



**COUNTY OF LOS ANGELES  
DEPARTMENT OF BEACHES AND HARBORS**



**STAN WISNIEWSKI**  
DIRECTOR

**KERRY GOTTLIEB**  
CHIEF DEPUTY

June 17, 2002

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**AFFORDABLE HOUSING POLICY- COUNTY-OWNED MARINA DEL REY  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**THE DEPARTMENT OF BEACHES AND HARBORS, CHIEF ADMINISTRATIVE OFFICE, DEPARTMENT OF REGIONAL PLANNING AND COMMUNITY DEVELOPMENT COMMISSION RECOMMEND THAT YOUR BOARD AFTER PUBLIC HEARING:**

1. Consider the attached Negative Declaration for Affordable Housing Policy together with any comments received during the public review process; find on the basis of the whole record before the Board there is no substantial evidence the project will have a significant effect on the environment; find that the Negative Declaration reflects the independent judgment and analysis of the Board, and adopt the Negative Declaration;
2. Find that the adoption of the Marina del Rey Affordable Housing Policy is *de minimus* in its effect on fish and wildlife resources, and authorize the Director to complete and file a Certificate of Fee Exemption;
3. Adopt the attached Affordable Housing Policy for County-owned Marina del Rey (Policy) requiring that 10% of all newly constructed residential units in County-

owned Marina del Rey, consisting of a mix of all unit sizes contained in any proposed residential project, be reserved for low income households for a period of 30 years; establishing a procedure for determination by the Regional Planning Commission (RPC), upon consideration of a joint recommendation by the Department of Regional Planning (DRP), the Community Development Commission (CDC) and the Department of Beaches and Harbors (DBH), as to whether provision of the specified 10% low-income housing units on-site is economically feasible for both the developer and the County; in cases where economic infeasibility has been determined, establishing a developer-paid in-lieu fee of \$7.45 per net rentable square foot of new Marina del Rey residential development, adjusted annually for inflation, as a means of providing affordable housing elsewhere within the unincorporated areas of the coastal zone or within three miles thereof, and if infeasible within this target area, then elsewhere within unincorporated County territory; establishing a procedure for the utilization of in-lieu fees to facilitate construction of such off-site affordable housing units; and establishing an administrative fee equal to 5% of the proposed affordable housing in-lieu fee, plus annual inspection fees of \$250 per on-site and off-site affordable units constructed, payable to CDC for administration and oversight of affordable housing units its during the term of the affordability restriction.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

In order to comply with the requirements of the Mello Act (Act) as set forth in Government Code Sections 65590 and 65590.1, new housing developments within the coastal zone of the state must, where feasible, provide housing for persons and families of low or moderate income. The recommended action establishes a policy for County-owned Marina del Rey providing that affordable housing units equal to 10% of all new residential units developed in Marina del Rey be constructed and designated as "low-income" units, as defined in accord with the provisions of the California Health and Safety Code Section 50093, and by choosing 60% of median area income as the standard for eligibility. The units so constructed must be maintained as "low-income" units for a period of thirty (30) years. Such affordable housing units are required to be constructed on-site in new Marina residential projects, if economically feasible for both the housing developer and the

The Honorable Board of Supervisors  
June 17, 2002  
Page 3

County as landlord. If not economically feasible on-site, an in-lieu fee equal to \$7.45 per square foot of leasable residential space to be constructed is to be paid to CDC to facilitate construction of affordable housing units off-site in unincorporated areas within the coastal zone, or, within 3 miles thereof, or, if no feasible sites are available in such designated area, then elsewhere in unincorporated areas of the County. An administrative fee equal to 5% of the total in-lieu fees (thus resulting in a total in-lieu fee of \$7.82 per rentable square foot) plus annual inspection and compliance fees equal to \$250 per affordable on-site and/or off-site affordable units is proposed to be made payable to the CDC to defray the costs of its administration of the in-lieu funds and for oversight of the affordable units after construction.

Marina del Rey lies completely within the state coastal zone and is subject to the affordable housing requirements embodied in the Act. The Act mandates the creation of affordable housing, if feasible, whenever either existing affordable housing in the coastal zone is removed or when new (additional) housing is constructed. According to the Act, "feasible" means "...capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social and technical factors." This affordable housing requirement is echoed in general terms in the Marina del Rey Land Use Plan (LUP).

Due in large part to the very high land and construction costs prevalent in the Marina, coupled with the great disparity between market rate rents in the Marina and the maximum amount allowed to be charged as rent for affordable units under applicable state law, it is possible that many Marina projects will prove to be economically infeasible to develop if affordable housing is required to be constructed on-site. It is also possible that programs and policies which might mitigate the economic effects of the on-site requirement (e.g., use of a "density bonus", tax credits, low interest bonds, etc.) will either have limited or no availability in the Marina (See "Examination of Available Mitigation Measures", in the attached Policy). Although as owner of the land in the Marina the County could in theory reduce its rent to extremely low levels to support the economic return necessary to restore economic feasibility to an otherwise "infeasible" project, the requisite reduction in County rent needed to restore a developer's feasibility will potentially be economically infeasible for the County due to a required reduction in County return to irrationally low levels (See "Feasibility of County Accommodation of On-Site Affordable Housing – County as Landowner" in the attached Policy).

The Honorable Board of Supervisors  
June 17, 2002  
Page 4

The establishment of an in-lieu fee to be utilized in cases where economic on-site infeasibility on the part of both the residential developer and the County is demonstrated will allow planned projects to move forward and comply with the Act and the LUP, thus providing both needed new housing in the Marina, as well as needed new affordable housing units in or near the coastal zone, which might not otherwise be constructed due to the factors contributing to economic infeasibility. A copy of the Proposed Affordable Housing Policy and Policy Analysis providing the detailed rationale for formulation of the proposed policy prepared with the joint participation of the Chief Administrative Office (CAO), DBH, DRP, CDC and County Counsel is attached as Exhibit 1.

#### Implementation of Strategic Plan Goals

The adoption and implementation of an affordable housing policy for County-owned Marina del Rey promotes and furthers the Board-approved Strategic Plan Goal of “Service Excellence” (by providing the public with increased access to affordable housing within the coastal zone) and the Strategic Plan Objectives of DBH, DRP and CDC in effectively meeting the needs of the public, one of their primary clients, through management of County assets to implement increased housing opportunities for a broader segment of the public.

#### FISCAL IMPACT/FINANCING

County cost involved in establishing the affordable housing policy included legal and economic consultant costs associated with the formulation and analysis of the proposed policy and its administration. The direct cost of complying with the proposed policy will be borne by the lessee/developer in one of two ways. If the units are built on-site, project revenues will decrease due to the low rent collected by the lessee on the affordable units. If the units are to be built off-site, project cost will increase due to payment of the in-lieu fee. In either case the project’s profitability, as measured by return on cost, will be reduced. It is likely that the lessee/developer will seek a reduction in the leasehold rent and/or other economic remuneration payable to the County to offset the negative financial impact of the Policy and, if affordable units are built on-site, the percentage rent payable to the County will be reduced due to the lower rent collected by the lessee on affordable units.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The statewide law and the LUP governing the Marina require the County to comply with a variety of provisions concerning the construction of housing units in Marina del Rey. The proposed policy addresses the inclusion of affordable units in new developments as follows:

A) Designation and Affordability Level of Units: The proposed policy requires that 10% of all newly constructed residential units in the Marina (whether replacements or additions to existing units) consisting of a mix of all unit types available in the proposed project (e.g., bachelor, one, two and three bedroom units) be designated as “low-income” restricted units. The requirements for tenant qualification of units as “low-income” as defined in the California Health and Safety Code Section 50093, result generally in a restriction to families earning less than 80% of the median income for the Los Angeles-Long Beach Metropolitan statistical area. However it is recommended that the County choose to define “low-income” for purposes of the Affordable Housing Policy as restricted to families whose income is at or below 60% of such median. Choosing to set the threshold for eligibility at 60% of median income allows the resultant in-lieu fees to be utilized in projects qualifying for tax exempt bond and other state and federally funded programs, most of which require that tenant eligibility be set at the 60% threshold, thus allowing optimal use and flexibility of in-lieu funds toward creation of greater numbers of off-site affordable housing units if on-site construction proves to be infeasible. In addition, the resultant allowable residential unit rents for such projects, which are derived by computing a ceiling as a percentage of threshold income (i.e. 60% of median area income) are thus set at a lower level, allowing the units to be made accessible to greater numbers of households needing affordable housing opportunities.

Although significant individual variation exists, affordable housing percentage requirements in other California jurisdictions generally range from 10 to 20% and have required a lower percentage of affordable units for projects that restrict eligibility to the lower income categories (“very low-income” or “low-income”) and a somewhat higher percentage of affordable units when project eligibility requirements are targeted to “moderate-income” tenancy. In order to provide affordable housing to a broad spectrum of potential users and in recognition of the intent of the Act, it is recommended that

affordable units in all project unit types proposed (e.g., one, two and three-bedroom units) be made available as affordable units and that the 10% of affordable unit requirement be computed against all new units constructed, whether or not such newly constructed units replace existing units which are to be demolished as part of a new project plan. The proposed Policy will thus, by broader inclusion of family as well as individual tenant unit types, extension of eligibility to low-income households meeting the 60% of median area income test and the requirement that the number of required affordable units be computed with reference to all new units being constructed, more effectively implement the purposes of the Act.

B) Allowable Rent for Affordable Units: The rent that can be charged for low-income units is restricted to that computed in accord with the requirements of the California Health and Safety Code Section 50093 and is computed by multiplying the 60% of average median area household income by 30% (the percentage of such income which may be devoted to housing cost). The median income for Los Angeles County utilizes current income levels for the Los Angeles-Long Beach Metropolitan statistical area, published by the U.S. Department of Housing and Urban Development and which, in the current year, would allow a maximum rent of approximately \$620 per month for one-bedroom units, \$744 for two-bedroom units and \$859 per month for three-bedroom units.

C) Term of Restriction to Affordable Status: The term of the restriction of units to low-income status is proposed to be for a period of thirty (30) years to coincide with the length of affordability maintenance required in tax exempt bond and other federally funded projects with which funds derived from Marina in-lieu fees may be associated.

D) Proposed Three-step Approach: All proposed residential development projects in County-owned Marina del Rey are initially required to include an on-site 10% low-income affordable housing component. If the developer asserts that the provision of the required affordable housing on-site is economically infeasible, the provisions of the proposed Policy establish the following three-step approach for managing affordable housing requirements:

1. An analysis based on the requirements of the Act is to be conducted by DBH, DRP and CDC on a case-by-case basis of whether imposition of on-site 10% low-income housing, consisting of a mix of all project unit types, renders the project economically infeasible for the developer.

This analysis will consider the use of a density bonus, low interest bond financing, tax credits and other mitigation measures that may contribute toward making otherwise economically infeasible on-site affordable housing economically feasible. While developers have varying degrees of experience, resources and ability both to raise capital and to navigate the land use approval processes, as well as degrees of motivation to seek alternative uses for their properties, the minimum acceptable financial returns that a reasonably well informed and experienced developer requires is generally ascertainable by certain objective standards. As indicated in the attached Policy Analysis, the standard most commonly used by the real estate lending/investing community to decide whether to proceed with a proposed project or, instead, to utilize their resources on other available projects or investments is return on cost. The County's economic consultant has advised that a developer, lender or equity participant in a higher end Marina type apartment project must be reasonably certain of achieving a 10 to 10.5% return on the amount spent to develop a project by the time the project reaches stabilized occupancy (e.g., 95%). Accordingly, a demonstration that the return on cost to the developer of a proposed residential project will be driven below 10% as a result of construction of the required on-site affordable housing units and that such return cannot be restored by any available mitigation measure (e.g., density bonus, tax credits, low interest financing programs, etc.), will constitute evidence that the project is economically infeasible for the developer.

2. If on-site developer economic infeasibility is demonstrated, an analysis is conducted by DBH, DRP and CDC to determine whether it is economically feasible for the County, in its role as landowner, to mitigate the costs of providing the required affordable housing on-site. In similar fashion to the analysis undertaken to determine whether developer economic infeasibility is present, if the reduction in County rent required to restore developer economic feasibility drives the County return per square foot of leased land below that of available alternative land uses in the Marina, County economic infeasibility is established. The County's economic consultant has advised that, under current conditions, a reduction of County rent by more than 53% would reduce County returns below that for other alternative uses (hotel or commercial development), thus establishing County economic infeasibility.

3. If both developer and County economic infeasibility is determined, developer in-lieu fees in the amount of \$7.45 per square foot of net rentable residential development built shall be paid as a method of both complying with the Act and providing affordable housing off-site when on-site mitigation is either unavailable or insufficient to restore feasibility. This fee will be annually adjusted for inflation in accord with the Consumer Price Index (CPI) published by the U.S. Bureau of Labor Statistics for Los Angeles-Riverside-Orange County.

In addition, an “Administrative Fee” in an amount equal to 5% of the in-lieu fee is also to be paid by the developer to the CDC in order to defray the CDC’s costs of administering the funds to create off-site affordable housing and to monitor affordability compliance throughout the 30-year term of the income and rent restrictions on the units. A yearly fee of \$250 per on-site and off-site affordable unit is also to be paid by the developer to defray the annual costs of inspection and compliance review by CDC.

