

**CITY OF HERMOSA BEACH
ORDINANCE NO. 24-XX**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HERMOSA BEACH, CALIFORNIA, AMENDING THE HERMOSA BEACH MUNICIPAL CODE TO IMPLEMENT THE LAND VALUE RECAPTURE PROGRAM FOR AFFORDABLE HOUSING AND DETERMINE PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT THAT THE PROJECT IS CONSISTENT WITH THE PLAN HERMOSA ENVIRONMENTAL IMPACT REPORT

THE CITY COUNCIL OF THE CITY OF HERMOSA BEACH DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Section 17.39.050 (Land Value Recapture for Affordable Housing) is hereby added to Title 17 (Zoning) of the Hermosa Beach Municipal Code to read as follows:

17.39.50 Land Value Recapture for Affordable Housing

A. Sites designated as (--HE) that have underlying non-residential zones are subject to the City's Land Value Recapture Program for Affordable Housing, as follows:

1. Proposed projects that are entirely non-residential are exempt.
2. Projects on sites with a Sites Inventory capacity are subject to the Land Value Recapture Program fee, as follows:

a. For sites on the Sites Inventory with a capacity of 5 or more units:

1. Projects proposing a minimum of 15% very-low income units, 15% low-income units, or 25% moderate income units, or combination thereof, (calculated from base density) shall be exempt from the fee;
2. Projects proposing a portion of the above affordability requirements shall be subject to the corresponding proportional amount of the fee.
3. Projects not proposing any affordable units shall be subject to the Tier 2 fee.

b. For sites on the Sites Inventory with a capacity of 1 to 4 dwelling units:

1. Projects constructing to minimum density and proposing at least 1 affordable unit (very low, low, or moderate) are exempt from the fee.

2. Projects not proposing any affordable units shall be subject to the Tier 1 fee.
- B. The fee amounts for the Land Value Recapture Program for Affordable Housing shall be set by City Council resolution.

SECTION 2. Section 17.42.100(A)(3) of Title 17 (Zoning) of the Hermosa Beach Municipal Code is hereby amended as follows:

2. Compatibility. All affordable housing units shall be dispersed within market-rate projects. Affordable housing units within market-rate projects shall be comparable with the size and bedroom count, design, and use of market-rate units in appearance, use of materials, and finished quality. The design and appearance of the affordable housing units shall be compatible with the design of the total housing development and consistent with the surrounding neighborhood. Forms, materials and proportions that are compatible with the character of the surroundings shall be used.

SECTION 3. Section 17.42.100(B)(2) of Title 17 (Zoning) of the Hermosa Beach Municipal Code is hereby amended as follows:

2. Applicability. The provisions of subsection (B)(1) of this section shall be applicable to residential projects of five (5) or more units, and senior citizen housing developments of at least thirty-five (35) units. Additionally, projects proposing a percentage of moderate-income rental units equivalent to the percentage of for-sale moderate income units may utilize the corresponding density bonus allowance specified in Government Code Section 65915.

SECTION 4. Land Value Recapture Program. Regarding proposed Section 17.39.050, the City makes the following findings:

1. The City's 2021-2029 Housing Element Sites Inventory identifies sites that may be used to meet the City's Regional Housing Needs Assessment (RHNA) allocation. The City's RHNA allocation consists of over 60 percent of units in the very low- and low-income categories.
2. Due to lack of available residentially zoned land, most of the sites in the Sites Inventory are on non-residentially zoned sites.
3. The City must amend the zoning in order to allow for residential or mixed-use development on non-residentially zoned sites.
4. The City's Housing Element includes strategies to facilitate the creation of affordable housing, including very low-, low-, and moderate-income units.

5. There are currently no affordable housing units in the City.
6. As a part of the rezoning effort, the City wishes to capture land value associated with the zoning amendments which enable residential development on non-residentially zoned sites.
7. In accordance with California Government Code 66001, the City Council finds:
 - a. The purpose of the fee (if applicable) is to create much needed affordable residential units in the City.
 - b. Any fees paid would be to fund the creation of affordable residential units and any associated services required by those units (open space, residential amenities, etc).
 - c. The amount of the fee is calculated to be the equivalent cost of creating affordable residential units on-site, on non-residentially zoned properties that now have the ability to include residential development. There is a reasonable relationship to requiring properties that can now include residential development (and may be the bulk of the new residential units coming online in the City) to offset the lack of affordable units in each project with the fee.
 - d. The City has an established need for affordable housing, as supported by the adopted 2021-2029 Housing Element.

SECTION 5. Severability. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision will not affect the validity of the remainder of this ordinance. The City Council hereby declares that it would have adopted this ordinance, and each and every section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof is declared invalid or unconstitutional.

SECTION 6. Effective Date. This Ordinance shall take effect thirty (30) days after its passage and adoption pursuant to California Government Code section 36937, or upon certification of the City's 2021–2029 Housing Element (6th Cycle) by the California Department of Housing and Community Development, whichever is later.

SECTION 7. Certification. The City Clerk is directed to certify the passage and adoption of this Ordinance; cause it to be entered into the City's book of original ordinances; make a note of the passage and adoption in the records of this meeting; and, within fifteen (15) days after the passage and adoption of this Ordinance, cause it to be published or posted in accordance with California law.

PASSED, APPROVED and **ADOPTED** on this 23rd day of January, 2024.

Justin Massey

PRESIDENT of the City Council and **MAYOR** of the City of Hermosa Beach, CA

ATTEST:

APPROVED AS TO FORM:

Myra Maravilla
City Clerk

Patrick Donegan
City Attorney