

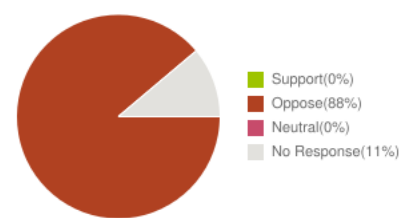
City Council Hybrid Meeting (Closed Session - 5:00 PM and Open Session - 6:00 PM)  
12-12-23 17:00

Agenda Name	Comments	Support	Oppose	Neutral
b) REPORT 23-0740 INTRODUCTION OF AN ORDINANCE AMENDING TITLE 17 OF THE HERMOSA BEACH MUNICIPAL CODE ZONING TEXT AMENDMENT (ZTA 23-02-B) ADDING THE LAND VALUE RECAPTURE PROGRAM AND AMENDING CRITERIA FOR AFFORDABLE HOUSING AND CONSIDERATION OF A RESOLUTION AMENDING THE CITY MASTER FEE SCHEDULE TO ESTABLISH THE LAND VALUE RECAPTURE FEES (Community Development Director Carrie Tai)	9	0	8	0

Sentiments for All Agenda Items

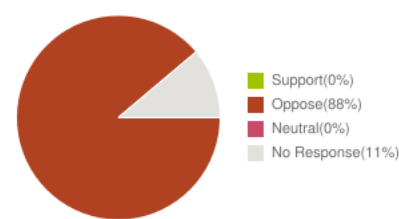
The following graphs display sentiments for comments that have location data. Only locations of users who have commented will be shown.

Overall Sentiment



Agenda Item: eComments for b) REPORT 23-0740 INTRODUCTION OF AN ORDINANCE AMENDING TITLE 17 OF THE HERMOSA BEACH MUNICIPAL CODE ZONING TEXT AMENDMENT (ZTA 23-02-B) ADDING THE LAND VALUE RECAPTURE PROGRAM AND AMENDING CRITERIA FOR AFFORDABLE HOUSING AND CONSIDERATION OF A RESOLUTION AMENDING THE CITY MASTER FEE SCHEDULE TO ESTABLISH THE LAND VALUE RECAPTURE FEES  
(Community Development Director Carrie Tai)

Overall Sentiment



Russ Gilbert

Location: 90254  
Submitted At: 2:57pm 12-12-23

I was asked to investigate this topic as someone who doesn't have a horse in the race per se beyond caring for the city and the businesses and residents within it.

I'm not yet fully educated on this issue, but from the research I've done it appears that the potential exists for the LVR to have negative effects on the city at the big picture level if implemented the wrong way.

We frequently note that a "one-size-fits-all" approach for statewide legislation leaves Hermosa with only bad or absurd options when it comes to implementing policy, and I want to make sure that in the case of LVR there's enough attention paid to the needs of small property owner and developers, particularly those who would own newly christened mixed use upzoned lots.

A large property on the scale of say, the Peppertree, is a fundamentally different scenario than those who own a property with a small amount of space. My understanding is that without increasing restrictions on density or floor to area ratio it would be easy to end up in a situation where the LVR could effectively simply become a development tax.

The piece of information I have not yet been able to track down that seems key to this issue is the difference between the intrinsic value of commercial vs. residential zoning. If, as some sources I've read indicate, there is a significant value increase in allowing residential to be built on top of commercial zones, I think some LVR probably does make sense, but it should still likely be a sliding scale vs a one-size-fits-all approach of the kind we so frequently contend with from the state.

From what I gather, funding the land value trust is the key to making the goal of affordable housing feasible in Hermosa. We have mostly small commercial properties in the impacted zones, so a disincentive to develop would make funding that trust difficult.

That said, the abundance of those small lots means the LVR also can't be zero or else the entire plan can't function, hence the suggestion for a sliding scale.

I'd also encourage the city to look at alternate methods to fund the trust, specifically perhaps imposing a tax on the large number of both commercial and residential properties that simply sit empty, sometimes for years.

A long term vacancy tax would do a lot by itself to drop rent prices as it forces property owners to both keep their rates reasonable and commit to tenants, and if the tax funded the land value trust that seems like a win/win.

### **Jon David**

Location:

Submitted At: 2:45pm 12-12-23

I oppose the LVR fees as it creates a disincentive and constrains housing development

On smaller projects, city-collected fees could equate to 25%-30% of the development cost. This is in a time when construction costs, interest rates, lending, etc. are inhibiting housing development. Generally, when development fees exceed 10-15% they are considered significant which could indicate a constraint to housing development. The suggested fees are a constraint and a barrier.