E. Computation of In-Lieu Fee: The County’s economic consultant has determined the recommended in-lieu fee based on consideration of construction costs, land values and financing costs, with the objective of constructing off-site at least the number of recommended affordable units required by the proposed policy (i.e., 10% of total new Marina project units). The proposed policy establishes the in-lieu fee on a per square foot basis of new Marina residential development equal to \$7.45 per square foot of net rentable residential area constructed (“Base Fee”). The Base Fee will be adjusted annually over time for inflation using the year-end value of the CPI published by the U.S. Bureau of Labor Statistics for the Los Angeles-Riverside-Orange County.

F. Administration and Utilization of In-Lieu Fees:

Amounts collected as in-lieu fees shall be paid to the CDC, which shall utilize such funds to maximize the development of affordable housing in unincorporated areas of the County. Such funds shall first be utilized in the unincorporated coastal zone or within 3 miles thereof unless it is determined to be infeasible in accordance with the Act. If feasible sites in such area are determined to be unavailable, the funds may be utilized to provide affordable housing in any other unincorporated area of the County. The funds may be utilized by CDC in conjunction with other available resources to provide affordable housing, but it shall be a requirement that the in-lieu fees be utilized to construct not less than the number of affordable units that would equal 10% of the units/unit types constructed



The Honorable Board of Supervisors  
June 17, 2002  
Page 9

on each Marina project for which an in-lieu fee has been collected.

In light of the proposed in-lieu fee and the administrative charges that are contemplated to be paid by Marina developers (lessees) in certain instances, a public hearing is required by Government Code Section 66018. A notice of public hearing, satisfying the requirements of Government Code Section 6062a has been provided in advance of the hearing.

#### **ENVIRONMENTAL DOCUMENTATION**

The proposed Affordable Housing Policy will not have a significant effect on the environment. An Initial Study was prepared for this project in compliance with the California Environmental Quality Act and the environmental guidelines of the County of Los Angeles. The Initial Study showed there is no substantial evidence that the project may have a significant effect on the environment. Based on the Initial Study, the Department of Beaches and Harbors has prepared a Negative Declaration for this project. The Negative Declaration and Initial Study are attached as Exhibit 2. A public review and comment period for the Negative Declaration was held from March 22, 2002 to April 22, 2002. Comments on the Negative Declaration were not received during the comment period, however subsequent to the comment period comments from the Southern California Association of Governments (SCAG) were received and are also attached along with the Negative Declaration. Notice of availability of the proposed Negative Declaration and Affordable Housing Policy were published in the Los Angeles Times and Argonaut newspapers and copies of the Initial Study, proposed Negative Declaration and proposed Affordable Housing Policy were made available for review at the headquarters and Visitors' Center of DBH and at eleven Marina del Rey area public libraries, a complete list of which are included as part of the attached Negative Declaration and notice materials.

A second public review period was held on the draft negative declaration from June 21, 2002 through July 22, 2002. Staff will advise your Board regarding any additional comments that are received during this second review period.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There is no impact on current services or projects as a result of the affordable housing policy.

The Honorable Board of Supervisors  
June 17, 2002  
Page 10


**CONCLUSION**

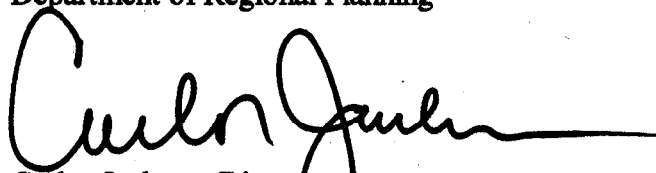
Authorize the Executive Officer of the Board to send adopted and stamped copies of this letter to the Department of Beaches and Harbors, Community Development Commission, Department of Regional Planning and the Chief Administrative Office.

Respectfully submitted,

  
David Janssen,  
Chief Administrative Officer

  
Stan Wisniewski, Director  
Department of Beaches and Harbors

  
James Hartl, Director  
Department of Regional Planning

  
Carlos Jackson, Director  
Community Development Commission

The Honorable Board of Supervisors  
June 17, 2002  
Page 11

Attachments (2)

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors

SW:rm

EXHIBIT 1

Proposed Marina del Rey Affordable Housing Policy and Policy Analysis

**Mello Act Affordable Housing Policy – Marina del Rey**

Proposed Policy:

For all new housing development projects constructed in County-owned Marina del Rey, 10% of the newly constructed units, consisting of a mix of all unit sizes contained in the project, shall be reserved for low income households for a term of 30 years.

If it is determined by the Regional Planning Commission after consideration of a joint recommendation by the Department of Regional Planning, the Community Development Commission and the Department of Beaches and Harbors, that providing the specified 10% low-income housing units on-site renders a new project economically or otherwise infeasible, then payment of an in-lieu fee in the amount of \$7.45 per square foot of the new development, plus administrative and compliance inspection fees, shall be utilized as a means of providing affordable housing elsewhere in unincorporated areas of the coastal zone or within three miles thereof, and if infeasible within this target area, then elsewhere within unincorporated County territory. The in-lieu fee amount will be adjusted annually in accord with changes in the year-end value of the Consumer Price Index published by the U.S. bureau of Labor Statistics for the Los Angeles-Riverside-Orange County Area.

Determining feasibility of on-site affordable housing for a project must be undertaken on a case-by-case basis. Initially, provision of affordable housing on-site must be explored. If this initially appears infeasible, the potential use of density bonuses and other incentives and the potential for economic aid, such as tax credits and/or below market bond financing or grants, should also be explored as a means of making on-site affordable housing feasible. The availability of in-lieu fees as a substitute for on-site construction is limited solely to projects in which it is demonstrated that on-site construction of the required affordable units is infeasible.

**Executive Summary:**

The material that follows summarizes the current state of California law as it pertains to affordable housing in the coastal areas of the state. It then provides a policy for the application of those requirements to Marina del Rey.

In general, state law as embodied in the Mello Act (Act)<sup>1</sup> requires, in pertinent part, that affordable housing be provided either when existing affordable housing in the coastal zone is converted or demolished or when new (additional) housing is constructed. The manner of providing such affordable housing for new housing developments within

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<sup>1</sup> California Government Code Sections 65590 and 65590.1

County-owned Marina del Rey, whether by on-site inclusion of affordable units, off-site construction of affordable units elsewhere in the coastal zone of the County or within 3 miles thereof, or by providing in-lieu fees which will allow for the construction of affordable units in the same geographical areas through governmental agencies, provides the focus of this policy analysis.

Our analysis of proposed Marina projects has concluded that it is likely that most new Marina coastal zone apartment projects may well prove to be economically infeasible if required to provide even a minimum number of on-site affordable units. This is due in large part to the very high land and construction costs prevalent in the Marina, coupled with the great disparity between the maximum amount allowed to be charged as rent for required affordable units vs. the amount that can be charged as market rate rent.

This policy provides that, in order to fulfill affordable housing requirements for new Marina housing developments on a consistent basis: A) a requirement be imposed that 10% of all residential units constructed in Marina projects, spread among all unit types available in the project, be designated low-income units for a term of 30 years, where feasible; B) in cases where a proposed project consists of both newly constructed units and pre-existing units to be renovated in accord with a Board-approved parcel renovation/lease extension plan, required on-site affordable units may at the discretion of the Regional Planning Commission be located in pre-existing on-site units fully renovated in accord with such approved plan; and, C) a three-step approach for managing affordable housing requirements in Marina del Rey be utilized. These steps are as follows:

1. An analysis on a case-by-case basis of whether the imposition of on-site 10% low-income housing, consisting of a mix of all project unit types, is “feasible”, in accordance with the requirements of the Act. This analysis will consider the use of a density bonus, low interest bond financing, tax credits and other mitigation measures that may make on-site affordable housing economically feasible;
2. If on-site affordable housing is demonstrated to be economically infeasible for the developer, analyze and determine whether it is economically feasible for the County, in its role as landowner, to make sufficient economic concessions to accommodate the required affordable housing on-site; and,
3. If on-site affordable housing is determined to be infeasible for both developer and County, use developer in-lieu fees in the amount of \$7.45 per net rentable square foot of development equaling approximately \$7,993<sup>2</sup> for each unit built, as a method of providing the same number of affordable housing units off-site when mitigation is either unavailable or undesirable or is insufficient to restore on-site feasibility. This fee will be periodically adjusted for inflation.

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<sup>2</sup> See Allan D. Kotin & Associates memorandum dated December 4, 2001, titled Proposed Mello Act In-Lieu Fee for Marina del Rey for a description of the methodology used to derive a range estimate of supportable fees which includes the proposed fee.

In addition, the Community Development Commission has indicated it proposes to include a fee for administering the funds generated per the in-lieu fee structure, which it estimates at 5% of funds collected. With this 5% fee, the total cost of the fee per new unit would be \$7.82 per net rentable square foot of residential development or approximately \$8,394 per unit. The Community Development Commission will also levy an annual fee of \$250.00 (adjusted annually in accord with changes in the year-end value of the Consumer Price Index (CPI) published by the U.S. Bureau of Labor Statistics for the Los Angeles-Riverside-Orange County Area) per affordable unit to defray costs of ongoing compliance inspection and reporting regarding any on-site or off-site affordable units constructed.

All development projects in Marina del Rey are required to obtain a coastal development permit from the Regional Planning Commission (or, if appealed, from the Board of Supervisors or the California Coastal Commission). The determination of whether affordable housing can feasibly be provided on-site shall be made through a report and finding provided to the Regional Planning Commission (RPC) by the Department of Regional Planning (DRP), the Community Development Commission (CDC) and the Department of Beaches and Harbors (DBH).

Lessees that have already received coastal development permit approval for Marina housing developments without consideration of the in-lieu fee alternative may reapply if they are able to demonstrate on-site infeasibility.

The in-lieu fee is to be payable to the CDC and will be utilized by CDC to provide affordable housing in the following areas of the County in which suitable land, feasible to develop for such residential uses, is determined to be available in the order of priority shown below:

1. In unincorporated areas of the coastal zone or within 3 miles thereof, if suitable land is available; or
2. In any other unincorporated area of the County if development of the units in the coastal zone or within 3 miles thereof is infeasible.

**Background – Legal Requirement:**

The Act calls for the provision of affordable housing, where feasible, in new housing development projects constructed within the coastal zone. Government Code Section 65590(d) mandates, in relevant part, as follows:

“New housing developments constructed within the coastal zone shall, where feasible, provide housing units for persons and families of low or moderate income...Where it is not feasible to provide these housing units in a proposed new housing development, the local government shall require the developer to provide such housing, if feasible to do so, at another location within the same city or county, either within the coastal zone or within three miles thereof.”

This requirement is echoed in the Marina del Rey Land Use Plan (LUP). The RPC will require compliance with Government Code Section 65590 and the LUP as a condition of approval of a coastal development permit for a residential project in the Marina. To comply with the Mello Act, a developer *must* provide low-income or moderate income housing units *on-site* in a newly constructed housing development *if* it is feasible to do so. However, the law does not contain a specific requirement as to the percentage of low- or moderate-income units that must be constructed. Government Code Section 65590(g)(3) provides: “‘Feasible’ means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social and technical factors.”

### **Recommended Uniform Affordable Housing Requirement:**

In order to provide consistent treatment for all Marina developments and, perhaps as importantly, to provide certainty in the planning and analysis of potential housing developments in the Marina, a single standard for the amount and unit mix of required affordable housing should be employed.

Although significant individual variation exists, required affordable housing percentage requirements in other California coastal areas generally range from 10 to 20% and include a variety of required ranges of “affordability”. The definitions of household income levels categorizing eligibility and allowable rental rates for affordable units are contained in California Health and Safety Code Section 50093. These categories (“very-low income”, “low-income” and “moderate-income”) are based on a percentage of area-wide median income and household size. In general, other California jurisdictions have required a lower percentage of affordable units for projects that restrict eligibility to the lower income categories (“very-low income” or “low-income”) and a somewhat higher percentage of affordable units when a project’s eligibility requirements are targeted to “moderate-income” tenancy.

Two recent Marina projects have been approved by the RPC with a 10% low-income senior requirement and a 15% low-income senior requirement, respectively. The latter project was allowed to fulfill its requirement with the percentage applied only to the 120 to-be-constructed units, without regard to the 846 existing apartments to be retained and renovated, and including its required affordable units within the existing on-site apartment buildings for which a somewhat lower market rent is charged. A third Marina project was able to fulfill its affordability requirement through use of a “density bonus” (see “Examination of Available Mitigation Measures” below), thus effectively mitigating the economic effects of required affordable housing.

