

CITY OF HERMOSA BEACH
RESOLUTION 23-XXXX

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HERMOSA BEACH,
CALIFORNIA AMENDING THE CITY MASTER FEE SCHEDULE TO ESTABLISH
FEES FOR THE LAND VALUE RECAPTURE PROGRAM FOR AFFORDABLE
HOUSING**

WHEREAS, at its December 12, 2023, City Council adopted an ordinance to add Section 17.39.050 to the Hermosa Beach Municipal Code, to establish the Land Value Recapture Program for affordable housing; and

WHEREAS, the City produced an analysis prepared by a professional services firm with expertise in real estate and development to justify the fees associated with the Land Value Recapture Program; and

WHEREAS, 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; and

WHEREAS, due to lack of available residentially zoned land, most of the sites in the Sites Inventory are on non-residentially zoned sites; and

WHEREAS, the City must amend the zoning in order to allow for residential or mixed-use development on non-residentially zoned sites; and

WHEREAS, the City's Housing Element includes strategies to facilitate the creation of affordable housing, including very low, low, and moderate income units; and

WHEREAS, there are currently no affordable housing units in the City.

WHEREAS, 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; and

WHEREAS, in accordance with California Government Code 66001, the City Council finds:

1. The purpose of the fee (if applicable) is to create much needed affordable residential units in the City.

2. 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).
3. 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; and
4. The City has an established need for affordable housing, as supported by the adopted 2021–2029 Housing Element; and

WHEREAS, the establishment of the Land Value Recapture fee is statutorily exempt pursuant to the California Environment Quality Act (CEQA) pursuant to CEQA Guidelines section 15378 (b)(4), which provides that CEQA does not apply to the creation of governmental funding mechanisms that do not involve a commitment to a particular project which may result in a significant impact to the environment. The fee does not identify or permit any specific future project or projects.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HERMOSA BEACH, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. City Council hereby amends the City's Master Fee Schedule to establish a Land Value Recapture Fee (Tier 1) of \$76 per square foot for the following:

- 1) Development projects on properties with a minimum density of 4 units or fewer and proposing less than 1 dwelling unit of affordable (very-low, low, or moderate income) housing.

SECTION 2. City Council hereby amends the City's Master Fee Schedule to establish a Land Value Recapture Fee (Tier II) of \$104 per square foot for development projects on properties with a minimum density of 5 units or more proposing less than 15 percent very-low income, 15 percent low income, or 25 percent moderate-income units.

PASSED, APPROVED, and ADOPTED on this 12th day of December , 2023.

Mayor 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