CITY OF LONG BEACH

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Inclusionary Housing Implementation Guidelines: Rental Residential Development

Municipal Code Chapter 21.67

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LONG BEACH COMMUNITY DEVELOPMENT

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I. Definition of Terms

The following words, terms and phrases are used in this Inclusionary Housing Guidelines: Rental Residential Development manual. Consistent with Section 21.10.045 of the Long Beach Municipal Code, if the particular context of a term or phrase, or usage of a term or phrase requires another interpretation, the Zoning Administrator is authorized to determine all pertinent facts and interpret the Ordinance.

“Adjusted for Household Size Appropriate for the Unit” means the household sizes defined in HSC Section 50052.5, and is only used for the purposes of calculating the Affordable Rent. For this purpose only, the household size is set at the number of bedrooms in the unit plus one.
This is not an occupancy limit.

“Adult” means a person 18 years of age or older.

“Affordable Housing Cost” means the maximum costs that can be borne by Very Low Income Households or Low-Income Households, as defined in HSC Section 50053. The calculation methodology is described in Section VI-B of this manual.

“Affordable Rent” means the Affordable Housing Cost minus Housing Related Expenses.

“Annual Housing Monitoring Fee” means the fee that is imposed by the City on Developers to pay for the costs incurred by City staff to monitor the Inclusionary Units in a Rental Residential Development. The Annual Housing Monitoring Fee is updated periodically and is approved by the City Council.

“Applicant” means a Household that is applying to rent an Inclusionary Unit.

“Approval Body” means a body with the authority to approve the proposed Rental

Residential Development or any component thereof.

“Area Median Income” or “AMI” means the annual median income for Los Angeles County, adjusted for household size, as published periodically in the California Code of Regulations, Title 25, Section 6932, or its successor provision, or as established by the City in the event that such median income figures are no longer published in the California Code of Regulations.
“Building Permit” includes full structural building permits as well as partial permits such as foundation-only permits.

“Chapter 21.67” means Chapter 21.67 of the Long Beach Municipal Code. Chapter 21.67 details the requirements imposed by the Inclusionary Housing Ordinance.

“City” means the City of Long Beach, California.

“City Density Bonus Ordinance” means the density bonus provided by the City of Long Beach under Chapter 21.68 of the City’s Zoning Code.

“Common Ownership or Control” refers to property owned or controlled by the same person, persons, or entity, or by separate entities in which any shareholder, partner, member (or family member of such shareholder, partner or member) of the entity owns 10% or more of the interest in the property.

“Contiguous Property” means any parcel of land that is:

1. Touching another parcel at any point; or

2. Separated from another parcel at any point only by a public right-of-way, private street or way, or public or private utility, service or access easement; or

3. Separated from another parcel only by other real property of the Developer which is not subject to the requirements of Chapter 21.67 at the time the

Planning Entitlement application is submitted by the Developer.

“CTCAC” means the California Tax Credit Allocation Committee.

“Default” means the failure of a Party to perform any action or covenant as defined in the Inclusionary Housing Regulatory Agreement.

“Density Bonus Units” means dwelling units approved in a Rental Residential Development pursuant to Section 65915 et seq. or the City Density Bonus Ordinance that are in excess of the maximum allowable residential density otherwise permitted by the City.

“Developer” means a person, persons, or entity that applies for a Residential Development and also includes the owner or owners of the property if the Developer does not own the property on which the Residential Development is proposed.

“Director of Community Development” is the Director of Community Development Department of the City of Long Beach.

"Downtown Submarket" means those areas of the City located within the Downtown Plan Area (PD-30) as delineated on the City's Zoning Use District Map.

“Effective Date” means the date on which the Inclusionary Housing Regulatory Agreement is approved and executed by appropriate authorities of the Developer and the City.

“Eligible Tenant” means a prospective tenant who meets the eligibility criteria set forth in Section V of this manual.

“First Approval” means the first of the following approvals to occur with respect to a Rental Residential Development after the effective date of the Ordinance: Planning Entitlement or Building Permit.

“Gross Income” means all income from whatever source from all Adult Household members, which is anticipated to be received during the 12-month period following the date of the determination of Gross Income. The applicable sources of income are defined in California Code of Regulations Title 25 Housing and Community Development Section 6914. The definition includes the following specific requirements:

1. Except as provided in subdivision (2), all payments from all sources received by the head of Household (even if temporarily absent) and each additional member of the Household who is not a minor shall be included in the annual income of a Household. Gross Income shall include, but not be limited to:

    a. The gross amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses.

    b. The net income from the operation of a business or profession or from rental or real or personal property (for this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business).

    c. Interest and dividends.

    d. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts.

    e. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see subdivision (2)(c)).

    f. Public Assistance. If the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the

actual cost of shelter and utilities, the amount of public assistance income to be included as income shall consist of:

i. The amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus

ii. The maximum amount which the public assistance agency could in fact allow for the Household for shelter and utilities.

g. Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling.

h. All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the Household or spouse or domestic partner (but see subdivision (2)(e)).

Where a Household has net assets in excess of $5,000, income shall include the actual amount of income, if any, derived from all of the net Household assets or 10 percent (10%) of the value of all such assets, whichever is greater. For purposes of this definition, net Household's assets means the value of equity in real property other than the Household's full-time residence, savings, stocks, bonds, and other forms of capital investment. The value of necessary items such as furniture and automobiles shall be excluded.

The following items shall not be considered as income:

1. Casual, sporadic or irregular gifts.

2. Amounts which are specifically for or in reimbursement of the cost of medical expenses.

3. Lump-sum additions to Household assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or

property losses.

4. Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment. Any amounts of such scholarships, or payments to veterans not used for the above purposes of which are available for subsistence are to be included in income.

5. The special pay to a serviceman head of a Household away from home and exposed to hostile fire.

6. Relocation payments made pursuant to federal, state, or local relocation law.

7. Foster child care payments.

8. The value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the eligible Household.

9. Payments received pursuant to participation in the following volunteer programs under the ACTION Agency:

    a. National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs.

    b. National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executive (SCORE) and Active Corps of Executives (ACE).

“HCD” means the California Department of Housing and Community Development.

“High Resource Area” means those areas designated as high resource areas on the

Submarket Areas Map.