In order to provide affordable housing to a broad spectrum of potential users and in recognition of the intent of the Act, it is recommended that affordable units in all unit types proposed be made available in a given project (e.g., one, two and, if otherwise offered as part of the project, bachelor and three-bedroom units). It is further recommended that County policy require that a 10% requirement be computed against *all*

new units constructed, whether or not they replace existing units<sup>3</sup>, and that the threshold of affordability be designated as low-income” as determined by the California Health and Safety Code<sup>4</sup>, utilizing a standard of 60% of area median income as the threshold for eligibility. In cases where a proposed project consists of both newly constructed units and pre-existing units to be renovated in accord with a Board-approved parcel renovation/lease extension plan, it is recommended that required on-site affordable units may, at the discretion of the Regional Planning Commission, be designated in pre-existing units fully renovated in accord with such plan.

In comparison to a 15% moderate-income requirement (a higher affordable housing percentage reflecting the less stringent income and rent reductions required of a “moderate-income” project), the proposed 10% low-income requirement has a less severe economic impact on a project, thus making it more likely that projects will proceed.<sup>5</sup> This result will provide both new market rate housing and new affordable housing that otherwise might not be built, resulting in new affordable housing for significant population groups needing housing.

A consistent requirement (i.e., 10% low-income applied to all new units) allows potential developers to design and plan for known factors from the outset of project conceptualization, rather than cause disruptive project reworking during the approval process, further encouraging the approval and actual construction of new units. The proposed standard also, by broad inclusion of family as well as individual users and by its extension to low-income applicants, more effectively implements the underlying purposes of the Act to provide such affordable housing as can feasibly be constructed in or near the coastal zone.

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<sup>3</sup> Because of the requirement that the 10% be applied to all new units to be constructed as part of a proposed project (rather than only to the incremental increase on a project), it will provide additional significant increases in affordable housing availability. For example, one recently submitted Marina project proposes the replacement of 224 existing units with 474 new units. The proposed policy would result in a requirement that 47 low-income units be provided (10% x 474) rather than 25 (474 minus 224 existing = 250 x 10% = 25). In addition, the units must be provided in proportion to all unit types proposed for the project. Thus, one, two and three-bedroom units will be made available as low-income housing, extending the benefits of affordable housing to families as well as to individuals and the senior segment of the population.

<sup>4</sup> “Low-income” is generally referenced as families earning less than 80% of the median income for the Los Angeles-Long Beach Metropolitan statistical area, published by the U.S. Department of Housing and Urban Development. The proposed policy sets this threshold at 60% of such median income, thus allowing in-lieu funds to be utilized in projects qualifying for tax exempt bond financing and other state and federal programs, most of which require that tenant eligibility be set at the 60% of median income level. And resulting in setting lower allowable unit rents, thus including a broader user group with demonstrated need for more affordable housing.

<sup>5</sup> As identified on Exhibit 1, using an example of a proposed Marina project of 474 units, the effect of requiring a 15% moderate-income requirement to all unit types results in a greater loss of project income than a corresponding requirement of 10% low-income units, due in large measure to the greater number of units involved and the relatively small disparity in rent between low-income rent caps and moderate-income rent caps.



## **Step 1. Determine Whether Developer Provided On-Site Affordable Housing is Feasible:**

The initial, or threshold, question regarding compliance with the Act becomes a determination of whether providing affordable housing on-site is “feasible”. While the Act recognizes four elements of potential infeasibility, the following discussion focuses principally on economic feasibility. While certain elements of the other three indices of “infeasibility” (environmental, social and technical) may arguably be present in individual projects, these factors are relatively difficult to define and/or categorize as they relate to factors either extraneous to the project itself (e.g., social infeasibility) or may become intertwined with economic factors (i.e., the *environmental* impact of violating height or view corridor guidelines in order to allow a density bonus, etc.).

An important related matter is whether “in-lieu” fees may be contemplated in connection with new projects. The Act specifically contemplates in-lieu fees in instances of the *replacement* of existing affordable units removed to make way for a new project. While the Act does not discuss the use of in-lieu fees as a means of providing affordable units as part of new residential projects, it is likely that in-lieu fees used to fund affordable units located in the County within the coastal zone or in close proximity to the coastal zone would meet the developer’s Mello Act obligations to provide off-site affordable housing when on-site affordable units are infeasible.

### **How Developer Feasibility is Measured:**

As one recent study has aptly pointed out, “Property owners as well as developers have varying degrees of experience, resources, ability to raise capital, skills and tolerances for navigating local land use approval processes and degrees of motivation to seek alternative use of their properties.”<sup>6</sup> As the cited study further points out, it is therefore difficult to provide a precise threshold for feasibility that will apply in every case.

Nevertheless, there are minimum acceptable financial returns (“thresholds”) that developers require in order to commit resources to a proposed project. If a proposed project does not meet these thresholds, the project may not be financable and/or the developer may choose to invest those resources on other available projects or investments that do meet these thresholds. Today’s real estate and financing communities look to various sources for establishing these return thresholds, including the many industry publications that provide both formal periodic surveys and ongoing information as to how investment decisions are being made by all classes of principals for all property types<sup>7</sup>. These thresholds establish a point at which a reasonably well informed and experienced developer with a typical multi-family housing project would decide whether or not to

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<sup>6</sup> Hamilton, Rabinovitz & Alschuler, Inc., Interim Fees and Other Policy Considerations for Administration of the Mello Act in the City of Los Angeles Coastal Zone (January 3, 2001).

<sup>7</sup> The key national publication providing quarterly surveys is the “Korpacz Real Estate Investor Survey” published by Price Waterhouse Coopers. Other entities that include formal and ongoing collected investment data in their annual reports, market surveys and various other on-line publications include Ernst & Young, Jones Lang LaSalle (“Investment Strategy Annual”), Grubb & Ellis (“National Real Estate Forecast”), and CB Richard Ellis (“Market Index Briefs”).

pursue a project. When the expense associated with any affordable housing project causes the return to fall below these thresholds, this can be used as a reasonable indicator that the requirement causes an otherwise feasible project to become infeasible.<sup>8</sup>

It is important that the standard selected not depend on individual developer financial circumstances, and hence borrowing capacity, because the use of analyses based on these factors interjects a large number of extraneous factors into the analyses that are not germane to establishing a general standard for determining whether a project itself is economically feasible. This proposed measurement is referred to as an “unleveraged” rate of return, because its calculation does not include the return on borrowed funds and/or the cash and other equity invested in a project.

The standard most commonly used as a threshold for evaluating development projects is “Return-on-Cost” (return on total development cost for apartment projects). In today’s market (based on apartment investment thresholds cited in the most recent data published as cited in footnote 7 above) a developer, lender or equity participant in a high-end apartment project developed under a ground lease such as those in the Marina must be reasonably certain of achieving a 10 to 10.5%+ return on the amount spent to develop a project (i.e., the purchase of land and all other development costs) by the time the project reaches stabilized occupancy (i.e., 95% occupied) before committing to undertake the project.

While this is a general benchmark and one to which there are undoubtedly exceptions, it is nevertheless a standard both common in the real estate industry and utilized by lenders and potential equity investors, as well as developers, in making an initial assessment of whether a project is worth pursuing. It is calculated as net operating income (i.e., gross rental and other income, less an allowance for vacancy and all operating expenses) divided by the total development cost (i.e., cost of land and construction costs). The requirement that affordable housing be included clearly impacts the project income by lowering the gross rental income below what would otherwise be received as market rent. If such impact causes the Return-on-Cost to fall below 10%, holding all else constant, the imposition of affordable housing has, by definition, caused the project to become economically infeasible for the developer.

#### Examination of Available Mitigation Measures:

While the imposition of an affordable housing requirement may otherwise cause a project’s Return-on-Cost to fall below the threshold of economic feasibility, there are potential mitigating factors that may be incorporated into an individual project to restore it to an economically feasible status. The two most important of these are: a) the use of a “density bonus”, and b) below market bond financing and/or tax credits provided to

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<sup>8</sup> The **extent** of the economic impact of affordable housing depends principally on three factors; the **percentage** of affordable units required (e.g., 10 or 15% of the project units); the **type** of affordable housing (e.g., very-low, low- or moderate-income), with the corresponding caps on monthly rental rates for each unit type; and, the **size** of the units (e.g., limited to smaller units or a required mix of bachelor, one/two/three-bedroom required). The impact of affordable housing rent limits is disproportionately higher in the case of larger (two- and three bedroom) units, due to the greater disparity between the allowable maximum rent chargeable affordable rent and market rent for such units.

developers of affordable housing. While useful in many affordable housing venues, these methods are likely to have limited utility or availability in the Marina. The methods, briefly, are as follows:

1. Density Bonus:

The law requires local government to provide a developer with incentives for the production of lower income housing units within a development if the developer meets certain statutory requirements. These incentives are set forth in Section 65915 of the Government Code and include, principally, a “density bonus”, allowing an increase in the number of units otherwise allowed as the maximum density in a given area. This increase in density has the effect of providing both the required affordable units and additional market rate units on the project site. The effect of utilization of a density bonus often is, then, to restore the developer’s Return-on-Cost to at least threshold levels by providing sufficient additional market rate units to mitigate the cost of providing affordable housing.

While the potential use of a density bonus should be reviewed in each case for applicability and has been utilized in one case in the Marina, use of the density bonus may have limited further application in the Marina due to a variety of environmental, traffic, construction cost and other issues affecting individual planned projects. For instance, due to the other relatively strict Marina building requirements (e.g., height limitations to prevent boating “wind shadow” problems, required view corridors, strict traffic mitigation requirements), it is expected that increasing building density will often not be possible. In addition, increased density most often requires that structures be taller. Increasing the height of Marina structures to accommodate additional units radically affects construction costs by mandating a wholly different type of construction (steel framing, etc.) in order to meet fire and safety codes, from which no structures may be exempted. Marina construction is further complicated by the restrictions on the extent of below ground level structures for parking, etc., due to the Marina water table and the proximity of most Marina sites to the seawall. The result of attempts to build more densely on most Marina parcels, therefore, is that any effective gain in revenue from additional market rate units is likely more than offset by construction cost increases that often may require an additional 50 to 60% over lower-rise construction.

2. Financial Mitigation – Bond Financing & Tax Credits:

There are a large number of specially targeted programs giving financial assistance to affordable housing projects in, for example, designated redevelopment areas, for public agency developed housing and/or for rehabilitation and special tenant programs (e.g., for teachers, etc.). We initially developed a list of some 36 potential programs and sources and, thereafter, investigated the availability of those economic resources to Marina multifamily residential development through our own research as well as consultation with other state and federal governmental agencies. The two main sources of possible financial aid for affordable housing for *privately*

owned/developed mixed-income development projects (i.e., containing both affordable and market rate units in the same development) are state tax-exempt bond funding and federal and state tax credits.

However, due to threshold eligibility criteria and competitive parameters, there are few realistic sources of below market financing or other assistance likely to be available for Marina developments. The primary reason this funding will not be available is that projects seeking public financing are prioritized according to a point system that will rank Marina projects lower because:

- (1) Substantial additional point credit is awarded to developments with very high percentages of affordable housing and, in order to compete effectively, a substantial amount of each development project would need to be devoted to affordable housing as opposed to the 10% affordable housing likely to be included in Marina development projects; and,
- (2) Other important point bonus criteria, such as project location in targeted development areas, inclusion of a large percentage of 3-bedroom or larger units, among others, are not available in Marina projects.

As to state tax-exempt bond funding and federal and state tax credits, both programs are subject to allocation of a finite funding amount and both are administered by State of California appointed commissions, under guidelines prescribed by federal and state law. Both programs allocate available resources on a competitive basis.

A more detailed discussion of these programs and their potential availability is contained in a December 14, 2000 research memorandum prepared by DBH and previously furnished to the Board entitled "Mitigation of Affordable Housing Financial Impact – Funding Sources".

## **Step 2. Feasibility of County Accommodation of On-Site Affordable Housing - County as Landowner:**

To understand the economic impact of affordable housing on County income, it is important to recall that DBH negotiates a percentage of rent to be collected from a lessee in Marina del Rey as the County's fair market share of gross rent, typically 10.5% of gross rentals for apartments. What is left for a lessee after ground rent must be enough to provide a market return sufficient to justify development of the project (i.e., sufficient Return-on-Cost). In all markets affordable housing units produce a significantly lower monthly rent than market-rate units, with an even greater disparity in luxury apartment settings such as the Marina.

Because the County is the owner of the land in the Marina and, therefore, in control of a key element of development cost (i.e., land cost as represented by ground rent), the County could, theoretically, reduce its share of the rent to extremely low levels to support a market return needed to attract a developer/lessee. As this is a possibility, the extent to which the County could reduce its rent should be taken into consideration in determining

whether providing affordable units on-site is economically infeasible. In this regard, County Counsel has advised that the County is not exempt from the affordable housing requirements of the Act or its economic ramifications and that a mere reduction in the amount of the County's rental income stream is not likely to be found by a court to constitute "economic infeasibility" unless the reduction is substantial. County Counsel has further advised that the law provides no specific guidelines as to the amount of income reduction that would have to be demonstrated by the County before a declaration of "economic infeasibility" could be upheld if judicially challenged, but that if a very high percentage of County income (ground rent) would have to be foregone in order to allow development to advance, it becomes more likely that a finding of economic infeasibility is supportable, even in cases where the County is landowner.

