

# FACT SHEET

## Mello Act Ordinance

CPC-2019-7393-CA

Fact Sheet #2 February 2021

### BACKGROUND

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 Interim Administrative Procedures (IAP) has informed the proposed Mello Act Ordinance regulations. The revised draft ordinance (proposed ordinance) strengthens and clarifies the review process where necessary, it is more transparent with clear objectives and expectations as compared to the IAP, and removes options that did not result in desired outcomes. *(For more background information please see [Fact Sheet 07/08/20](#))*

Overall, the main changes include the following:

- (1) Clarity between Provision and Procedures.
- (2) Clarity of HCIDLA and DCP roles in the approval procedures.
- (3) Modifications to the location allowance for a Replacement Unit.
- (4) Introduction of a new Feasibility Study methodology.
- (5) Ordinance that is more protective of affordable housing and tenants.

### SUMMARY OF REVISIONS

The proposed Mello Act Ordinance includes the following main changes:

1. Standardization - The proposed ordinance will align with California Gov. Code Sections 65590-65590.1 and will include clarity and transparency to the review process. There will be a more objective review of existing dwelling units for affordability and a project's ability to provide required affordable units.
2. Affordable Replacement Units - The proposed ordinance includes a like-for-like standard which includes the current one-for-one standard.
3. Location of Replacement - The proposed ordinance requires replacement units to be located onsite.

4. Inclusionary Units - Inclusionary standards are broader to allow for more project flexibility and applies to the total number of units in a proposed development. The proposed ordinance establishes the exemption threshold at 5 units or less; aligning with citywide affordable housing processes of Density Bonus & TOC.
5. Feasibility Review - Standardizes feasibility by using a very specific methodology and standard of review and requiring that the feasibility analysis be conducted by a prequalified list of consultants as approved by HCIDLA.
6. Fractional Inclusionary Fees - The proposed ordinance includes fees for fractional units. If a project results in a Fractional Inclusionary Residential Unit of less than 0.5, a proportional partial unit fee will be required to be paid for that fractional Unit. The fractional Inclusionary Residential Unit fee will be calculated by the average square-footage of all dwelling units proposed within the new development, multiplied by the following per square-foot fee for the type of proposed development.
7. Coastal Affordable Housing Trust Fund - The proposed ordinance establishes a Coastal Affordable Housing Trust Fund to collect in lieu fees with the purpose of facilitating the development of affordable housing in the City's Coastal Zones.
8. Exemptions - The proposed ordinance includes similar exemptions as the IAP, but includes revisions to Non-Owner Occupied Units. Owner-Occupied units continue to be exempt if they are vacant for one year while non-Owner Occupied Units must be vacant for 5 years to be exempt from this ordinance. In addition, the Ordinance removes the exemption for projects of 9 or fewer new units and instead allows the development of 4 or fewer new units to be excluded from providing inclusionary units.

## FREQUENTLY ASKED QUESTIONS

### **How does this ordinance protect and promote affordable housing?**

The ordinance protects and promotes affordable housing 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 HCID assessment is necessary to determine whether the project involves existing affordable dwelling units and the project's obligation to replace those units on site. In addition, projects that propose net new dwelling units will be required to produce new affordable units (inclusionary units) as part of the development.

### **Does the ordinance include Tenants Right of Return?**

The draft ordinance includes criteria for "Right of First Return" and also the introduction of a tenant protection program. HCIDLA will establish and maintain a program for tenants who will be displaced as a result of any proposed Demolition or Conversion so that such tenants can exercise a "Right of Return" to the Affordable Replacement Units that are required pursuant to the regulations set forth in this Ordinance.

### **What is the status of the draft Mello Act Ordinance?**

The draft ordinance was released on December 11, 2019 to begin the public process and allow initial review by interested parties. Since the draft release, City Planning has hosted two informational meetings, followed by a Public Hearing/Information Session on July 8, 2020. Based on the feedback from the public hearing and various city agencies, a revised ordinance was released in February January, 2021. The item is scheduled for hearing with the City Planning Commission on February 25, 2021.

### **What are the next steps in the process?**

The City Planning Commission (CPC) will consider the proposed draft ordinance on February 25, 2021. A staff report has been prepared and is available on the DCP website under [Proposed Land Use Regulations](#). 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.

### **Where can I find the CPC staff report?**

The Staff report is available on the DCP website under [Proposed Land Use Regulations](#). The CPC Agenda will be released 10 days prior to the CPC hearing date.

### **How can I stay informed?**

There are multiple ways to stay informed. To receive updates via email please sign up at <https://planning.lacity.org/about/email-sign-up> ; ensure to check mark "Mello Act Ordinance" under "Current Planning Initiatives."

To receive updates via email on [Council File 15-0129](#) after CPC has made its recommendation, please sign up on the City Clerk website by following the instructions under ["How do I Receive Automatic Notifications when there is Activity on a Council File?"](#)

If you have any questions or for any additional information, please contact Christine Saponara at [planning.mello@lacity.org](mailto:planning.mello@lacity.org).