“Household” means all the persons who will occupy the Inclusionary Unit as their Principal Residence. A child who is subject to a legally-binding shared-custody agreement, in which the child resides with the Household at least 50% of the time, is counted as a member of the Household. Excluded from the definition of Household are live-in caregivers/caretakers, foster children, unborn children and children being pursued for legal custody or adoption that are not currently living with the Household.

“Housing Related Expenses” means any costs other than rent that are required to be borne by a tenant in an Inclusionary Unit located in a Rental Residential Development. These costs include, but are not limited to, the following:

1. A utility allowance based on the types of interior utilities included in the Inclusionary Units for which payment will be the tenant’s responsibility, as published annually by the Housing Authority of the City of Long Beach.
2. Any costs that are imposed on a mandatory basis by the Project Owner on the tenants in the Inclusionary Units; and
3. Any mandatory or optional costs assessed by the Project Owner on the amenities that are included in the project.

“Housing Trust Fund” means the fund or account established by Chapter 3.92 of the Long Beach Municipal Code.

“HSC” means the California Health and Safety Code.

“Inclusionary Housing” means the affordable housing development requirements imposed by Chapter 21.67.

“Inclusionary Housing Guidelines – Rental Residential Development” means this manual that has been prepared by the City for the implementation and

enforcement of Chapter 21.67. Each Developer of a Project, subject to Chapter 21.67 requirements, will be provided with a copy of the manual prior to executing an Inclusionary Housing Regulatory Agreement.

“Inclusionary Housing Plan” means a plan containing all the information specified in and submitted in conformance with the requirements described in Section II-G-1 of this manual and codified in LBMC 21.67.090.A. The Inclusionary Housing Plan must be approved by the City prior to the issuance of Building Permits for the Residential Development.

“Inclusionary Housing Regulatory Agreement” means an agreement between the City and Developer, governing how the Developer shall comply with the requirements described in Section II-G-2 of this manual and codified in Section 21.67.090.B of the Long Beach Municipal Code.

“Inclusionary Unit” means a dwelling unit required by Chapter 21.67 to be affordable to Very- Low Income Households or Low-Income Households, and subject to an Inclusionary Housing Regulatory Agreement.

“In-Lieu Fee” refers to a fee that may be paid by a Developer in specific circumstances in lieu of providing Inclusionary Units within a Rental Residential Development. These circumstances are identified in Section II-F-1 of this manual. The In-Lieu Fee schedule is updated periodically and is approved by the City Council.

“Low-Income Household” refers to households whose incomes meet the standards defined in Title 25 of the California Code of Regulations Section 6932, and by the HSC Section 50079.5. The maximum household income amount for Low-Income Households shall be the amount published annually by HCD as adjusted to reflect the Household size of the tenant in a particular Inclusionary Unit.

“Low Resource Area” means those areas designated as low resource areas on the Submarket Areas Map.

"Market Rate Unit" means a new dwelling unit in a Rental Residential Development that is not an Inclusionary Unit that is subject to the recorded affordability restrictions imposed by Chapter 21.67 and any adopted Inclusionary Housing Guidelines.

"Midtown Submarket" means those areas of the City within the Midtown Plan Area (SP-1) as delineated on the City's Zoning Use District Map.

"Moderate Resource Area" means those areas designated as moderate resource areas on the Submarket Areas Map.

"Opportunity Areas Map" means the map published by the California State Treasurer. The map identifies areas in every region of the state whose characteristics have been shown by research to be associated with positive economic, educational, and health outcomes for low-income families—particularly long-term outcomes for children. The map is intended to inform efforts to advance the affirmatively furthering fair housing objectives.

"Ordinance" means the Inclusionary Housing Ordinance adopted by the City Council on April 1, 2025, which is codified in Chapter 21.67.

"Party and Parties" means the City and the Developer as parties to the Inclusionary Housing Regulatory Agreement required to implement the activities required by Chapter 21.67.

"Planning Entitlement" means any discretionary approval of a Residential Development including, but not limited to, a general or specific plan adoption or amendment, rezoning, tentative map, parcel map, conditional use permit, variances, site plan review, or local coastal development permit.

"Rental Residential Development" means any residential development that creates one or more dwelling units that cannot be lawfully sold individually in conformance

with the Subdivision Map Act.

“Project Owner” means the owner of the Project that includes the Inclusionary Units.

“Residential Development” means any development for which a Planning Entitlement or Building Permit is required that includes:

1. The creation of one or more additional dwelling units; or

2. Conversion of nonresidential uses to dwelling units; or

3. The conversion of a use from a Rental Residential Development to an Ownership Residential Development.

“Section 65915 Density Bonus” means the density bonus provided by the State of California under California Government Code Section 65915-et seq.

“Submarket(s)” means the Downtown Submarket, the Midtown Submarket, the High Resource Area, the Low Resource Area and the Moderate Resource Area, or any applicable combination thereof.

“Submarket Areas Map” means that certain map prepared and published by the City Community Development Department assigning all parcels of real property within the City of Long Beach to a Submarket. The Submarket Areas Map shall be updated periodically or as necessary by the City Community Development Department.

“Very Low-Income Household” refers to households whose incomes meet the standards defined in Title 25 of the California Code of Regulations Section 6932, and by the HSC Section 50105. The maximum household income amount for Very Low-Income Households shall be the amount published annually by HCD as adjusted to reflect the Household size of the tenant in a particular Inclusionary Unit.

II. Overview

This manual sets forth the Inclusionary Housing Guidelines: Rental Residential Development imposed by the Ordinance, which is codified in Chapter 21.67 of the Long Beach Municipal Code. The pertinent Long Beach Municipal Code Sections will be referenced throughout this manual.

II-A. Summary of the Ordinance

A-1. Applicability

Section 21.67.030 imposes Inclusionary Housing requirements on all Residential Developments located in the City of Long Beach except for any residential development exempt under Section 21.67.040.

Planning entitlement expiration: Upon the expiration of any planning entitlement, and unless otherwise exempted, all Rental Residential Developments located in the City of Long Beach shall be subject to the Inclusionary Housing requirements of this Chapter in effect as of the date of such expiration, and shall not proceed until such time as an Inclusionary Housing Plan is approved in conjunction with any other required planning entitlement or amendment thereto. The Inclusionary Housing requirements shall also apply to any Residential Development which is granted a discretionary extension of a planning entitlement after the effective date of Chapter 21.67, to the extent consistent with state law.