In order to determine and demonstrate the extent of County income reduction that would be incurred under circumstances in which developer economic infeasibility is found in accordance with the criteria set forth earlier in this paper, DBH requested an analysis by its economic consultant, Allan D. Kotin & Associates. The analysis reviewed a number of recently proposed and/or approved Marina del Rey projects and presumed a requirement that 10% on-site low-income housing distributed among all unit types was mandated. The conclusion reached by Allan D. Kotin & Associates is that to make such housing projects economically feasible, the County's rent would have to be reduced to levels below that for other alternative uses (hotel, commercial development), an economically indefensible level of reduction, as a result of the imposition of the affordable housing requirement.<sup>9</sup>

The County leases its Marina property on the basis of a percentage of revenue generated. Accordingly, a good measure of the impact that on-site low-income housing has on County revenue is the ground rent per square foot of land produced by the available alternative land uses. In constructing its analysis, Allan D. Kotin & Associates drew upon the proforma projections for currently proposed new development or redevelopment throughout the Marina. In this context, the analysis considered the land uses as follows:

1. Development of residential rental housing with no low income requirement;
2. Development of residential rental housing with a requirement for 10% low-income on-site units with the County absorbing sufficient loss in the developer's operating income to maintain developer economic feasibility;
3. Hotel development; and
4. Commercial (retail) development.

The analysis found the negative impact of an on-site 10% low-income housing requirement on County revenue to be dramatic. As detailed in the attached Exhibit 2, apartments go from being the highest value of land use out of the four options at \$4.94 per square foot per year, to the lowest value land use at \$1.41 per square foot per year

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<sup>9</sup> See Allan D. Kotin and Associates memorandum dated December 4, 2001, cited supra and Exhibit 2, attached.

once low-income units are introduced. Hotels, which are typically built at fairly high density, represent a high value use at \$4.18. Retail commercial, which is typically built at a significantly lower density, generates approximately \$2.33 per foot per year. Both alternative uses generate significantly higher County revenue than apartment-developed land with included affordable housing, and County revenue from the typical market rent apartment scenario would diminish by over 70% as a result of the introduction of an on-site 10% low-income requirement.

The lowest illustrated alternative land rent value is \$2.33 for retail commercial, representing a decrease of 53% from residential without affordable units. Accordingly, any residential project in which on-site construction of 10% low-income units would require a reduction in County rent of 53% or more to maintain the developer's original target Return-on-Cost should be considered infeasible for the County. Otherwise, the County would be making an economically indefensible decision to allow new apartment development at the cost of an income/revenue loss of such proportions. The County would clearly instead encourage alternative uses, such as the development of either commercial or hotel projects.

It is important to note that in no event is the County obligated to lower its rent or provide other economic mitigation in order to restore developer economic feasibility as a result of this policy.

### **Step 3 – Use of In-Lieu Fees:**

Knowing of RPC's and housing advocacy groups' preferences, it has become increasingly apparent that a mix of all apartment types would be appropriate in order to comply with the expressed intention of the Act and to satisfy the social goals expressed by the various agencies charged with the administration of affordable housing requirements. This policy provides for a Marina del Rey affordable housing requirement that 10% of all units to be constructed must be low-income units, spread across all unit types available in the proposed project, for a term of 30 years. On-site satisfaction of such a requirement is highly likely to render all but the very smallest possible projects (i.e., those having 10 or fewer affordable units) economically infeasible by any reasonable standard.

Analysis of several Marina projects as initially proposed indicates that the imposition of a 10% low-income on-site requirement, spread across all unit types, would require a reduction in County rent of over 70% in order to maintain the threshold return to developers that would enable those projects to occur. If this amount of rent reduction renders a project infeasible for the County, then the affordable housing must be provided if feasible off-site elsewhere in the coastal zone or within three miles thereof. While economic projections and analysis of currently proposed Marina projects indicate that the inclusion of on-site affordable housing would often have the effect of stopping potential residential development in the Marina by making it economically infeasible, the use of a developer-paid in-lieu fee to provide off-site construction can supply the same or greater number of affordable housing units with less economic impact on a proposed development. This may be particularly so in the Marina due to conditions requiring

expensive construction methods and the prevalent high land costs (ground rent) present in the Marina, as detailed earlier in this analysis.

The impact of an upfront in-lieu fee on development costs is both less intrusive and more manageable. The costs associated with funding less expensive off-site construction (versus the very high cost of Marina del Rey construction), as well as much lower off-site land costs and the savings involved in CDC construction of affordable units utilizing available mitigation measures (low interest financing, tax credits, etc.), allow significantly lower costs for furnishing the same or a greater number of affordable units. In addition, the developer can maintain the upside potential of all on-site units and be relieved of the reporting, administrative and other burdens of managing a separate affordable component of a project. Our analysis and the experience of other jurisdictions that have studied and used in-lieu fees to provide affordable housing indicate that the economic burden associated with in-lieu fees provides a much greater likelihood that a project will move forward to construction and affordable units will be added to the housing market.

#### Establishing and Computing an In-Lieu Fee:

The issue of determination of the amount of an in-lieu fee is a complex one. The key premises underlying its determination are as follows:

1. The per unit in-lieu fee should be based on the per unit “gap” between the total cost of building an affordable project off-site and the total funding sources otherwise available for such off-site development.
2. The total cost should reflect the land cost in the specific area in which the affordable units must be built.
3. The total funding sources should reflect all sources available for low-income housing development, including, but not limited to, conventional financing, low-cost financing, federal subsidies such as tax credits, local incentives such as density bonuses, and other third-party funds.

Many jurisdictions that have considered in-lieu fees have taken the position that the proper measure for a fee is to compute an amount that would produce a similar unit as part of a pure low-income housing project. This is a critical assumption in that such a project is able to take advantage of density bonuses, low interest bond financing, tax credits and the like, which then become available and significantly reduce the “gap”.

Our economic consultants reviewed in-lieu fees set by other jurisdictions, as well as the recent draft affordable housing study prepared for the City of Los Angeles for its implementation of the Mello Act. They also reviewed calculations performed by Legacy Partners (prospective lessee of Marina Parcel 10) for its proposed project in the Marina and gathered data from CDC regarding recent average land and construction costs for affordable projects in the County. The methodology and analysis provided a range of between \$6.96 and \$7.53 per net rentable square foot of residential development. Based

on that research and analysis, we recommend that the in-lieu fee be set at \$7.45 per net rentable square foot of residential development, which equals approximately \$7,993 per proposed unit being constructed.<sup>10</sup> The precise methods of calculation, including the adjustments necessary to derive an appropriate range of in-lieu fee values are separately detailed in the attached analysis (Exhibit 3).

#### Adjustments to the In-Lieu Fee:

The in-lieu fee has been calculated for the year 2001 and is the result of the combination of three parameters: construction costs, land values, and financing costs, all of which would change in response to forces in the general economy. The in-lieu fee is, therefore, to be adjusted yearly in accord with changes in the year-end value of the Consumer Price Index (CPI) published by the U.S. Bureau of Labor Statistics for the Los Angeles-Riverside-Orange County Area.

#### Administration of In-Lieu Fee:

CDC will receive all affordable housing in-lieu fees generated and collected by the County as a result of Marina residential development. The funds will be placed into an “Affordable Housing Trust Fund” (Fund) that CDC will administer, in similar fashion to the administration of the Los Angeles County Housing Authority “Industry Funds Program” and other affordable housing programs currently administered by CDC. The goal of the Fund will be to maximize the development of affordable housing through both leveraging the in-lieu fee funds generated by Marina development with other available funds and by emphasizing public/private partnerships.

Following collection of fees, the allocation of funds will be pursued on a competitive basis, using periodic Requests for Proposals (RFPs) or a year-round open RFP, depending on market conditions and demand from developers of affordable housing projects. Emphasis will be placed on expediting the expenditure of funds so as to comply with the spirit of the Act, which encourages the provision of affordable housing within a reasonable time after approval of residential construction plans.

Off-site affordable housing developments will be financed first in unincorporated areas in the coastal zone or within three miles of the coastal zone. In the event it is infeasible, as defined in the Act, to construct the affordable units in the unincorporated areas in the coastal zone or within three miles of the coastal zone, the CDC will then solicit proposals for development in any other unincorporated area of the County until suitable projects are secured. Developments will be focused on providing affordable housing for a cross-section of the neediest populations, including larger families and seniors, and may include opportunities for first-time homebuyers.

Within 90 days of Board adoption of an affordable housing in-lieu fee policy, CDC will develop and submit a detailed distribution and allocation plan. The plan is intended to be

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<sup>10</sup> See Allan D. Kotin and Associates memorandum dated December 4, 2001, cited supra.



similar to the current “City of Industry Affordable Housing Plan” and will form the basis for a proposed “Marina del Rey Affordable Housing Fund Program”.

As indicated earlier herein, the CDC has proposed that an amount equal to 5% of the funds generated per the in-lieu fee structure be added to the in-lieu fee to cover its costs of administering the funds when the affordable housing restriction is imposed for a term of 30 years. Additionally, a fee of \$250.00 per off-site and on-site affordable units built, adjusted annually for increases in the CPI, will also be levied by the CDC to defray ongoing compliance inspection and reporting costs.

**Conclusion:**

As detailed herein the proposed uniform policy for the provision of affordable housing for Marina del Rey would require each new housing project built to set aside 10% of all newly constructed units, consisting of a mix of all unit types, to be made available as low-income affordable housing units for a term of 30 years. In cases where a project consists of both newly constructed units and pre-existing units that are to be renovated in accord with a Board-approved parcel renovation/lease extension plan, required on-site affordable units may at the discretion of the Board be designated in pre-existing units fully renovated in accord with such plan.

Establishing feasibility of on-site affordable housing for a project must still be determined on a case-by-case basis. Initially, provision of affordable housing on-site should be explored. If this proves infeasible, the potential use of density bonuses and other incentives and the potential for economic aid, such as tax credits and/or below market bond financing or grants, should also be explored as a means of making on-site affordable housing feasible.

If the 10% low-income housing requirement renders a new project economically infeasible, then use of an in-lieu fee in the amount of \$7.45 per square foot of development, equaling approximately \$7,993 per unit (totaling \$8,394 per unit with the inclusion of a 5% administrative fee), should be utilized as a means of providing affordable housing elsewhere in the unincorporated coastal zone or within three miles thereof, and if infeasible within this target area, then elsewhere within unincorporated County territory as the availability of suitable land for such construction allows.

Exhibit 1

Illustration of Alternative Affordable Housing Programs on  
Proposed Redevelopment of 474 Unit Project

Unit Distributions and Asking Rents (\$2000):						
	All Units at Market		10% Low-Income		15% Moderate-Income	
	# Units	Rent	# Units	Rent	# Units	Rent
1 Bedroom Units	130	\$2,505	13	\$626	20	\$1,147
2 Bedroom Units	273	\$3,204	27	\$704	41	\$1,290
3 Bedroom Units	71	\$4,219	7	\$782	11	\$1,433
Total Units, Wtd Avg Rents	474	\$3,164	47	\$694	71	\$1,272
Average Per Unit Rent Loss from Market		\$0		-\$2,471		-\$1,892

Estimated Net Operating Income (\$2000): /1			
	All Units at Market	10% Low-Income	15% Moderate-Income
Effective Gross Income	\$ 16,976,000	\$ 15,679,000	\$ 15,523,000
Less: Operating Expenses	(3,276,000)	(3,250,000)	(3,247,000)
Less: Ground Rent @ 10.5%	(1,782,000)	(1,646,000)	(1,630,000)
Net Operating Income	\$ 11,918,000	\$ 10,783,000	\$ 10,646,000
Net Income Loss from All Market	\$ -	\$ (1,135,000)	\$ (1,272,000)
Value Loss @ 10.5% Cap Rate	\$ -	(\$10.8 million)	(\$12.1 million)
Value Loss per Affordable Unit	\$ -	\$ (228,000)	\$ (170,000)
Value Loss per Total Unit Count	\$ -	\$ (23,000)	\$ (26,000)
(Comparable to the Per-Unit In-Lieu Fee)			

Notes:

/1 Operating expenses for affordable scenarios estimated by PCR Kotin, and reflect estimated changes in variable expenses only.

Exhibit 2

Illustration of MdR Land Values Under Alternative Uses

**Residential Development, All Units at Market:**

<u>Parcel, Name</u>	<u>Total Land Area</u>	<u>Projected County Revs., Stabilized, \$2000</u>	<u>\$ per sq ft land</u>	<u>Notes</u>
Panay Way, P20	96,136	\$224,000	\$2.33	Does not net out land used for commercial ops, parking for marina which would increase land value psf.
Legacy, P10	318,927	1,422,000	\$4.46	Does not net out land used for marina parking which would increase land value psf.
Villa Venetia, P64	278,276	1,782,000	\$6.40	Reflects very high-rent units (>\$3,000/mo).
<b>Total sq ft land</b>	<b>693,339</b>	<b>Wtd Avg Co. Rent / sq ft</b>	<b>\$4.94</b>	
		<b>Land Value @ 8% Cap Rate</b>	<b>\$62</b>	

**Residential Development With 10% Affordable, Distributed: /1**

<u>Parcel, Name</u>	<u>Total Land Area</u>	<u>Projected County Revs., Stabilized, \$2000</u>	<u>\$ per sq ft land</u>	<u>Notes</u>
Panay Way, P20	96,136	\$110,000	\$1.14	Does not net out land used for commercial ops, parking for marina which would increase land value psf. Reflects 10% seniors, not distributed.
Legacy, P10	318,927	222,000	\$0.70	Does not net out land used for marina parking which would increase land value psf.
Villa Venetia, P64	278,276	647,000	\$2.33	Reflects very high-rent units (>\$3,000/mo).
<b>Total sq ft land</b>	<b>693,339</b>	<b>Wtd Avg Co. Rent / sq ft</b>	<b>\$1.41</b>	
		<b>Land Value @ 8% Cap Rate</b>	<b>\$18</b>	

/1 Assumes County absorbs entire value loss due to affordable units.

