



Date: May 21, 2019

To: Patrick H. West, City Manager *P.H. West*

From: Linda F. Tatum, Director of Development Services *L.F. Tatum*

For: Mayor and Members of the City Council

Subject: **Inclusionary Housing Policy Development Update – Preliminary Economic Analysis**

In May 2017, the City Council adopted 29 policy recommendations to support the production of affordable and workforce housing. This memorandum provides an update on Policy 3.2, the development of an Inclusionary Housing policy to enhance the production of affordable and mixed-income housing citywide.

To assist with this effort, staff contracted with LeSar Development Consultants and Estolano LeSar Perez Advisors (LeSar), and their sub-consultants, Keyser Marston Associates (KMA) and The Robert Group (TRG). LeSar and its sub-consultants have conducted a review and analysis of real estate market conditions; local programs, policies, and regulations related to land use and development; existing affordable housing and other development incentives; and, economic development initiatives.

LeSar and TRG, along with Housing and Neighborhood Services Bureau staff and Planning Bureau staff, hosted two initial community meetings on December 5 and December 8, 2018. The community meetings were intended to introduce the policy effort and provide information on how Inclusionary Housing works and why the City has initiated this process.

KMA has been engaged to create an Inclusionary Housing Financial Evaluation (Economic Analysis). The Economic Analysis is a key and critical component of the development of an Inclusionary Housing policy. The Economic Analysis evaluates the impacts created by the imposition of Inclusionary Housing requirements and determines the feasibility of an Inclusionary Housing policy in the Long Beach marketplace. It also estimates the fee amounts that can be supported for projects that are permitted to pay a fee in lieu of producing affordable housing. In addition, the Economic Analysis provides:

- An overview of the number of existing Inclusionary Housing programs in California (over 170 jurisdictions);
- An overview of key court cases impacting Inclusionary Housing policy;
- An overview of recently adopted California Law regulating Inclusionary Housing policy;
- An overview of the role of the State Department of Housing and Community Development in ensuring that Inclusionary Housing policies do not constrain the production of housing;

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- An overview of State Density Bonus requirements and its relationship to Inclusionary Housing;
- The economic feasibility, constraints, and opportunities of an Inclusionary Housing policy for Long Beach; and,
- Baseline recommendations and options for a potential policy.

Next Steps

Staff is working with KMA to complete the Economic Analysis. Additionally, community and stakeholder meetings will be held in June and July 2019 and more information on dates will be provided soon. It is also anticipated a Planning Commission Study Session will be held in August 2019 followed by Planning Commission and City Council review in August and September 2019.

If you have any questions, please contact Patrick Ure, Housing and Neighborhood Services Bureau Manager, at (562) 570-6026 or Patrick.Ure@longbeach.gov.

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