A-2. Exemptions

Section 21.67.040 exempts the following Rental Residential Developments from Inclusionary Housing requirements:

1. Projects with nine or fewer units.

2. Projects developed under the auspices of a development agreement

pursuant to California Government Code Section 65864 et seq. and/or Chapter 21.29 of the Long Beach Municipal Code that meet the following criteria:

a. The development agreement was executed prior to the effective date of the Ordinance; and

b. The development complies with any Inclusionary Housing requirements included in the development agreement or any predecessor ordinance in effect when the development agreement was executed.

3. Projects that are exempted by California Government Code Section 66472.2 or 66498.1, provided that the development complies with any predecessor ordinance, resolution, or policy that was in effect when the development was deemed substantially complete.

4. Projects for which a Building Permit was issued prior to the effective date of the Ordinance, provided that the development complies with any predecessor ordinance, resolution, or policy that was in effect on the date when the application for development was approved.

5. Residential developments in which at least forty-nine percent (49%) of the total units will be restricted by a recorded regulatory agreement to Very Low-Income Households or Low-Income Households.

II-B. Inclusionary Housing Requirements

Section 21.67.050 imposes the following Inclusionary Housing requirements on Rental Residential Developments:

B-1. Inclusionary Housing Production Requirements

1. Inclusionary Housing requirements are imposed on Rental Residential

Developments that include 10 or more dwelling units, unless the project is exempt under Section 21.67.040. This requirement also applies to Rental Residential Developments being developed on Contiguous Property under Common Ownership or Control.

2. Rental Residential Developments must fulfill the Inclusionary Housing requirements on- site within the market rate projects unless an in-lieu fee, off-site land dedication or other alternative compliance option described in Section II-F of this manual and Section 21.67.080 of the Long Beach Municipal Code is approved.

B-2. Inclusionary Rental Housing Submarket Area Map

The City has established an Inclusionary Rental Housing Submarket Area Map depicting the geographic area of the City to which Chapter 21.67 applies. The Zoning Administrator shall direct any updates and maintenance of this map. The Inclusionary Rental Housing Submarket Area Map generally reflects the existing Subarea Markets (Downtown and Midtown) and CTCAC/HCD Opportunity Areas Map at the time of adoption, which identifies areas in every region of the state whose characteristics have been shown by research to be associated with positive economic, educational, and health outcomes for lower income families, particularly long-term outcomes for children. The opportunity areas are intended to inform local and regional efforts to increase access to opportunity for lower income families and address segregation and poverty concentration.

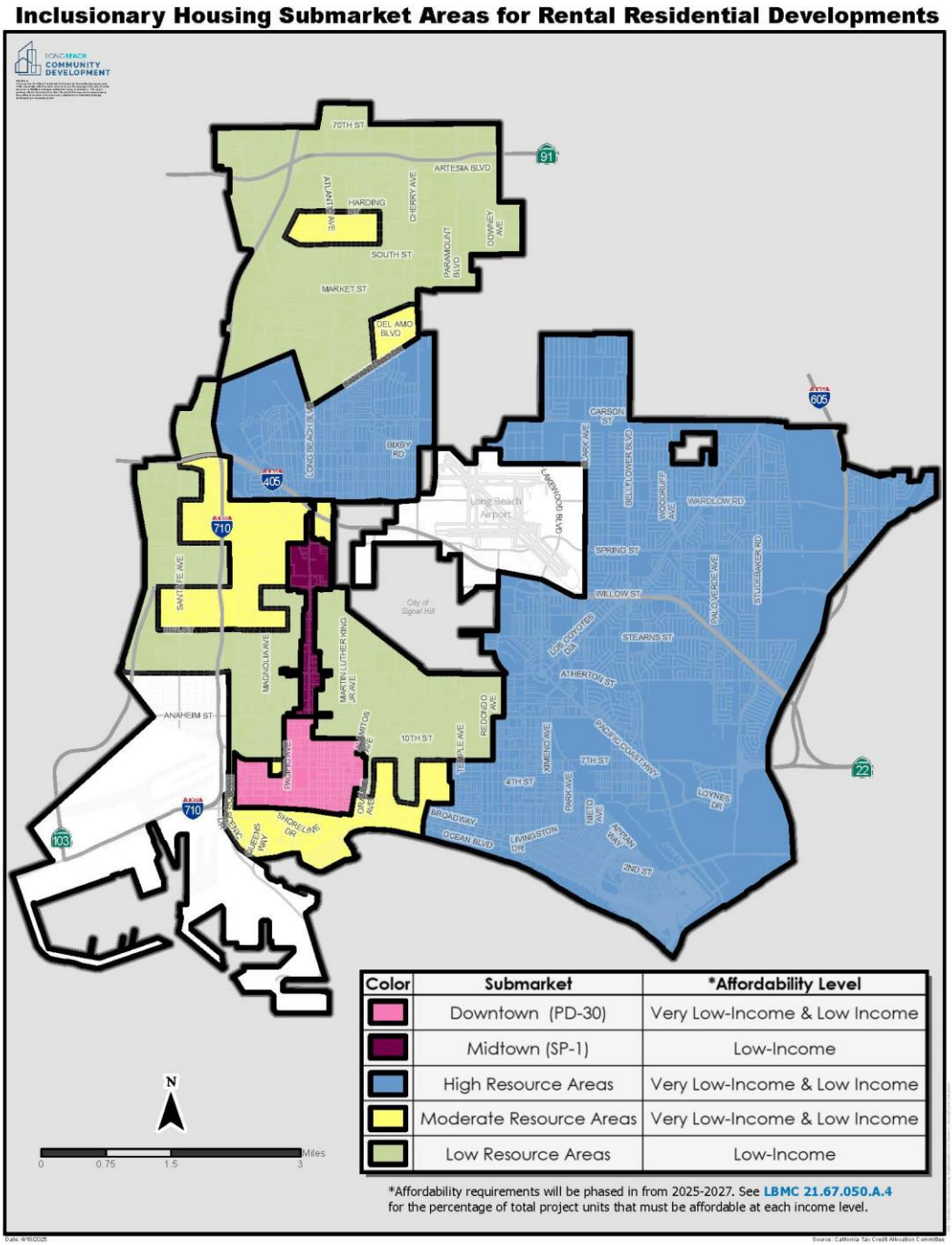
The Zoning Administrator shall update this map periodically, or as necessary. The Inclusionary Rental Housing Submarket Area Map shall be on file in the office of the Department of Community Development, and said map and all notations, references and other information shown on it, are incorporated by reference and shall be deemed as much a part of the Municipal Code as if the matters and information set forth by the map were fully described in the code.