**Hotel Development:**

<u>Parcel, Name</u>	<u>Total Land Area</u>	<u>Projected County Revs., Stabilized, \$2000</u>	<u>\$ per sq ft land</u>	<u>Notes</u>
Pacific Marina Ventures, P44	445,581	\$1,690,000	\$3.79	
Fisherman's Village Hotel, P55 + W	148,149	824,000	\$5.56	Lot W area allocated based on parking needs.
Marriott Courtyard, NR & OT	145,430	461,000	\$3.17	
Marriott Residence Inn, IR & OT	175,866	641,000	\$3.64	
Marriott Spring Hill Suites, GR	104,047	474,000	\$4.56	
Goldrich & Kest Seniors, UR	97,305	348,000	\$3.58	
Goldrich & Kest Seniors, OT	70,381	383,000	\$5.44	
Jamaica Bay Inn, P27	121,651	510,000	\$4.19	
Marina Int'l, P145 + OT	160,575	808,000	\$5.03	
<b>Total sq ft land</b>	<b>1,468,985</b>	<b>Wtd Avg Co. Rent / sq ft</b>	<b>\$4.18</b>	
		<b>Land Value @ 8% Cap Rate</b>	<b>\$52</b>	

**Commercial Development:**

<u>Parcel, Name</u>	<u>Total Land Area</u>	<u>Projected County Revs., Stabilized, \$2000</u>	<u>\$ per sq ft land</u>	<u>Notes</u>
Waterside, P50	423,681	\$697,000	\$1.65	No redevelopment from current status.
Gold Coast West, P95	73,919	302,000	\$4.09	Complete redevelopment of existing improvements.
Fisherman's Village, P56 + W	178,452	575,000	\$3.22	Lot W area allocated based on parking needs.
<b>Total sq ft land</b>	<b>676,052</b>	<b>Wtd Avg Co. Rent / sq ft</b>	<b>\$2.33</b>	
		<b>Land Value @ 8% Cap Rate</b>	<b>\$29</b>	

## Exhibit 3

## Range of Supportable In-Lieu Fee for New Residential Development in Marina del Rey /1

Input Assumptions	Fee Indicated by per	Fee Indicated by per	Source
	Unit Data	Square Foot Data	
(1) Average Funding Gap per Unit, County-wide	\$48,000	\$48,000	CDC based on all projects in 1999 & 2000
(2) Average Land Cost, for 100% Affordable Projects County-wide	\$26.30	\$26.30	CDC based on all projects in 1999 & 2000
(3) Average Land Cost, for Residential Projects within 3 Miles of Coastal Zone	\$60.00	\$68.00	Per ADK&A Land Sales analysis (See Exhibit 2)
(4) Construction Cost Adjustment 1/2001 over 1/2000	1.7%	1.7%	Per Real Estate Research Council Index
(5) Average Site Area per Unit, Projects within 3 Miles of Coastal Zone, sq ft	768	768	Per ADK&A Land Sales analysis (See Exhibit 2)
(6) Average New Unit Size in Mdr, sq ft	1,073	1,073	ADK&A derivation based on current proposals for parcels 10, 20, 64 and 111/112
(7) Percentage of New Units Required to Be Affordable (Low)	10%	10%	Assumed policy requirement, per DBH & RPC

In-Lieu Fee Computation			Formula
(8) Cost Increase Adjustment for County-wide Average Gap	\$816	\$816	(8) = (4) x (1)
(9) Time-Adjusted County-wide Average Gap	\$48,816	\$48,816	(9) = (1) + (8)
(10) Land Cost Difference between County and Coastal Averages, per sq ft	\$33.70	\$41.70	(10) = (3) - (2)
(11) Total Additional Land Cost per Unit Allocated to Mdr Projects	\$25,873	\$32,015	(11) = (10) x (5)
(12) Resulting Land-Adjusted Total Gap per Affordable Unit	\$74,689	\$80,831	(12) = (9) + (11)
(13) Adjusted Gap per New Unit, Based on Low-Income Requirement	\$7,469	\$8,083	(13) = (12) x (7)
(14) Gap per sq ft of Net Rentable New Construction, \$2001	\$6.96	\$7.53	(14) = (13) / (6)

Supportable In-Lieu Fee per sq ft of Net Rentable New Residential Development in Marina del Rey, for 2001	\$6.96	\$7.53
Additional 5% for One-Time CDC Administration Fee	0.35	0.38
<b>Full Fee Including One-Time Administration Fee /2</b>	<b>\$7.31</b>	<b>\$7.91</b>
Estimated Per Unit In-lieu Fee Before Admin. Charge	\$7,468	\$8,080
<b>Per Unit In-Lieu Fee plus 5% CDC Administrative Fee</b>	<b>\$7,841</b>	<b>\$8,484</b>

/1 Based on methodology employed by Hamilton, Rabinovitz & Alschuler, Inc. for the City of LA Dept. of Planning, "Interim Fees and Other Policy Considerations for Administration of the Mello Act in the City of Los Angeles Coastal Zone (Draft)" dated January, 2001.

/2 Additional annual administration fee of \$250 for each affordable unit built, starting when units are occupied.

**Notice of Completion**

See NOTE below  
 SCH # 2002031117

Mail to: State Clearinghouse, 1400 Tenth Street, Sacramento, CA 95814 (916) 445-0613

Project Title: Affordable Housing Policy -- Marina del Rey  
 Lead Agency: L. A. County Department of Beaches and Harbors Contact Person: Joseph Chesler, AICP, Chief, Planning  
 Street Address: 13483 Fiji Way, Trailer #3 Phone: (310) 305-9533 or Julie Cook, AICP 310-305-9530  
 City: Los Angeles, CA Zip: 90292 County: Los Angeles

**Project Location**  
 County: Los Angeles City/Nearest Community: Marina del Rey  
 Cross Streets: Admiralty Way & Via Marina (and environs) Total Acres: 807  
 Assessor's Parcel No. 4224/1-13/et.seq. Section: \_\_\_\_\_ Twp. 2S Range: 15W Base: San Bernardino  
 Within 2 Miles: State Hwy #: SR-1, SR-90, I-405 Waterways: Marina del Rey  
 Airports: n/a Railways: n/a Schools: unknown

**Document Type**  
 CEQA:  NOP  Supplement/Subsequent NEPA:  NOI Other:  Joint Document  
 Early Cons  EIR (Prior SCH No.)  EA  Final Document  
 Neg Dec  Other  Draft EIS  Other \_\_\_\_\_  
 Draft EIR  FONSI

**Local Action Type**  
 General Plan Update  Specific Plan  Rezone  Annexation  
 General Plan Amendment  Master Plan  Prezone  Redevelopment  
 General Plan Element  Planned Unit Development  Use Permit  Coastal Permit  
 Community Plan  Site Plan  Land Division (Subdivision, Parcel Map, Tract Map, etc.)  Other MdR: AffHsgPol

**Development Type**  
 Residential: Units Unknown Acres Unknown  Water Facilities: Type \_\_\_\_\_ MGD \_\_\_\_\_  
 Office: Sq.ft. \_\_\_\_\_ Acres \_\_\_\_\_ Employees \_\_\_\_\_  Transportation: Type \_\_\_\_\_  
 Commercial: Sq.ft. \_\_\_\_\_ Acres \_\_\_\_\_ Employees \_\_\_\_\_  Mining: Mineral \_\_\_\_\_  
 Industrial: Sq.ft. \_\_\_\_\_ Acres \_\_\_\_\_ Employees \_\_\_\_\_  Power: Type \_\_\_\_\_ Watts \_\_\_\_\_  
 Educational \_\_\_\_\_  Waste Treatment: Type \_\_\_\_\_  
 Recreational \_\_\_\_\_  Hazardous Waste: Type \_\_\_\_\_  
 Other: \_\_\_\_\_

**Project Issues Discussed In Document**  
 Aesthetic/Visual  Flood Plain/Flooding  Schools/Universities  Water Quality  
 Agricultural Land  Forest Land/Fire Hazard  Septic Systems  Water Supply/Groundwater  
 Air Quality  Geologic/Seismic  Sewer Capacity  Wetland/Riparian  
 Archeological/Historical  Minerals  Soil Erosion/Comp./Grading  Wildlife  
 Coastal Zone  Noise  Solid Waste  Growth Inducing  
 Drainage/Absorption  Population/Housing Balance  Toxic/Hazardous  Land Use  
 Economic/Jobs  Public Services/Facilities  Traffic/Circulation  Cumulative Effects  
 Fiscal  Recreation/Parks  Vegetation  Other

Present Land Use/Zoning/General Plan Use: Unknown, potential sites for implementation are as yet undetermined

**Project Description**

**SEE ATTACHED PROJECT DESCRIPTION**

NOTE: Clearinghouse will assign identification numbers for all new projects. If a SCH number already exists for a project (e.g., from a Notice of Preparation or previous draft document), please fill it in.

# Reviewing Agencies Checklist

<b>KEY</b>
S = Document sent by lead agency
X = Document sent by SCH
R = Suggested distribution

## Resources Agency

- Boating & Waterways
- Coastal Commission
- Coastal Conservancy
- Colorado River Board
- Conservation
- Fish & Game
- Forestry
- Office of Historic Preservation
- Parks & Recreation
- Reclamation
- S.F. Bay Conservation & Development Commission
- Water Resources (DWR)

## Business, Transportation & Housing

- Aeronautics
- California Highway Patrol
- CALTRANS District # 7
- Department of Transportation Planning (headquarters)
- Housing & Community Development
- Food & Agriculture

## Health & Welfare

- Health Services

## State & Consumer Services

- General Services
- OLA (Schools)

## Environmental Affairs

- Air Resources Board
- APCD/AQMD
- California Waste Management Board
- SWRCB: Clean Water Grants
- SWRCB: Delta Unit
- SWRCB: Water Quality
- SWRCB: Water Rights
- Regional WQCB # (4)

## Youth & Adult Corrections

- Corrections

## Independent Commissions & Offices

- Energy Commission
- Native American Heritage Commission
- Public Utilities Commission
- Santa Monica Mountains Conservancy
- State Lands Commission
- Tahoe Regional Planning Agency

- Other

## Public Review Period (to be filled in by lead agency)

Starting Date June 21, 2002

Ending Date July 22, 2002

Signature 

Date: June 18, 2002

## Lead Agency (complete if applicable):

Los Angeles County Department of Beaches & Harbors

**Applicant:** Stan Wisniewski, Director  
**Address:** 13837 Fiji Way  
**City/State/Zip:** Marina del Rey, CA 90292  
**Phone:** (310) 305-9522 (Joe Chesler-310-305-9533)

**Consultant:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**City/State/Zip:** \_\_\_\_\_  
**Phone:** \_\_\_\_\_

<p><b>For SCH Use Only:</b></p> <p>Date Received at SCH: _____</p> <p>Date Review Starts: _____</p> <p>Date to Agencies: _____</p> <p>Date to SCH: _____</p> <p><b>Clearance Date:</b> _____</p> <p>Notes: _____</p>
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THE DEPARTMENT OF BEACHES AND HARBORS  
COUNTY OF LOS ANGELES

NOTICE OF INTENT TO ADOPT NEGATIVE DECLARATION/NOTICE OF PUBLIC HEARING

**AFFORDABLE HOUSING POLICY FOR NEW DEVELOPMENT IN COUNTY-OWNED MARINA DEL REY**

Notice is hereby given that the Board of Supervisors will conduct a public hearing concerning this proposed policy (including adoption of the affordable housing in-lieu fee as described below) on Tuesday, July 23, 2002 at 9:30 a.m. in the Hearing Room of the Board of Supervisors, Room 381B, Kenneth Hahn Hall of Administration, 500 West Temple Street (corner of Temple Street and Grand Avenue), Los Angeles, California 90012. Interested persons will be given an opportunity to testify. The proposed Negative Declaration associated with this proposed policy will also be considered. The public review period for the proposed negative declaration is from June 21, 2002 to July 22, 2002. The Board of Supervisors may continue the public hearing from time to time.