The LVR program may be intended to stimulate the creation of affordable housing. This is a noble cause I think we should take on. But there are other ways to address this than exorbitant fees that block market-rate housing. Density Bonuses, tax abatement, fee abatement, etc are great examples that other cities use.

The Housing Element and the Housing Accountability Act are intended to encourage and protect affordable housing but they are ALSO about doing the same at all income levels. This is why we have ABOVE MODERATE units on the site inventory and why subsection (j) of the Housing Accountability Act exists. To me, the worst outcome, the one I think the Council is setting up is a housing trust fund that goes unfunded because the exorbitant fee levels block the development of market-rate housing. Then everyone loses and erroneous assumption will have caused great harm to the community.

If the assumption that people want to build housing on Hermosa Commercial Corridors so badly they can withstand such high fees is wrong, the price we all pay is lost time to meet our housing numbers before the next housing cycle, lost revenue into the housing trust, and momentum on our economic development goals. We are going to start preparing for the next housing element cycle within the next 4-5 years. We need to see traction! The strategy of starting with a high fee and dropping it down if there is no traction will cost important time. Instead, the fees should start very low and scale up over time as the program realizes success.

Lastly, I fully support an LVR program but not this one. It has evolved into a program that will simply block all housing development.

**Dave Davis**

Location: 90254, Hermosa Beach

Submitted At: 2:04pm 12-12-23

As the owner of Hermosa Brewing Company I have operated my business in the downtown corridor since 2018. I have also volunteered a lot of my time and resources to support the city, local businesses and many local non-profits including the Hermosa Beach Education Foundation and the HB Chamber of Commerce. I am very concerned about the health of our business community and our city. To thrive, not to mention just survive, we need more foot traffic in our downtown corridor. This includes bringing more people downtown to live, work, shop and dine. Look around our city - we have significantly more vacant prime storefronts than both of our Beach City neighbors. HB businesses are struggling, especially the small owner/operators who donate the most time and resources to the community. For these reasons, I am opposed to any measures that would make it more difficult for local small land owners to add second story living or work spaces. In that, I am opposed to a Land Value Recapture fee for small commercial properties as I understand it would prohibit much needed mixed-use development on Upper Pier and other parts of Hermosa. We should incentivize growth and development from existing property owners in order to keep the Hermosa aesthetic but also support our local invested property owners—many who also own the business on their property. I support the Chamber's opposition to LVR fees for small lots.

**Tony Cordi**

Location:

Submitted At: 1:56pm 12-12-23

Mayor and Members of the City Council,

I am encouraged that you are considering allowing for mixed-use projects with residential units in the downtown area as part of the adopted Housing Element and the proposed Land Value Recapture (LVR) program.

There is significant precedence for this in California in cities that attest to the success of the implementation of mixed-use development projects. Examples include Palo Alto, Pasadena, Santa Monica, San Luis Obispo, Napa, Healdsburg and many more.

Benefits to these projects include increased walkability, economic vitality, revitalization, increased social interaction and community building, use of alternative transportation methods and so on.

The challenge that I am having after reading the Staff Report on the LVR program is with the notion that having a fee "would not disincentivize the development of residential development and instead promote development of affordable housing."

There are a number of incentives that cities across the country use to encourage developers to invest in and construct properties that align with the city's goals and priorities. For example: tax abatements, impact fee reductions or waivers, density bonuses, fast-track permitting, grants, and more are used. Having a fee seems completely counter-intuitive to me in this regard.

I very much appreciate how incredibly complex and important these issues are, but I think the city should be open to waiving the LVR fees while the city continues exploring its Economic Development Strategy and implementing zoning changes that truly incentivize investment in the downtown area.

**Ed Hart**

Location: 90254, Hb

Submitted At: 1:55pm 12-12-23

Dear Council and City staff. This is Ed Hart have owned and operated a business and been a part of this community for 40 years! I would like to state my opposition to a Land Value Recapture (LVR) fee for small commercial properties as I understand it would prohibit much needed mixed-use development on Upper Pier and other parts of Hermosa. Property owners of small lots shouldn't be punished or pushed out of town simply because they own a small lot. We should incentivize growth and development from existing property owners in order to keep the Hermosa aesthetic but also support our local invested property owners—many who also own the business on their property. I support the Chamber's opposition to LVR fees for small lots.