The City's Inclusionary Rental Housing Submarket Area Map denotes five subareas.

The data which informs the map includes opportunity, poverty and racial segregation data to categorize geographic areas into High, Moderate and Low resource areas. These three new sub-areas categorize areas outside of the two already established Inclusionary sub-areas of Downtown and Midtown. The three added sub-areas identify areas of the city with the most opportunity, lowest poverty rates and highest access to resources (High Resource area) and corresponding moderate and low resource areas, finding the Low Resources areas to be areas of the city with the least opportunity, highest poverty rates and least access to resources of the three levels.

Figure 1 – Inclusionary Rental Housing Submarket Area Map (2025)

View an interactive version of the [Inclusionary Rental Housing Submarket Areas Map](#).



B-3. Income and Affordability Standards

Section 21.67.050 requires the Inclusionary Units in Rental Residential Developments to be rented at the Affordable Rents to Very Low-Income Households or Low-Income Households. See Section V for more information on income eligibility and affordable rent calculation.

The Inclusionary Housing requirements differ based on the Submarket Area in which the project will be located. There are five distinct Submarket Areas as mapped. See Table 1 and Figure 1 for reference. For projects located in High Resource Areas, Moderate Resource Areas, or Low Resource Areas, the Inclusionary Housing requirement is phased in from 2025 to 2027 based on the date a Developer submits a complete application for First Approval. There is no phase-in period for the Inclusionary Housing requirement for projects located in the Downtown Submarket or Midtown Submarket, as these submarkets were fully phased in during the initial implementation of the Ordinance in 2021 to 2023.

In all instances, regardless of the total number of units, for Residential Developments located on a site within more than one Submarket, the total number of inclusionary units shall be calculated as though the entirety of the residential development is located in a single Submarket. The single applicable submarket area shall be determined by the location of the geometric center (centroid) of the resulting Residential Development parcel area.

Table 1. Inclusionary Housing Requirements for Rental Residential Developments

Inclusionary Housing Affordability Requirements: Rental Residential Developments				
Submarket	**Affordability Level**	**Inclusionary Housing Requirement: Percentage of Units in the Development**		
		2025	**2026**	**2027 and thereafter**
Downtown Submarket	Very Low-Income	6%		
	Low-Income	6%		
	Total:	*12%*		
Midtown Submarket	Low-Income	12%		
High Resource Area	Very Low-Income	4%	5%	8%
	Low-Income	2%	3%	4%
	Total:	*6%*	*8%*	*12%*
Moderate Resource Area	Very Low-Income	3%	4%	6%
	Low-Income	3%	4%	6%
	Total:	*6%*	*8%*	*12%*
Low Resource Area	Low-Income	6%	7%	12%

B-4. Calculating Inclusionary Housing Units

1. The calculation of the Inclusionary Housing requirements for Rental Residential Developments applies to newly constructed units and adaptive reuse of non-residential space.

2. If the Rental Residential Development proposes to remove, demolish or vacate any existing rental units, the development may be subject to City's No Net Loss Ordinance (LBMC Chapter 21.11) and/or California Senate Bill 330 (SB 330), the "Housing Crisis Act of 2019". The Inclusionary Housing requirement shall not in any way alter the Developer's obligation to comply with the City's No Net Loss Ordinance (LBMC Chapter 21.11), including without limitation reducing the number of affordable units that may be required thereunder.

3. The calculation of Inclusionary Housing is based on the number of dwelling units in the Residential Development, excluding any Density Bonus Units.

4. Fractional Units, as dictated in Section 21.67.050 of the Municipal Code:

    a. Projects with 21 or more total units: if the calculation of the required number of Inclusionary Units results in a fraction of any value, then the Developer must round up to the nearest whole Inclusionary Unit.

    b. Projects with 10-20 total units: if the calculation of the required number of Inclusionary Units results in a fraction of any value, then the Developer may select one of the following options:

        i. To round up to the nearest whole Inclusionary Unit; or

        ii. To pay an In-Lieu Fee to the Housing Trust Fund. The In-Lieu Fee amount is based on the fractional requirement multiplied by the applicable In-Lieu Fee as established in Section 21.67.080.

    c. In all instances, regardless of the total number of units, where fractional Inclusionary Units applicable to households of different income levels in

the same Residential Development, the Developer may add the respective fractions and round up to the nearest whole Inclusionary Unit at the lower required income level.

B-5. Contiguous Property Under Common Ownership or Control

A Developer shall not avoid Inclusionary Housing requirements by submitting piecemeal Planning Entitlement or Building Permit applications. When applying for First Approval, the Developer must identify all Contiguous Property under Common Ownership or Control. The following process will be applied to these types of properties:

1. The Developer is required to include the Contiguous Property Under Common Ownership or Control in its Inclusionary Housing Plan.

2. An Inclusionary Housing Regulatory Agreement will be recorded on legal title to the Rental Residential Development and the Contiguous Property Under Common Ownership or Control.

3. Once complete Planning Entitlement applications are submitted for a total of 10 or more residential units, the Inclusionary Housing requirements will be triggered.

II-C. Inclusionary Housing Standards

Section 21.67.060 imposes the following development standards on Rental Residential Developments:

C-1. Construction Standards

1. Inclusionary Units must be comparable in exterior appearance to the Market Rate Units in the Rental Residential Development.

2. The interior finish features of the Inclusionary Units may vary from those provided in the Market Rate Units so long as the finishes and features are durable, of good quality, and consistent with standards for new housing.

C-2. Unit Mix Requirements

1. The bedroom mix distribution for the Inclusionary Units must be proportional to the bedroom mix distribution provided in the Market Rate Unit component of the Rental Residential Development. At the Developer's discretion, the Inclusionary Units may include more bedrooms than are provided in the Market Rate Units. If the calculation of the bedroom mix distribution results in fractional unit(s), the units with the greatest number of bedrooms shall be rounded up. Fractional Inclusionary Units applicable to households of different income levels in the same Residential Development may be added together and applied toward Inclusionary Unit(s) at the lowest required income level.