**PROJECT DESCRIPTION:** The proposed affordable housing policy for new development in County-owned Marina del Rey is to implement the requirements of the Mello Act (California Government Code section 65590, et seq.). The policy proposes that ten percent (10%) of all new residential units built on County-owned Marina del Rey parcels be set aside for persons and families of low income for a period of thirty (30) years. In the event that construction of the affordable units on-site on the Marina parcel is infeasible, the policy proposes construction by the County of the required affordable units off-site elsewhere in the unincorporated Coastal Zone or within three (3) miles thereof. In the event construction of the required affordable units is infeasible within the above-described off-site target area, then the policy proposes construction by the County of the required affordable units elsewhere within the unincorporated area of the County of Los Angeles. The policy proposes that if off-site construction of affordable units is necessary, the developer (lessee) of the involved county-owned Marina del Rey parcel shall pay an in-lieu fee in the amount of \$7.45 per net rentable square foot of development, plus an administrative fee equal to five percent (5%) of the in-lieu fee collected for the purposes of defraying County costs in constructing the off-site affordable units. The policy further proposes payment by the developer (lessee) of \$250 a year per affordable unit constructed (on- or off-site) to defray the cost of County enforcement of the affordability status of such units.

**LOCATION OF PROJECT:** The proposed affordable housing policy specifically applies to new residential construction within County-owned Marina del Rey. In the event construction of affordable units is infeasible on the involved Marina parcel the policy provides for construction of affordable units off-site elsewhere in the unincorporated Coastal Zone area or within three miles thereof, and if infeasible within the aforementioned off-site target area, then elsewhere within the unincorporated area of the County of Los Angeles.

A Draft Negative Declaration has been prepared for this project. The draft environmental document concludes that adoption of the proposed affordable housing policy will not have a significant adverse effect on the environment.

**AVAILABILITY OF DOCUMENTS:** The proposed affordable housing policy, initial study and draft negative declaration are available for review between 7:00 a.m. and 6:00 p.m., Monday through Thursday (**closed on Fridays**) in the offices of the Department of Beaches and Harbors, 13483 Fiji Way, Trailer #3, Marina del Rey, CA 90292 as well as at 11 County libraries listed below:

Agoura Hills Library  
29901 Ladyface Court  
Agoura Hills, CA 91301  
(818) 889-2278

Lawndale Library  
14615 Burin Avenue  
Lawndale, CA 90260  
(310) 676-0177

Manhattan Beach Library  
1320 Highland Ave.  
Manhattan Beach, CA 90266  
(310) 545-8595

Carson Regional Library  
151 E. Carson Street  
Carson, CA 907435  
(310) 830-0901

Lloyd Taber Marina del Rey  
Library  
4533 Admiralty Way  
Marina del Rey, CA 90292  
(310) 821-3415

South El Monte Library  
1430 N. Central Avenue  
South El Monte, Ca 91733  
(626)443-4158

Culver City Julian Dixon Library  
4975 Overland Ave.  
Culver City, CA 90230  
(310) 559-1676

Malibu Library  
23519 West Civic Center Way  
Malibu, CA 90265  
(310) 456-6438

Valencia Library  
23743 West Valencia Blvd.  
Valencia, CA 91355  
(661) 259-8942

Lancaster Regional Library  
601 West Lancaster Blvd.  
Lancaster, CA 93534  
(661) 948-5029

View Park Library  
3854 W. 54<sup>th</sup> Street  
Los Angeles CA 90043  
(323) 293-5371

Written comments on the proposed negative declaration should be sent to the Department of Beaches and Harbors, 13483 Fiji Way, Trailer #3, Marina del Rey, CA 90292 prior to the close of the public review period (July 22, 2002). Written comments on the proposed affordable housing policy or the proposed in-lieu fee should be sent to the address immediately above or to the Board of Supervisors at the address mentioned in the first paragraph of this notice. If the final decision on adoption of the proposed negative declaration is challenged in court, the grounds may be limited to issues raised at the public hearing or by written correspondence delivered to the Department of Beaches and Harbors or the Board of Supervisors at or prior to, the public hearing.

Additional information concerning this case may be obtained by telephoning Ms. Julie Cook of the Department of Beaches and Harbors at (310) 305-9530 between 7:00 a.m. and 6:00 p.m., Monday through Thursday.

**Si necesita mas informacion, o si quiere este aviso en Espanol, favor llamar al Departamento al (310) 305-9549."**

**"Americans With Disabilities Act (ADA) ACCOMMODATIONS: If you require reasonable accommodations or auxillary aids and services such as material in alternate format or a sign language interpreter, please contact the ADA (Americans with Disabilities Act) Coordinator at (310) 305-9538 (Voice) or (800) 800-735-2922 (TDD), with at least three business days notice".**



COUNTY OF LOS ANGELES  
DEPARTMENT OF BEACHES AND HARBORS  
13837 FIJI WAY  
MARINA DEL REY, CA 90292

**NEGATIVE DECLARATION**

PROJECT NAME/NUMBER: 2002-Affordable Housing Policy

1. DESCRIPTION:

**Affordable Housing Policy – Marina del Rey**

The proposed project is an interpretive policy for implementing affordable housing within Marina del Rey. State law as embodied in the Mello Act (Act) requires the provision of affordable housing, where feasible, in new development projects constructed within the Coastal Zone. Government Code Section 65590(d) mandates, in relevant part, as follows:

“New housing developments constructed within the Coastal Zone shall, where feasible, provide housing units for persons and families of low or moderate income...Where it is not feasible to provide these housing units in a proposed new housing development, the local government shall require the developer to provide such housing, if feasible to do so, at another location within the same city or county, either within the Coastal Zone or within three miles thereof.”

This requirement is echoed in the Marina del Rey Land Use Plan (LUP). The Regional Planning Commission will require compliance with Government Code Section 65590 and the LUP as a condition of approval of a coastal permit for a residential project in the Marina. To comply, a developer *must* provide low-income or moderate-income housing units *on-site* in a newly constructed housing development within the Coastal Zone *if* it is feasible to do so. However, the law does not contain a specific requirement as to the percentage of low- or moderate-income units that must be constructed. Government Code Section 65590(g)(3) continues: “Feasible means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social and technical factors.”

The manner of providing such affordable housing, whether by on-site inclusion of affordable units, off-site construction of affordable units elsewhere in the Coastal Zone of the County or within three miles thereof, or by providing in-lieu fees which will allow for the construction of affordable units in the same geographical areas through governmental agencies, provides the focus of this policy analysis.

It is likely that most Marina Coastal Zone apartment projects will prove to be economically infeasible if required to provide even a minimum number of on-site affordable units. This is due in large part to the very high land and construction costs prevalent in the Marina, coupled with the great disparity between the maximum amount allowed to be charged as rent for required affordable units vs. the amount that can be charged as market rate rent.

In order to fulfill affordable housing requirements in Marina del Rey, it is proposed that: A) 10% of all residential units constructed in Marina projects, spread among all unit types available in the project, be designated low-income units for a term of 30 years and B) a three-step approach for managing affordable housing requirements in Marina del Rey be utilized. These steps are as follows:

1. An analysis on a case-by-case basis of whether imposition of on-site 10% low-income housing, consisting of a mix of all project unit types, is "infeasible", in accordance with the requirements of the Act. This analysis will consider the use of a density bonus, low interest bond financing, tax credits and other mitigation measures that may make on-site affordable housing economically feasible.
2. If on-site developer economic infeasibility is demonstrated, an analysis and determination will be made whether it is economically feasible for the County, in its role as landowner, to accommodate required affordable housing on-site.
3. If both developer and County economic infeasibility is determined, developer in-lieu fees will be required in the amount of \$7.45 per square foot of development equaling approximately \$7,993 per unit built as a method of both complying with the Act and providing affordable housing off-site, when on-site mitigation is either unavailable or is insufficient to restore feasibility. This fee will be periodically adjusted for inflation.

The County's Community Development Commission has indicated it proposes to include a fee for administering the funds, which they estimate at 5 % of funds collected if the term of the affordability restriction is 30 years. With this 5% fee, the total cost of the fee per new unit would be approximately \$8,394 per unit. Additionally, the Community Development Commission will levy an annual fee of \$250.00 per affordable unit to defray costs of ongoing compliance inspection and reporting.

All development projects in Marina del Rey are required to obtain a coastal development permit from the Regional Planning Commission (or if appealed, from the Board of Supervisors or the California Coastal Commission). The determination that affordable housing is infeasible on-site will be made through a joint report and finding provided to the Regional Planning Commission (RPC) by the Department of Regional Planning (DRP), the Community Development Commission (CDC) and the Department of Beaches and Harbors (DBH).

Lessees that have already received coastal development permit approval without consideration of the in-lieu fee alternative may reapply if they are able to demonstrate on-site infeasibility.

The in-lieu fee is to be payable to the CDC and will be utilized by CDC to provide affordable housing in the following areas of the County in which suitable land which is feasible to develop for such residential uses is determined by CDC to be available, in the order of priority shown below:

1. In unincorporated areas of the Coastal Zone or within three miles thereof, if suitable land is available; or
2. In any other unincorporated area of the County if suitable land is not available in the Coastal Zone or within three miles thereof.

This approval is deemed appropriate because, unless in-lieu fees are utilized, it is unlikely that new housing projects, and thus any new affordable units as a result of new projects, will be produced as a result of proposed Marina apartments.

2. LOCATION:

Unincorporated area of the coastal zone, or three miles thereof or elsewhere within the unincorporated County of Los Angeles.

3. PROPONENT:

COUNTY OF LOS ANGELES  
DEPARTMENT OF BEACHES AND HARBORS  
13837 FIJI WAY  
MARINA DEL REY, CA 90292

4. FINDINGS OF NO SIGNIFICANT EFFECT:

BASED ON THE ATTACHED INITIAL STUDY, IT HAS BEEN DETERMINED THAT THE PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.

5. LOCATION AND CUSTODIAN OF RECORD OF PROCEEDINGS:

**THE LOCATION AND CUSTODIAN OF THE RECORD OF PROCEEDINGS ON WHICH ADOPTION OF THIS NEGATIVE DECLARATION IS BASED IS: LOS ANGELES COUNTY, DEPARTMENT OF BEACHES AND HARBORS, 13483 FIJI WAY #3, MARINA DEL REY, CA 90292.**

**PREPARED BY:** Julie Cook, AICP  
Joseph Chesler, AICP

**DATE:** June 18, 2002

PROJECT NUMBER: MdR-02-001

CASES: n/a

\*\*\*\* INITIAL STUDY \*\*\*\*

COUNTY OF LOS ANGELES  
DEPARTMENT OF BEACHES AND HARBORS

GENERAL INFORMATION

I.A. Map Date: n/a Staff Member: JAC/JJC

Thomas Guide: Various USGS Quad: Various

Location: Possible locations for Marina del Rey affordable housing include: 1) Marina del Rey; 2) Unincorporated areas within three miles of the Coastal Zone; and 3) Elsewhere within unincorporated Los Angeles County.

Description of Project: See attached Project Description - Affordable Housing Policy - Marina del Rey

Gross Area: Marina del Rey - 807 acres (land and water); unincorporated County of Los Angeles - 2,656 square miles

Environmental Setting: While Marina del Rey is an urbanized coastal area with a small craft harbor, the area within three miles is urbanized with primarily commercial and residential land uses and the overall unincorporated County of Los Angeles contains urbanized as well as rural areas.

Zoning: The Marina del Rey Specific Plan governs Marina del Rey; the County Zoning Code governs other unincorporated areas of the County of Los Angeles.

General Plan: Marina del Rey - Marina del Rey Local Coastal Program; other unincorporated areas are governed by the General Plan or if available, a local plan.

Community/Area Wide Plan: see above

**Major projects in area:**

<u>Project Number</u>	<u>Description &amp; Status</u>
<u>CDP 00-39</u>	<u>Parcel 111/112 - 120 new apts and reconfigured marina approved by CCC</u>
<u>CDP 00-109</u>	<u>Parcel 64 - demo of 224 apts; 479 new apts, DEIR in-process</u>
<u>CDP 98-134</u>	<u>Parcels 12 &amp; 15 - 1,022 apts and rconfigured marinas approved by CCC</u>
<u>MDR-MAJ-1-01</u>	<u>Parcel 20 - LCPA from marine commercial to residential to allow 99 apts, 2,300 sf of office and 6,025 sf yacht club. Pending CCC</u>

For other areas of the unincorporated County of Los Angeles, it is not feasible to list all of those projects. That information is available through the Department of Regional Planning, based on the specific location. The above list of projects is specific to Marina del Rey only.

NOTE: For EIRs, above projects are not sufficient for cumulative analysis.