And councilman Jackson I have been in a service of this community lot longer than you have! And to be called self interest, or special interest group or lobby it is hurtful degrading and dismissive! You don't like and neither do I, when KA calls in to the meetings and with rude and degrading comments and personal attacks, so please don't do that to other people.

Best, Ed

**Jessica Accamando**

Location:

Submitted At: 1:33pm 12-12-23

The Chamber previously submitted a letter in opposition to LVR fees for small commercial lots where many of the affordable housing benefits would not be applicable and would ultimately disincentivize improvement and growth by existing owners.

We continue to remind the City that the the reason they created an Economic Development Strategy that Council approved was to realize the importance and value of proactive efforts to increase local economic vibrancy. Mixed use was a priority on that plan. Penalizing or putting a barrier in front of Mixed Use not only restricts additional housing opportunities but it also penalizes small lot owners who would and should be interested in continuing their investment in Hermosa.

**Jeff Raedy**

Location:

Submitted At: 12:39pm 12-12-23

The City cooperated with the Chamber of Commerce in the creation of a strategic plan for economic development, but it appears the City has decided to declare victory on creating the plan without any thought about its implementation.

Creating mixed-use zoning is a start, but people have to be able actually implement it. This LVR creates an unnecessary and critical impediment to implementing what the City has claimed it wants to do to invigorate downtown, especially Upper Pier and other commercial corridors.

This LVR initiative makes it look like the City is only paying lip service to its commitment to support our local economy and economic development as declared in that strategic plan. Why claim to be supportive of these goals while cutting them off at the knees?

Mixed-use is not going to happen with this LVR in place as proposed. The City should be incentivizing mixed-use, not placing a massive tax on it.

If this passes, anyone thinking about investing in the future of Hermosa Beach will want to think twice about the City's commitment to its business community and making this an attractive economic environment.

I respectfully ask the City Council to defer this decision and engage further with the Chamber of Commerce and other stakeholders to develop a plan more amenable to the community.

**Laura Pena**

Location:

Submitted At: 8:11am 12-12-23

Is Mixed-Use DEAD in Hermosa?

If you are a business owner, you would like the additional housing for employees as well as foot traffic from

residents living in our downtown throughout the year. It also supports our local economy by creating a more dynamic and engaging environment. It is one of the reasons our Chamber of Commerce encouraged the city to remove barriers and constraints on mixed-use to assist with this much needed vibrancy.

If you are a resident who addressed the city in large numbers when the St. Cross site was going to be rezoned, the majority were very supportive of the idea of mixed-use as an alternative to increasing density in our residential areas. Mixed-use often attract a diverse range of businesses, offering residents a wide selection of choices for shopping and dining.

How about the city, do they want mixed-use? They certainly could use the additional property tax revenue from mixed-use development for infrastructure improvement. Plus, it would help build momentum towards accomplishing several of their Economic Development Strategies for beautification, fascade improvement, and updating downtown revitalization.

So what seems to be the problem? Well, it looks like the proposed Land Value Recapture (LVR) Program the city wants to implement will kill the mixed-use opportunity...dead on arrival. The addition of residential in commercial areas needs to make financial sense...FULL STOP. Rational people only make investments when they "pencil out." Our downtown desperately needs investment to aid in vibrancy and economic resilience.

So why won't mixed-use happen? The term Land Value Recapture (LVR) refers to a policy that captures a portion of the value added to property that comes by government action. This captured value is then used for the public benefit, such as affordable housing. I fully support the concept but only if there is a clear, demonstrated benefit recognized by BOTH parties. For example, if a property owner wanted to build 2,500 square feet of residential mixed-use they would be assessed anywhere between \$190,000 - \$260,000 LVR fee, not including other development costs (i.e, construction, financing, permit/city fees, etc). I fear with this large fee being proposed, property owners will choose not to invest because it does not make financial sense.

Bottom line, we need evidence based programs and execution of these programs can make a difference. If you want to show how a Land Value Recapture can work, create a pilot program with stakeholder involvement where monitoring and evaluating progress to test the effectiveness of the fee structure and incentives. Because if the LVR fee is too high, 100% of zero is still zero!

Let's work together so we can co-create a successful Land Value Recapture Program that has the potential to create real incentives for affordable housing as well as housing production at all income levels.

Laura Pena

**Tracy H**

Location:

Submitted At: 12:25pm 12-11-23

Respectfully oppose