As a result, the program has stalled all reinvestment interest in these small commercial lots.

Both Manhattan Beach and Redondo Beach do not impose a Land Value Recapture fee on mixed-use development, placing our City at a competitive disadvantage when it comes to attracting investment and achieving long-term revitalization goals.

To better align the City's housing, economic development, and sustainability objectives, the Chamber respectfully recommends that the City:

1. Exempt Small Downtown Lots from the LVR fee entirely.

- a. This exemption recognizes the unique physical and financial constraints of our City's small downtown lots, which cannot utilize density bonuses or achieve the scale needed to make development feasible.
- b. It also aligns with City Council's recent direction to the Planning Commission to exempt our small downtown commercial lots from an LVR fee.

2. Streamline the Review Process for small mixed-use projects by allowing qualifying proposals to undergo Administrative Review.

- a. Expediting approvals for small, low-impact projects would reduce costs and delays, making these developments more achievable.
- b. Streamlining is consistent with the City's Economic Development Strategy #28, which emphasizes increasing certainty and reducing approval times through improved efficiency.
- c. This approach would promote reinvestment while maintaining appropriate design oversight.

Together, these actions would strike the right balance, protecting public interests while unlocking the potential of small lots that have remained underutilized for years.

The Chamber appreciates the City's continued collaboration in fostering downtown revitalization while preserving our City's character and local business base. By exempting small lots and streamlining their review, our City can remove barriers to progress, encourage local reinvestment, and demonstrate leadership in practical, community-based economic development.

Thank you for your consideration and continued partnership with our business community.

Thank you for your consideration,

Board of Directors
Hermosa Beach Chamber of Commerce & Visitors Bureau