**REVIEWING AGENCIES**

Responsible Agencies

- None
- Regional Water Quality Control Board
  - Los Angeles Region
  - Lahontan Region
- Coastal Commission
- Army Corps of Engineers
- \_\_\_\_\_

Trustee Agencies

- None
- State Fish and Game
- State Parks

- \_\_\_\_\_
- \_\_\_\_\_

Special Reviewing Agencies

- None
- Santa Monica Mountains Conservancy
- National Parks
- National Forest
- Edwards Air Force Base
- Resource Conservation District of the Santa Monica Mtns.
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Regional Significance

\_\_\_\_\_

\_\_\_\_\_

None

SCAG Criteria

Air Quality

Water Resources

Santa Monica Mtns Area

\_\_\_\_\_

County Reviewing Agencies

Subdivision Committee

DPW:

Dept. of Regional Planning:

Community Development  
Commission

Commission/Housing Authority

**IMPACT ANALYSIS MATRIX**

		ANALYSIS SUMMARY (See individual pages for details)		
		Less than Significant Impact/No Impact		
		Less than Significant Impact with Project Mitigation		
		Potentially Significant Impact		
		Potential Concern		
CATEGORY	FACTOR	Pg	<input type="checkbox"/>	<input type="checkbox"/>
HAZARDS	1. Geotechnical	5	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	2. Flood	6	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	3. Fire	7	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	4. Noise	8	<input checked="" type="checkbox"/>	<input type="checkbox"/>
RESOURCES	1. Water Quality	9	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	2. Air Quality	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	3. Biota	11	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	4. Cultural Resources	12	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	5. Mineral Resources	13	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	6. Agriculture Resources	14	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	7. Visual Qualities	15	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SERVICES	1. Traffic/Access	16	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	2. Sewage Disposal	17	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	3. Education	18	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	4. Fire/Sheriff	19	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	5. Utilities	20	<input checked="" type="checkbox"/>	<input type="checkbox"/>
OTHER	1. General	21	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	2. Environmental Safety	22	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	3. Land Use	23	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	4. Pop./Hous./Emp./Recreation	24	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Mandatory Findings	25	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**DEVELOPMENT MONITORING SYSTEM (DMS) \***

As required by the Los Angeles County General Plan, DMS shall be employed in the Initial Study phase of the environmental review procedure as prescribed by state law.

1. Development Policy Map Designation: *N/A – Applicable to specific development only. This project is the adoption of policy. Subsequent construction may occur in any unincorporated area of the County.*
2.  Yes  No Is the project located in the Antelope Valley, East San Gabriel Valley, Malibu/Santa Monica Mountains or Santa Clarita Valley planning area?
3.  Yes  No Is the project at urban density and located within, or proposes a plan amendment to, an urban expansion designation?

**If both of the above questions are answered "yes", the project is subject to a County DMS analysis.**

Check if DMS printout generated (attached)

Date of printout:   n/a

**Environmental Finding:**

FINAL DETERMINATION: On the basis of this Initial Study, the Department of Regional Planning finds that this project qualifies for the following environmental document:

NEGATIVE DECLARATION, inasmuch as the proposed project will not have a significant effect on the environment.

An Initial Study was prepared on this project in compliance with the State CEQA Guidelines and the environmental reporting procedures of the County of Los Angeles. It was determined that this project will not exceed the established threshold criteria for any environmental/service factor and, as a result, will not have a significant effect on the physical environment.

MITIGATED NEGATIVE DECLARATION, inasmuch as the changes required for the project will reduce impacts to insignificant levels (see attached discussion and/or conditions).

An Initial Study was prepared on this project in compliance with the State CEQA Guidelines and the environmental reporting procedures of the County of Los Angeles. It was originally determined that the proposed project may exceed established threshold criteria. The applicant has agreed to modification of the project so that it can now be determined that the project will not have a significant effect on the physical environment. The modification to mitigate this impact(s) is identified on the Project Changes/Conditions Form included as part of this Initial Study.

ENVIRONMENTAL IMPACT REPORT\*, inasmuch as there is substantial evidence that the project may have a significant impact due to factors listed above as "significant."

At least one factor has been adequately analyzed in an earlier document pursuant to legal standards, and has been addressed by mitigation measures based on the earlier analysis as described on the attached sheets (see attached Form DRP/IA 101). The EIR is required to analyze only the factors not previously addressed.

Reviewed by: Julie Cook, AICP, Planner Date: June 17, 2002

Approved by: Joseph J. Chesler, AICP, Chief of Planning Date: June 17, 2002

Determination appealed--see attached sheet.

\*NOTE: Findings for Environmental Impact Reports will be prepared as a separate document following the public hearing on the project.



**HAZARDS - 1. Geotechnical**

**SETTING/IMPACTS**

- Yes No Maybe
- a.    Is the project site located in an active or potentially active fault zone, Seismic Hazards Zone, or Alquist-Priolo Earthquake Fault Zone?  
\_\_\_\_\_
- b.    Is the project site located in an area containing a major landslide(s)?  
\_\_\_\_\_
- c.    Is the project site located in an area having high slope instability?  
\_\_\_\_\_
- d.    Is the project site subject to high subsidence, high groundwater level, liquefaction, or hydrocompaction?  
\_\_\_\_\_
- e.    Is the proposed project considered a sensitive use (school, hospital, public assembly site) located in close proximity to a significant geotechnical hazard?  
\_\_\_\_\_
- f.    Will the project entail substantial grading and/or alteration of topography including slopes of more than 25%?  
\_\_\_\_\_
- g.    Would the project be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?  
\_\_\_\_\_
- h.    Other factors? \_\_\_\_\_

**STANDARD MITIGATION MEASURES**

Building Ordinance No. 2225 C Sections 308B, 309, 310 and 311 and Chapters 29 and 70.

**OTHER CONSIDERATIONS/MITIGATIONS**

Lot Size       Project Design       Approval of Geotechnical Report by DPW

The "project" is a policy, not an actual development. Any development of affordable housing units will be site specific and require individual review including geotechnical reports. See geotechnical discussion in attached Comments.

**CONCLUSION**

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be impacted by, **geotechnical** factors?

Potentially significant     Less than significant with project mitigation     Less than significant/No impact

**HAZARDS - 2. Flood**

**SETTING/IMPACTS**

- Yes No Maybe
- a.    Is a major drainage course, as identified on USGS quad sheets by a dashed line, located on the project site?  
\_\_\_\_\_
- b.    Is the project site located within or does it contain a floodway, floodplain, or designated flood hazard zone?  
\_\_\_\_\_
- c.    Is the project site located in or subject to high mudflow conditions?  
\_\_\_\_\_
- d.    Could the project contribute or be subject to high erosion and debris deposition from run off?  
\_\_\_\_\_
- e.    Would the project substantially alter the existing drainage pattern of the site or area?  
\_\_\_\_\_
- f.    Other factors (e.g., dam failure)? \_\_\_\_\_

**STANDARD MITIGATION MEASURES**

- Building Ordinance No. 2225 C Section 308A                       Ordinance No. 12,114 (Floodways)
- Approval of Drainage Concept by DPW

**OTHER CONSIDERATIONS/MITIGATIONS**

- Lot Size                       Project Design

The "project" is a policy, not an actual development project. Any development of affordable housing units will be site specific and require individual review, including drainage reports. See flood discussion in attached Comments.

\_\_\_\_\_

**CONCLUSION**

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be impacted by **flood (hydrological)** factors?

- Potentially significant     Less than significant with project mitigation     Less than significant/No impact



**HAZARDS - 4. Noise**

**SETTING/IMPACTS**

- Yes No Maybe
- a.    Is the project site located near a high noise source (airports, railroads, freeways, industry)?  
\_\_\_\_\_
- b.    Is the proposed use considered sensitive (school, hospital, senior citizen facility) or are there other sensitive uses in close proximity?  
\_\_\_\_\_
- c.    Could the project substantially increase ambient noise levels including those associated with special equipment (such as amplified sound systems) or parking areas associated with the project?  
\_\_\_\_\_
- d.    Would the project result in a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels without the project?  
\_\_\_\_\_
- e.    Other factors? \_\_\_\_\_  
\_\_\_\_\_

**STANDARD MITIGATION MEASURES**

- Noise Ordinance No. 11,778  Building Ordinance No. 2225--Chapter 35

**OTHER CONSIDERATIONS/MITIGATIONS**

- Lot Size  Project Design  Compatible Use

*The "project" is a policy, not an actual development. Any development of affordable housing units will be site-specific and require individual review. See noise discussion in attached Comments.*

**CONCLUSION**

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be adversely impacted by **noise**?

- Potentially significant  Less than significant with project mitigation  Less than significant/No impact

**RESOURCES - 1. Water Quality**

**SETTING/IMPACTS**

Yes No Maybe

a.    Is the project site located in an area having known water quality problems and proposing the use of individual water wells?  
\_\_\_\_\_

b.    Will the proposed project require the use of a private sewage disposal system?  
\_\_\_\_\_

If the answer is yes, is the project site located in an area having known septic tank limitations due to high groundwater or other geotechnical limitations or is the project proposing on-site systems located in close proximity to a drainage course?  
\_\_\_\_\_

c.    Could the project's associated construction activities significantly impact the quality of groundwater and/or storm water runoff to the storm water conveyance system and/or receiving water bodies?  
\_\_\_\_\_

d.    Could the project's post-development activities potentially degrade the quality of storm water runoff and/or could post-development non-storm water discharges contribute potential pollutants to the storm water conveyance system and/or receiving bodies?  
\_\_\_\_\_

e.    Other factors? \_\_\_\_\_  
\_\_\_\_\_

**STANDARD MITIGATION MEASURES**

Industrial Waste Permit

Health Code Ordinance No. 7583, Chapter 5

Plumbing Code Ordinance No. 2269

NPDES Permit CAS614001 Compliance (DPW)

**OTHER CONSIDERATIONS/MITIGATIONS**

Lot Size

Project Design

The "project" is a policy, not an actual development. Any development of affordable housing units will be site-specific and require individual review. See water quality discussion in attached Comments.

**CONCLUSION**

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be impacted by, **water quality** problems?

Potentially significant

Less than significant with project mitigation

Less than significant/No impact

## RESOURCES - 2. Air Quality

### SETTING/IMPACTS

- Yes No Maybe
- a.    Will the proposed project exceed the State's criteria for regional significance (generally (a) 500 dwelling units for residential uses or (b) 40 gross acres, 650,000 square feet of floor area or 1,000 employees for nonresidential uses)?
- 
- b.    Is the proposal considered a sensitive use (schools, hospitals, parks) and located near a freeway or heavy industrial use?
- 
- c.    Will the project increase local emissions to a significant extent due to increased traffic congestion or use of a parking structure, or exceed AQMD thresholds of potential significance per Screening Tables of the CEQA Air Quality Handbook?
- 
- d.    Will the project generate or is the site in close proximity to sources which create obnoxious odors, dust, and/or hazardous emissions?
- 
- e.    Would the project conflict with or obstruct implementation of the applicable air quality plan?
- 
- f.    Would the project violate any air quality standard or contribute substantially to an existing or projected air quality violation?
- 
- g.    Would the project result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?
- 
- h.    Other factors: \_\_\_\_\_

### STANDARD MITIGATION MEASURES

- Health and Safety Code Section 40506

### OTHER CONSIDERATIONS/MITIGATIONS

- Project Design  Air Quality Report

*The "project" is a policy, not an actual development. Any development of affordable housing units will be site-specific and require individual review. See air quality discussion in attached Comments.*

### CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on, or be impacted by, **air quality**?

- Potentially significant  Less than significant with project mitigation  Less than significant/No impact

**RESOURCES - 3. Biota**

**SETTING/IMPACTS**

- Yes No Maybe
- a.    Is the project site located within a Significant Ecological Area (SEA), SEA Buffer, or coastal Sensitive Environmental Resource (ESHA, etc.), or is the site relatively undisturbed and natural?  
\_\_\_\_\_
- b.    Will grading, fire clearance, or flood related improvements remove substantial natural habitat areas?  
\_\_\_\_\_
- c.    Is a major drainage course, as identified on USGS quad sheets by a blue, dashed line, located on the project site?  
\_\_\_\_\_
- d.    Does the project site contain a major riparian or other sensitive habitat (e.g., coastal sage scrub, oak woodland, sycamore riparian woodland, wetland, etc.)?  
\_\_\_\_\_
- e.    Does the project site contain oak or other unique native trees (specify kinds of trees)?  
\_\_\_\_\_
- f.    Is the project site habitat for any known sensitive species (federal or state listed endangered, etc.)?  
\_\_\_\_\_
- g.    Other factors (e.g., wildlife corridor, adjacent open space linkage)? \_\_\_\_\_  
\_\_\_\_\_

**MITIGATION MEASURES/OTHER CONSIDERATIONS**

- Lot Size       Project Design       Oak Tree Permit       ERB/SEATAC Review

*The "project" is a policy, not an actual development. Any development of affordable housing units will be site-specific and require individual review, including a biota report. See biota discussion in attached Comments.*

**CONCLUSION**

Considering the above information, could the project have a significant impact (individually or cumulatively) on **biotic resources**?

- Potentially significant     Less than significant with project mitigation     Less than significant/No impact

**RESOURCES - 4. Archaeological / Historical / Paleontological**

**SETTING/IMPACTS**

- Yes No Maybe
- a.    Is the project site in or near an area containing known archaeological resources or containing features (drainage course, spring, knoll, rock outcroppings, or oak trees) which indicate potential archaeological sensitivity?
- \_\_\_\_\_
- b.    Does the project site contain rock formations indicating potential paleontological resources?
- \_\_\_\_\_
- c.    Does the project site contain known historic structures or sites?
- \_\_\_\_\_
- d.    Would the project cause a substantial adverse change in the significance of a historical or archaeological resource as defined in 15064.5?
- \_\_\_\_\_
- e.    Would the project directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?
- \_\_\_\_\_
- f.    Other factors? \_\_\_\_\_
- \_\_\_\_\_

**MITIGATION MEASURES/OTHER CONSIDERATIONS**

- Lot Size       Project Design       Phase I Archaeology Report

The "project" is a policy, not an actual development. Any development of affordable housing units will be sitespecific and require individual review. See archaeological/historical/paleontological discussion in attached Comments.

