

FACT SHEET

Mello Act Ordinance

CPC-2019-7393-CA

(Revised June 2020)

SUMMARY

The City of Los Angeles has released a draft ordinance that would implement the State of California's Mello Act (California Government Code Sections 65590 - 65590.1). The Mello Act seeks to preserve and expand the number of affordable dwelling units in the Coastal Zone areas of the State of California. Once adopted, the proposed ordinance would replace the City's Interim Administrative Procedures (IAP) that have been in place since 2000.

BACKGROUND

In 1982, the State of California adopted the Mello Act to preserve and increase the overall number of residential dwelling units and affordable dwelling units within the California Coastal Zone. The Mello Act prohibits the removal of residential dwelling units for non-coastal dependent or non-coastal related uses, requires that affected existing affordable dwelling units be replaced, and that additional new affordable dwelling units be incorporated into projects, both where feasible. Provisions of the law allow for the replacement of new affordable dwelling units on-site, within the Coastal Zone, or within three miles inland of the coastal zone, as well as in-lieu fee payments.

In 2000, the City of Los Angeles entered into a Settlement Agreement, which included implementation of Interim Administrative Procedures (IAP) for complying with the Mello Act in the Coastal Zone areas. Since 2000, Los Angeles City Planning has utilized the IAP while developing a permanent implementing ordinance for the Mello Act. The IAP outlines a series of procedural steps to ensure that projects subject to the Mello Act are properly evaluated and conditioned to result in meeting the housing and conservation goals of the state law.

In 2015, City Council (Council File No. [15-0129-S1](#)), requested that City Planning prepare a permanent ordinance, implementing the state Mello Act. The City's experiences implementing the IAP has informed the proposed Mello Act Ordinance text. It strengthens and clarifies the review process where necessary, is more transparent with clear objectives and expectations as compared to the IAP, and removes options that did not result in desired outcomes. Affordability assessment criteria and feasibility study/methodology have been standardized to ensure a more objective review of existing dwelling units for affordability and a project's ability to provide

required affordable units. The proposed ordinance introduces a limited in-lieu fee payment system for qualifying projects that cannot provide required affordable units on-site. The ability to request that required affordable units be built off-site, including within the 3-mile buffer zone, has been eliminated. The proposed ordinance will result in a more transparent and predictable process for the preservation of existing affordable dwellings and result in the addition of new affordable dwelling units within the Coastal Zone.

FREQUENTLY ASKED QUESTIONS

What is the Mello Act?

The Mello Act seeks to preserve and expand the number of affordable dwelling units in the California Coastal Zones. The intent of the Mello Act is accomplished through regulations on the demolition, conversion, change of use, subdivision, and new construction activities that involve existing or proposed dwelling units in Coastal Zone communities.

What area of the City will the ordinance affect?

The Coastal Zone within the City of Los Angeles includes portions of the communities of Pacific Palisades, Venice, Del Rey, Playa Del Rey, San Pedro, and Wilmington—in Council Districts 11 and 15.

What is the purpose of this proposed ordinance?

The City's proposed permanent Mello Act Ordinance establishes a review process, outlines the imposed requirements for applicants, and specifies the decision-makers and their responsibilities, to ensure that a proposed project is compliant with State law.

What impacts will this program have on the City's current housing stock?

The ordinance protects all dwelling units located within the Coastal Zone areas of the City through specific review of proposed projects that involve existing dwelling units or new dwelling units. Planning review and assessment is necessary to determine whether the project involves existing affordable dwelling units and the project's obligation to replace those units. In addition, projects that propose net new dwelling units can be required to produce new affordable units (inclusionary units) as part of the development.

How is the proposed ordinance different from the Interim Administrative Procedures for complying with the Mello Act?

The ordinance will establish a more transparent review process with clear standards and expectations. Key changes to the City's proposed ordinance would:

- Eliminate the ability of developers to build required affordable replacement and inclusionary dwelling units “off-site” at another location.
- Create an in-lieu fee for qualified affordable replacement units and fractional inclusionary units.
- Standardize methodology for financial feasibility studies.

Along with these, numerous clarifications have been woven into the ordinance reflecting the Department's experience with implementing the Mello Act through the Interim Administrative Procedures.

What is the status of this draft ordinance?

A draft document was released on December 11, 2019 to begin the public process and allow initial review by interested parties. City Planning hosted two informational meetings at the end of January in Venice and San Pedro to explain the proposed ordinance, answer questions, and receive feedback.

What are the next steps in the process?

The City Planning Department has scheduled an Information Session/Public Hearing that will take place virtually on Wednesday, July 8. The Information Session is scheduled from 1 p.m to 2 p.m. and a Public Hearing from 2 p.m to 3:30 p.m. After a virtual presentation and question and answer session, the virtual Public Hearing will be conducted by a hearing officer who will take public testimony on the proposed ordinance.

After the public hearing, the hearing officer will prepare a staff report, including a recommendation, for consideration by the City Planning Commission (CPC). The CPC will consider the staff recommendation, take additional public testimony, and make a recommendation to the City Council. City Council will hold a public hearing at its Planning and Land Use Management (PLUM) Committee meeting, consider CPC's recommendation, take additional public testimony, and ultimately make its recommendation to the full City Council for a final action.

Who can I contact for additional information or to be placed on the interested parties list?

For any additional information, please contact Christine Saponara at planning.mello@lacity.org.