2. The average size of the Inclusionary Units must be equivalent to or greater than the average size of the Market Rate Units in the Rental Residential Development.

3. The Inclusionary Units must be dispersed throughout the Rental Residential Development. Inclusionary Units may not be clustered together.

C-3. Amenities

1. The Inclusionary Units must be provided with the same amenities as the Market Rate Units, including same access to common areas, recreational facilities, parking, storage and any other amenities located within the Rental Residential Development as well as in-unit amenities included in each private unit.
    a. Examples of in-unit amenities include storage space and closet(s),

private open space, washer/dryer connections or appliances, and other custom built-in options, etc.

2. Cost:
    a. Any amenities that are provided at no cost to the tenants in the Market Rate Units must also be provided at no cost to the tenants in the Inclusionary Units.

    b. Any costs that are required to be incurred to secure use of the amenities within the Rental Residential Development must be factored into the Housing Cost calculations for the Inclusionary Units.

II-D. Density Bonus Units

1. A Developer that is providing all the required Inclusionary Units on site within the Rental Residential Development, that wishes to apply for Density Bonus Units may do so concurrently with the submittal of the Inclusionary Housing Plan for the project.

2. The Developer shall complete the Planning Bureau's Housing Supplemental Application must identify and describe any of the following, as pertinent:

    a. The applicable state or local statute;

    b. The requested increase in density;

    c. Any development standards waivers;

    d. The number and type of incentives or concessions; and

    e. Any modification to the parking requirements imposed by the Long Beach Municipal Code.

II-E. Timing and Construction of Inclusionary Units

Section 21.67.070 describes the following timing requirements under which Rental Residential Developments must fulfill the Inclusionary Housing obligations:

1. For Rental Residential Developments in which the Inclusionary Units will be provided on site, Section 21.67.070 requires that the Inclusionary Units be made available for occupancy prior to, or concurrently with, the Market Rate Units in the Rental Residential Development. For phased projects, the Inclusionary Housing obligation may be fulfilled on a pro rata basis within each development phase.

2. If the In-Lieu Fee payment option provided by Section 21.67.080 is being used, the In-Lieu Fees must be paid in full prior to the issuance of the Building Permits for the market rate component of the Rental Residential Development.

3. For Rental Residential Developments that have been approved by the City to use an alternative Inclusionary Housing fulfillment option, the applicable time schedule must be identified in the Inclusionary Housing Plan.

II-F. Developers' Alternative Compliance Options

The alternative Inclusionary Housing compliance options identified in Section 21.67.080 can be described as follows:

F-1. In-Lieu Fee Payment

An In-Lieu Fee can be paid to fulfill the Inclusionary Housing requirement imposed on Rental Residential Developments that meet one of the following criteria:

1. The Rental Residential Development includes 20 or fewer units; or

2. The City Council authorizes a hardship finding that allows for the payment of an In-Lieu Fee.

F-2. Land Dedication

The dedication of land can potentially be used by a Developer to fulfill a Rental Residential Development's Inclusionary Housing obligations. The land dedication alternative is subject to City Council approval at their sole and absolute discretion. All of the following requirements must be met for the City Council to consider a land dedication proposal:

1. The property must be within the City of Long Beach.

2. The property must be dedicated to the City or a local nonprofit housing developer, at no cost to the city or such housing developer, in place of actual construction of inclusionary units.

3. The property proposed to be dedicated must comport with the following standards prior to submitting a land dedication proposal to the City:

    a. The Developer must exclusively control the property.

    b. The property must be free of any liens, easements or other encumbrances that may adversely impact its value.

    c. The property must be served by all the infrastructure necessary to serve the number of Inclusionary Units that are required to be developed.

    d. All property taxes, assessments and other liens on the property must be fully paid.

4. Hazardous Materials:

    a. The property cannot contain any hazardous materials or contaminants

at the time the application is submitted to the City; and

b. The Developer must disclose any hazardous materials that were previously contained on the property, and provide evidence that remediation was completed in compliance with applicable law.

5. The property cannot have been improved with residential structures within the preceding five years.

6. The property must be located within one mile of the Rental Residential Development that is subject to the Inclusionary Housing obligation, unless the land to be dedicated is in a High Resource Area

7. The existing General Plan and zoning standards applicable to the property must allow for the requisite number of Inclusionary Units to be developed.

8. The property must be suitable in terms of size, configuration and physical characteristics to allow for the required Inclusionary Units to be developed in a cost-efficient basis.

9. The development of the requisite number of Inclusionary Units must be financially feasible without the provision of any financial assistance from the City, the Housing Authority of the City of Long Beach, or the Long Beach Community Investment Company.

If the land dedication option is selected, the Developer cannot apply for Density Bonus Units for the Rental Residential Development that triggered the Inclusionary Housing requirement. However, a Density Bonus Units application can be submitted for the affordable housing project that is developed on the land dedication site.

F-3. Other Alternative Compliance Methods

A Developer may submit a proposal to the City Council to fulfill a Rental Residential Development's Inclusionary Housing requirement in a manner that is not described

in Chapter 21.67 or in this manual. City staff shall evaluate a developer's proposal and issue recommendations to the City Council regarding the proposal's compliance with the City's Housing Element policies, fair housing goals, and Regional Housing Needs Assessment. The minimum thresholds under which the City Council will consider a proposal are that the alternative compliance method will provide one or both of the following benefits:

1. As many or more Inclusionary Units will be provided at the same or lower income levels; and/or

2. Greater public benefits will be generated than would be provided by the development of the Inclusionary Units on site within the market rate Rental Residential Development.

II-G. Application and Review Procedures

Section 21.67.090 details the application and review procedures to which Developers of Rental Residential Developments must adhere:

G-1. Inclusionary Housing Plan

1. An application for First Approval of a Rental Residential Development must include an Inclusionary Housing Plan describing how the project will comply with the requirements imposed by Chapter 21.67.

2. No application for First Approval for a Rental Residential Development will be deemed complete until an Inclusionary Housing Plan is submitted.

3. The City will process the Inclusionary Housing Plan concurrently with all the other permits required for the Rental Residential Development.

G-2. Inclusionary Housing Regulatory Agreement

1. The Developer and the City will enter into an Inclusionary Housing Regulatory

Agreement, in a form approved by the City Attorney, that memorializes the Inclusionary Housing requirements to be imposed on a Rental Residential Development.

2. A condition will be attached to the First Approval of the Rental Residential Development that requires the Inclusionary Housing Regulatory Agreement to be recorded in first lien position on legal title to the Rental Residential Development.

3. The Developer will be responsible for having the Inclusionary Housing Regulatory Agreement notarized and recorded with the Los Angeles County Recorder's Office. The Developer will be responsible for paying any fees imposed by the Los Angeles County Recorder's Office to record the Inclusionary Housing Regulatory Agreement. The Developer must provide a certified copy of the recorded Inclusionary Housing Regulatory Agreement to the City.

4. The Inclusionary Housing Regulatory Agreement must be recorded in first lien position on legal title to the Rental Residential Development no later than thirty (30) days after such Rental Residential Development has been submitted for Building plan check. If the Rental Residential Development does not move forward after submitting for Building plan check, the Developer shall notify the City to terminate the Inclusionary Housing Regulatory Agreement.

5. The Developer will be responsible for paying any regulatory agreement preparation and recordation fee, as may be established from time-to-time by resolution of the Long Beach City Council.

II-H. Continued Affordability

Section 21.67.100 describes the income and affordability covenants that will be imposed on the Inclusionary Units in Rental Residential Developments. These

requirements are detailed in Sections V and VI of this manual.

The continued affordability requirements imposed by Section 21.67.100 are:

1. The income and affordability covenants will remain in place for the longer of:

    a. A 55-year period following the issuance date of a tentative or final Certificate of Occupancy for the Rental Residential Development; or

    b. For so long as the subject property that includes such Inclusionary Units is developed for a residential use.

2. The City Attorney will cause to have prepared the Inclusionary Housing Regulatory Agreement that secures the continued compliance with the income and affordability restrictions being imposed on the Inclusionary Units.

3. An Eligible Tenant must agree to occupy the Inclusionary Unit as their Principal Residence.

4. Officials, employees, or consultants of the City, members of City boards and commissions, and the Developer and the Developer's officials are required to comply with all applicable laws, regulations and policies relating to conflicts of interest.

II-I. Housing Trust Fund

In accordance with Section 21.67.110, all In-Lieu Fees and other funds collected under the auspices of Chapter 21.67 Inclusionary Housing requirements must be deposited into the City's Housing Trust Fund. These funds must be maintained and accounted for separately in an Inclusionary Housing program subaccount.

Funds deposited in the City's Housing Trust Fund may be used by the City to pay for

direct costs associated with administering and enforcing the Inclusionary Housing requirements imposed by Chapter 21.67.

After payment of eligible administrative and enforcement expenses, all of the remaining funds deposited in the Inclusionary Housing program subaccount must be expended to provide affordable housing assistance.

III. Program Administration

III-A. General

The Ordinance is administered by the City. The City determines the type of Inclusionary Units to be provided and the income and affordability requirements to be imposed. The City also undertakes the initial review of an Inclusionary Housing Plan submitted by a Developer.

III-B. Fair Housing Policy

It is the City's policy to comply fully with all federal, state, and local non-discrimination laws. Specifically, the City shall not discriminate on account of race, color, national or ethnic origin, religion, sex, family or marital status, handicap or disability, age, ancestry, citizenship, gender identity and gender expression, genetic information, immigration status, primary language, sexual orientation, source of income, or any other arbitrary status (for example, occupation or veteran status).

III-C. Privacy Rights

Requests for the City to release information involving a prospective Applicant must be accompanied by a written release and/or a court order, unless disclosure is authorized under federal or state law.

All tenant eligibility applications are held in strict confidence and are not considered public records, in line with HSC Section 34332.

III-D. Authority

The City is authorized to sign all documents requiring approvals related to the Rental Residential Development and any non-substantial changes to the Inclusionary Housing Guidelines.

IV. Inclusionary Unit Marketing and Applicant Selection

The Project Owner is required to actively and affirmatively market the availability of the Inclusionary Units to potential Applicants who represent diverse community groups, including those who may be least likely to apply due to limited English proficiency, lack of digital access, or other barriers. The Project Owner must obtain a Marketing and Tenant Selection Plan form from the City and submit the completed form to the City for approval at least 90 days before marketing the housing units. The Project Owner must describe in the form their plan for marketing the Inclusionary Units and screening and selecting Applicants. The Project Owner must conduct the marketing and tenant selection activities specified in their approved plan and provide documentation to the City to demonstrate compliance. The Project Owner's Marketing and Tenant Selection Plan must comply with all applicable fair housing laws.

V. Applicant Eligibility Standards

The Project Owner must compile sufficient information to demonstrate that an Applicant is eligible to rent an Inclusionary Unit in a Rental Residential Development. Applicants that are unable to provide satisfactory evidence of Household composition, income, assets, or other qualifying criteria will not be allowed to rent an Inclusionary Unit. Once compiled by the Project Owner, Applicants' qualifying documentation is valid for a period of six months. Applicants who have not signed a lease agreement within the six-month period must submit updated documentation to recertify their eligibility. Applicants who are determined

not to meet the qualifications to be an Eligible Tenant must wait a period of at least one year prior to submitting a new application to rent an Inclusionary Unit.

V-A. Household Characteristics

A-1. Household and Unit Size Compatibility

The size of an Applicant's Household must be compatible with the size of the Inclusionary Unit to be rented. The minimum and maximum number of occupants are set as follows:

A-2. Household Composition

The Household composition may not be altered after an Applicant is approved as an Eligible Tenant. If an Applicant wishes to change the Household composition after being approved as an Eligible Tenant, the Applicant must restart the tenant eligibility approval process from the beginning.

Number of Bedrooms in the Inclusionary Unit	Minimum Number of Occupants	Maximum Number of Occupants
0	1	2
1	1	3
2	2	5
3	4	7
4	5	9

A-3. Household Composition Submittal Requirements

For all Adult Household members, the City will require a photocopy of a valid/current driver license or government-issued photo identification. For minors, the City will review tax returns (for dependents) and other documentation as

necessary.

School Registration Documents

Adult Household members who are dependents of the Applicant and who are full-time students will be required to provide copies of school transcripts or registration verification showing current full-time student status.

Verification of Divorce or Separation Status

Divorced or legally separated Household members must provide a copy of the divorce decree or legal separation document signed by a court officer. Married, but separated, couples must demonstrate at least one full year of complete financial and residential separation at time of application to be considered separated for purposes of determining eligibility.

Joint Custody of Children

Applicants with joint custody of children must have custodial parent rights defined in a divorce decree for a child to be considered part of the Household. This rule shall not be interpreted as disallowing children from living with parents with less than 50% custody rights; it is solely intended to be applied when determining Household size for program eligibility.

V-B. Income Eligibility Standards

B-1. Gross Income

The City will consider Gross Income for all Adult Household members when determining applicant eligibility. In the event an applicant uses a co-signer on an apartment lease, the Gross Income of the co-signer will be considered part of the Household's Gross income. The funds included in Gross Income are detailed in the

Definition of Terms section of this manual.

B-2. Maximum Income

The Inclusionary Units in Rental Residential Developments are designated for Very Low-Income Households or Low-Income Households. The maximum allowable Gross Income is determined on the basis of the Applicant's actual Household size. The income information will be updated annually following publication of the State Income Limits by HCD.

The City will consider Gross Income for all Adult Household members when determining an Applicant's eligibility. The funds included in Gross Income are detailed in the Definition of Terms section of this manual.

V-C. Household Income Submittal Requirements

Applicants wishing to rent an Inclusionary Unit must submit the following financial information to the Project Owner as part of the evaluation process.

C-1. Income Tax Returns

All Adult Household members will be required to provide signed copies of their two most recent federal income tax returns. This return must include all schedules and attachments. Applicants unable to provide copies of a federal income tax return will be required to obtain a tax history printout from the Internal Revenue Service. Applicants may be requested to sign an authorization for release of information to the City from the Internal Revenue Service for further verification of income. Referrals to the Internal Revenue Service may be made for confirmation of the income statement on a case-by-case basis.

Income tax returns shall be used by the City to verify the following: residency history, family composition, income history (including amounts and types of income), and real estate ownership.

C-2. Income Verification

Employment Income

In the order of preference, the following employment income verification sources will be considered acceptable. The documentation must specify the amount and type of pay (i.e. wages, overtime wages, commissions, and bonuses), frequency of pay, and year-to-date earnings:

1. Check stubs or earning statements for the most recent two-month period showing employee's gross pay per pay period and frequency of pay. The check stubs should include the year-end statement for the last full year of employment; or

2. Letter from the Applicant's employer on company letterhead and signed by an authorized company representative.

Future income related to overtime, commissions and bonuses can be difficult to accurately predict. If necessary, these forms of income may be estimated based on historical amounts.

Income from a Business

Net income from a business owned in part or full by an Applicant will be considered when determining income eligibility. Net income is defined as business receipts or sales less cash expenses that are essential for the operation of the business. To estimate current net business income, the City will require the following documentation:

1. The most recent two federal income tax returns for the business; and

2. Two full years of business and personal checking, savings, and other investment account statements for all business owners/partners.

No Income Certification

Adult stay-at-home spouses, domestic partners and dependents that are reporting that they do not receive any type of income must fill out an affidavit certifying this fact, in a form provided by the City.

Social Security, Pensions, Supplementary Security Income (SSI), Welfare, Disability Income

Applicants must submit a copy of their most recent award or benefit notification letter prepared and signed by the authorizing agency. At the City's sole discretion, checks or bank deposit slips that show only net amounts remaining after deductions for SSI or Medicare may be accepted when award letters cannot be obtained.

Alimony or Child Support

Verification of alimony or child support income will be considered acceptable in the order listed:

1. Copy of a separation of settlement agreement or a divorce decree stating amount and type of support and payment schedules.

2. A notarized letter from the person paying the support attesting to the amount and terms of support payments.

Checking, Savings, and Investment Account Statements

Applicants must submit copies of the three most recent months of statements for all accounts, including checking, savings, or other investment accounts owned in part or full by all Adult Household members. These statements must identify current period and year-to-date income earned on each account through interest and/or dividends.

C-3. Lease Agreement and Occupancy Requirements

The Project Owner and Applicant shall use a form of lease reasonably approved by City, which shall include a City-approved form of addendum detailing specific requirements applicable to the Inclusionary Unit. Applicants must certify that the Inclusionary Unit will be the Household's Principal Residence, and that it will not be used for any another purpose. This requires the Applicant to agree to adhere to the following requirements:

1. The Household must reside in the Inclusionary Unit for at least 10 out of every 12 months.

2. No part of the Inclusionary Unit may ever be rented or leased, including short-term rentals (such as AirBnB, VRBO, etc.), to any person or persons who are not approved members of the Household, unless otherwise approved in writing by the City for rental to a third-party eligible household for a limited period of time due to household hardship.

Any violation of these restrictions will constitute a Default by a tenant in an Inclusionary Unit.

V-D. Annual Recertifications

Once per year, over the life of the affordability covenant period, the Project Owner or property manager must recertify the Gross Income for each Household that resides in an Inclusionary Unit. The Project Owner or property manager must establish an annual recertification schedule and perform the recertifications for all of the Inclusionary Units at the same time.

Each Household residing in an Inclusionary Unit must provide the appropriate documentation to certify their Gross Income. Any alteration to the Household's composition must be disclosed during the annual recertification process.

VI. Affordable Rent Calculation Methodology

VI-A. General Policy

The maximum Affordable Rents for the Inclusionary Units are calculated based on the standards imposed by HSC Section 50053. The City will calculate the maximum Affordable Rents for the Inclusionary Units each year and provide the rent schedule to the Project Owner or property manager.

The following sections of this manual illustrate the Affordable Rent calculation methodology, which is based on identified variables. As these variables change, the Affordable Rent can increase or decrease.

VI-B. Affordable Rent Calculations

B-1. Household Size

The household income applied in the Affordable Rent calculations is set at a benchmark equal to the number of bedrooms in the Inclusionary Unit plus one. For example, the benchmark household size for a two-bedroom Inclusionary Unit is three persons. HSC Section 50052.5 refers to this as “the household size appropriate for the unit”. However, this is not meant to be an occupancy cap; it is simply a benchmark used to create a consistent methodology for calculating the Affordable Housing Cost.

B-2. Household Income

HSC 50053 sets the benchmark household income used to calculate the Affordable Housing Cost:

1. Very Low-Income Household: 50% of the AMI for a household size equal to the number of bedrooms in the Inclusionary Unit plus one.

2. Low-Income Household: 60% of the AMI for a household size equal

to the number of bedrooms in the Inclusionary Unit plus one.

The household size measurement is only used for the purpose of establishing the Affordable Housing Cost.

A Household that meets the following qualifications would qualify to reside in an Inclusionary Unit located in a Rental Residential Development:

1. The Household's actual Gross Income is less than or equal to the limit established by HSC Section 50105 for the actual number of people included in the Household; and
2. The number of people included in the Household comports with the Household Unit Size Compatibility test described in Section V of this manual.

B-3. Affordable Housing Cost

Based on the standards imposed by HSC 50053, 30% of the household income identified in B-2. Household Income represents the Affordable Housing Cost for an Inclusionary Unit located in a Rental Residential Development.

B-4. Housing Related Expenses

Housing Related Expenses are comprised of any costs other than rent that are required to be paid by a tenant in an Inclusionary Unit located in a Rental Residential Development. These costs include, but are not limited to, the following:

1. A utility allowance based on the types of interior utilities included in the Inclusionary Units for which payment will be the tenant's responsibility. The Housing Authority of the City of Long Beach annually publishes the utility allowances that must be applied to Inclusionary Units in a Rental Residential Development.

2. Any costs that are imposed on a mandatory basis by the Project Owner on the tenants in the Inclusionary Units.

B-5. Affordable Rent

The Affordable Rent is equal to the Affordable Housing Cost minus the Housing Related Expenses for an Inclusionary Unit located in a Rental Residential Development.

VII. Complaints and Appeals

Complaints concerning the Ordinance should be made in writing and addressed to the City. Complaints will be accepted only if they are in writing and are received within 30 days from the event that gave rise to the complaint. In an attempt to resolve the matter, the City shall contact the complainant. If the complaint involves, pertains to or relates to the Inclusionary Unit, or the qualification process and procedures of the Developer / Project Owner, the City shall contact the Developer / Project Owner prior to responding to the complainant. A written response from the City will be made to the complainant and the Developer / Project Owner within 15 business days of contacting the last person(s) required to be notified and contacted concerning the complaint.

If a complainant is not satisfied with the written response, a request for an appeal may be filed with the Director of Community Development. The written request must set forth the reasons for the appeal and must be received by the City within 15 business days from the date of the City's written response. In the event the request does not meet these requirements, the complainant will be notified that the request is denied; otherwise, the complainant will be invited to meet with the Director of Community Development to allow the complainant to advocate his/her position and to resolve the matter. If the appeal of the City's response involves, pertains or relates to the Inclusionary Unit, or the qualification process and procedures of the Developer / Project Owner, the Developer / Project Owner shall

be notified in advance of the meeting with the Director of Community Development, and shall have the right to appear at the meeting and respond any claims or allegations concerning Developer's / Project Owner's practices and procedures. The Director of Community Development' response will be made in writing and served on the complainant and Developer / Project Owner within 15 business days following the meeting.

Any decisions or responses made by the City to a complaint shall be supported by reasonable inferences of admissible facts and shall be consistent and compliant with the provisions of the Ordinance, Inclusionary Housing Regulatory Agreement and the Inclusionary Housing Guidelines: Rental Residential Development.

VIII. Monitoring and Enforcement

VIII-A. General Policy

At the time of initial occupancy, and annually thereafter, the City will review the income certifications submitted by the Project Owner for the tenants and the rents being charged for the Inclusionary Units to ensure that they comply with this manual. The City is committed to assuring that its affordable housing resources reach only Eligible Tenants so that program integrity can be maintained. Project Owners are required to cooperate with the City by promptly providing all requested information in monitoring compliance with this manual.

VIII-B. Annual Housing Monitoring Fees

For purposes of defraying the costs incurred by the City for monitoring compliance with the Inclusionary Housing Regulatory Agreement, the City Council has established an Annual Housing Monitoring Fee for Affordable Housing that will be assessed per Inclusionary Unit. The Annual Housing Monitoring Fee is updated periodically and is approved by the City Council. The Project Owner shall pay the Annual Housing Monitoring Fee on January 1 of each year, commencing on January

1 following the issuance of Certificate of Occupancy for the Project, until the expiration of the Affordability Term. The City may deliver to the Project Owner a notice for the Annual Housing Monitoring Fee, but in no event shall the Project Owner be relieved of the payment obligation for any Annual Housing Monitoring Fees. The City shall ensure that the funds received from the Annual Housing Monitoring Fee for Inclusionary Units shall be used to monitor compliance with the Inclusionary Housing Regulatory Agreement.

VIII-C. Program Audits

City staff will maintain a high level of awareness to indicators of possible abuse and fraud by Project Owners and Households residing in Inclusionary Units. The City will periodically conduct random quality control audits of Inclusionary Units to assure compliance with this manual. Such audits may include verification of continued occupancy in Inclusionary Units by Eligible Tenants; compliance with the income and affordability covenants; and physical inspections of the Rental Residential Development.

VIII-D. Referrals, Complaints, or Tips

The City will follow up on referrals from other agencies, companies, or individuals that are received by email, facsimile, mail, telephone, or in person, which allege that a Project Owner or tenant in an Inclusionary Unit is non-compliant or otherwise violating this manual.

Follow ups to referrals will only be made if the referral contains at least one item of information that is independently verifiable. A copy of the written allegation or a summary of the verbal allegation will be placed in the Project Owner's file.

VIII-E. Internal File Review

The City will investigate instances where it discovers, as a result of administering the program, information or facts that conflict with previous file data or any

knowledge of the Project Owner or tenant, or are in any way discrepant with statements made by the Project Owner or tenant.

VIII-F. Referrals to the City Attorney

In the event of a breach or potential breach of this manual, the City may institute legal action to enforce compliance with the requirements and to enjoin any actions by Project Owners that violate the requirements. The City's legal remedies may additionally include the following:

1. Actions to disapprove, revoke or suspend any permit, including a Building Permit, Certificate of Occupancy or other discretionary approval;

2. Injunctive relief and damages;

3. Civil citations with monetary penalties for violations of the Inclusionary Housing Guidelines: Rental Residential Development; and

4. Recovering any excess rent that a tenant in an Inclusionary Unit may have paid to a Project Owner.