**CONCLUSION**

Considering the above information, could the project leave a significant impact (individually or cumulatively) on **archaeological, historical, or paleontological** resources?

- Potentially significant     Less than significant with project mitigation     Less than significant/No impact



**RESOURCES - 5. Mineral Resources**

**SETTING/IMPACTS**

- Yes No Maybe
- a.    Would the project result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?  
\_\_\_\_\_
- b.    Would the project result in the loss of availability of a locally important mineral resource discovery site delineated on a local general plan, specific plan or other land use plan?  
\_\_\_\_\_
- c.    Other factors? \_\_\_\_\_

**MITIGATION MEASURES/OTHER CONSIDERATIONS**

- Lot Size             Project Design

The "project" is a policy, not an actual development. Any development of affordable housing units will be site-specific and require individual review. See mineral resources discussion in attached Comments.

\_\_\_\_\_

**CONCLUSION**

Considering the above information, could the project leave a significant impact (individually or cumulatively) on **mineral** resources?

- Potentially significant     Less than significant with project mitigation     Less than significant/No impact

**RESOURCES - 6. Agriculture Resources**

**SETTING/IMPACTS**

Yes No Maybe  
a.    Would the project convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?  
\_\_\_\_\_

b.    Would the project conflict with existing zoning for agricultural use, or a Williamson Act contract?  
\_\_\_\_\_

c.    Would the project involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?  
\_\_\_\_\_

d.    Other factors? \_\_\_\_\_  
\_\_\_\_\_

**MITIGATION MEASURES/OTHER CONSIDERATIONS**

Lot Size       Project Design

*The "project" is a policy, not an actual development. Any development of affordable housing units will be sitespecific and require individual review.. See agricultural resources discussion in attached Comments.*  
\_\_\_\_\_  
\_\_\_\_\_

**CONCLUSION**

Considering the above information, could the project leave a significant impact (individually or cumulatively) on **agriculture** resources?

Potentially significant     Less than significant with project mitigation     Less than significant/No impact

**RESOURCES - 7. Visual Qualities**

**SETTING/IMPACTS**

- Yes No Maybe
- a.    Is the project site substantially visible from or will it obstruct views along a scenic highway (as shown on the Scenic Highway Element), or is it located within a scenic corridor or will it otherwise impact the viewshed?  
\_\_\_\_\_
- b.    Is the project substantially visible from or will it obstruct views from a regional riding or hiking trail?  
\_\_\_\_\_
- c.    Is the project site located in an undeveloped or undisturbed area, which contains unique aesthetic features? \_\_\_\_\_  
\_\_\_\_\_
- d.    Is the proposed use out-of-character in comparison to adjacent uses because of height, bulk, or other features?  
\_\_\_\_\_
- e.    Is the project likely to create substantial sun shadow, light or glare problems?  
\_\_\_\_\_
- f.    Other factors (e.g., grading or land form alteration): \_\_\_\_\_  
\_\_\_\_\_

**MITIGATION MEASURES/OTHER CONSIDERATIONS**

- Lot Size       Project Design       Visual Report       Compatible Use

The "project" is a policy, not an actual development. Any development will be site-specific and require individual review, including visual analysis. The MdR Design Control Board will also evaluate the visual impact of development projects within Marina del Rey. See visual qualities discussion in attached Comments.

**CONCLUSION**

Considering the above information, could the project have a significant impact (individually or cumulatively) on scenic qualities?

- Potentially significant     Less than significant with project mitigation     Less than significant/No impact

**SERVICES - 1. Traffic/Access**

**SETTING/IMPACTS**

- Yes No Maybe
- a.    Does the project contain 25 dwelling units, or more and is it located in an area with known congestion problems (mid-block or intersections)?  
\_\_\_\_\_
- b.    Will the project result in any hazardous traffic conditions?  
\_\_\_\_\_
- c.    Will the project result in parking problems with a subsequent impact on traffic conditions?  
\_\_\_\_\_
- d.    Will inadequate access during an emergency (other than fire hazards) result in problems for emergency vehicles or residents/employees in the area?  
\_\_\_\_\_
- e.    Will the congestion management program (CMP) Transportation Impact Analysis thresholds of 50 peak hour vehicles added by project traffic to a CMP highway system intersection or 150 peak hour trips added by project traffic to a mainline freeway link be exceeded?  
\_\_\_\_\_
- f.    Would the project conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)?  
\_\_\_\_\_
- g.    Other factors? \_\_\_\_\_  
\_\_\_\_\_

**MITIGATION MEASURES/OTHER CONSIDERATIONS**

- Project Design     Traffic Report     Consultation with Traffic & Lighting Division

The "project" is a policy, not an actual development. Any development of affordable housing units will be sitespecific and require individual review, including a traffic report. See traffic/access discussion in attached Comments.

**CONCLUSION**

Considering the above information, could the project have a significant impact (individually or cumulatively) on the physical environment due to **traffic/access** factors?

- Potentially significant     Less than significant with project mitigation     Less than significant/No impact

**SERVICES - 2. Sewage Disposal**

**SETTING/IMPACTS**

- Yes No Maybe
- a.    If served by a community sewage system, could the project create capacity problems at the treatment plant?  
\_\_\_\_\_
- b.    Could the project create capacity problems in the sewer lines serving the project site?  
\_\_\_\_\_
- c.    Other factors? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**STANDARD MITIGATION MEASURES**

- Sanitary Sewers and Industrial Waste Ordinance No. 6130
- Plumbing Code Ordinance No. 2269

**OTHER CONSIDERATIONS/MITIGATIONS**

*The "project" is a policy, not an actual development. Any development of affordable housing units will be site specific and require individual review. See sewage disposal discussion in attached Comments.*

\_\_\_\_\_  
\_\_\_\_\_

**CONCLUSION**

Considering the above information, could the project have a significant impact (individually or cumulatively) on the physical environment due to **sewage disposal** facilities?

- Potentially significant     Less than significant with project mitigation     Less than significant/No impact

**SERVICES - 3. Education**

**SETTING/IMPACTS**

- Yes No Maybe
- a.    Could the project create capacity problems at the district level?  
\_\_\_\_\_
- b.    Could the project create capacity problems at individual schools which will serve the project site?  
\_\_\_\_\_
- c.    Could the project create student transportation problems?  
\_\_\_\_\_
- d.    Could the project create substantial library impacts due to increased population and demand?  
\_\_\_\_\_
- e.    Other factors? \_\_\_\_\_

**MITIGATION MEASURES/OTHER CONSIDERATIONS**

- Site Dedication       Government Code Section 65995       Library Facilities Mitigation Fee

The "project" is a policy, not an actual development. Any development of affordable housing units will be sitespecific and require individual review. See education discussion in attached Comments.

**CONCLUSION**

Considering the above information, could the project have a significant impact (individually or cumulatively) relative to **educational** facilities/services?

- Potentially significant       Less than significant with project mitigation       Less than significant/No impact

**SERVICES - 4. Fire/Sheriff Services**

**SETTING/IMPACTS**

- Yes No Maybe
- a.    Could the project create staffing or response time problems at the fire station or sheriff's substation serving the project site?  
\_\_\_\_\_
- b.    Are there any special fire or law enforcement problems associated with the project or the general area?  
\_\_\_\_\_
- c.    Other factors? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**MITIGATION MEASURES/OTHER CONSIDERATIONS**

Fire Mitigation Fees

*The "project" is a policy, not an actual development. Any development of affordable housing units will be site-specific and require individual review. See Fire/Sheriff Services discussion in attached Comments.*

\_\_\_\_\_  
\_\_\_\_\_

**CONCLUSION**

Considering the above information, could the project have a significant impact (individually or cumulatively) relative to **fire/sheriff** services?

- Potentially significant     Less than significant with project mitigation     Less than significant/No impact

**SERVICES - 5. Utilities/Other Services**

**SETTING/IMPACTS**

- Yes No Maybe
- a.    Is the project site in an area known to have an inadequate public water supply to meet domestic needs or to have an inadequate ground water supply and proposes water wells?  
\_\_\_\_\_
- b.    Is the project site in an area known to have an inadequate water supply and/or pressure to meet fire-fighting needs?  
\_\_\_\_\_
- c.    Could the project create problems with providing utility services, such as electricity, gas, or propane?  
\_\_\_\_\_
- d.    Are there any other known service problem areas (e.g., solid waste)?  
\_\_\_\_\_
- e.    Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services or facilities (e.g., fire protection, police protection, schools, parks, roads)?  
\_\_\_\_\_
- f.    Other factors? \_\_\_\_\_

**STANDARD MITIGATION MEASURES**

- Plumbing Code Ordinance No. 2269       Water Code Ordinance No. 7834

**OTHER CONSIDERATIONS/MITIGATIONS**

- Lot Size       Project Design

The "project" is a policy, not an actual development. Any development of affordable housing units will be sitespecific and require individual review. See utilities/other discussion in attached Comments.

**CONCLUSION**

Considering the above information, could the project have a significant impact (individually or cumulatively) relative to **utilities/services**?

- Potentially significant     Less than significant with project mitigation     Less than significant/No impact



**OTHER FACTORS - 1. General**

**SETTING/IMPACTS**

- Yes No Maybe
- a.    Will the project result in an inefficient use of energy resources?  
\_\_\_\_\_
- b.    Will the project result in a major change in the patterns, scale, or character of the general area or community?  
\_\_\_\_\_
- c.    Will the project result in a significant reduction in the amount of agricultural land?  
\_\_\_\_\_
- d.    Other factors? \_\_\_\_\_  
\_\_\_\_\_

**STANDARD MITIGATION MEASURES**

State Administrative Code, Title 24, Part 5, T-20 (Energy Conservation)

**OTHER CONSIDERATIONS/MITIGATIONS**

Lot size                       Project Design                       Compatible Use

*The "project" is a policy, not an actual development. Any development of affordable housing units will be site specific and require individual review. See general discussion in attached Comments.*

\_\_\_\_\_

\_\_\_\_\_

**CONCLUSION**

Considering the above information, could the project have a significant impact (individually or cumulatively) on the physical environment due to any of the above factors? No

\_\_\_\_\_

Potentially significant     Less than significant with project mitigation     Less than significant/No impact

**OTHER FACTORS - 2. Environmental Safety**

**SETTING/IMPACTS**

- Yes No Maybe
- a.    Are any hazardous materials used, transported, produced, handled, or stored on-site?  
\_\_\_\_\_
- b.    Are any pressurized tanks to be used or any hazardous wastes stored on-site?  
\_\_\_\_\_
- c.    Are any residential units, schools, or hospitals located within 500 feet and potentially adversely affected?  
\_\_\_\_\_
- d.    Have there been previous uses which indicate residual soil toxicity of the site?  
\_\_\_\_\_
- e.    Would the project create a significant hazard to the public or the environment involving the accidental release of hazardous materials into the environment?  
\_\_\_\_\_
- f.    Would the project emit hazardous emissions or handle hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?  
\_\_\_\_\_
- g.    Would the project be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would create a significant hazard to the public or environment?  
\_\_\_\_\_
- h.    Would the project result in a safety hazard for people in a project area located within an airport land use plan, within two miles of a public or public use airport, or within the vicinity of a private airstrip?  
\_\_\_\_\_
- i.    Would the project impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?  
\_\_\_\_\_
- j.    Other factors? \_\_\_\_\_

**MITIGATION MEASURES/OTHER CONSIDERATIONS**

Toxic Clean up Plan

*The "project" is a policy, not an actual development. Any development will be site-specific and require individual review, including environmental safety analysis. See environmental safety discussion in attached Comments.*

**CONCLUSION**

Considering the above information, could the project have a significant impact relative to **public safety**?

Potentially significant     Less than significant with project mitigation     Less than significant/No impact

**OTHER FACTORS - 3. Land Use**

**SETTING/IMPACTS**

- Yes No Maybe
- a.    Can the project be found to be inconsistent with the plan designation(s) of the subject property?  
\_\_\_\_\_
- b.    Can the project be found to be inconsistent with the zoning designation of the subject property?  
\_\_\_\_\_
- c. Can the project be found to be inconsistent with the following applicable land use criteria:
- Hillside Management Criteria?
- SEA Conformance Criteria?
- Other? \_\_\_\_\_
- d.    Would the project physically divide an established community?  
\_\_\_\_\_
- e.    Other factors? \_\_\_\_\_

**MITIGATION MEASURES/OTHER CONSIDERATIONS**

The "project" is a policy, not an actual development. Any development of affordable housing units will be sitespecific and require individual review., See land use discussion in attached Comments.

\_\_\_\_\_

**CONCLUSION**

Considering the above information, could the project have a significant impact (individually or cumulatively) on the physical environment due to **land use** factors?

- Potentially significant  Less than significant with project mitigation  Less than significant/No impact

**OTHER FACTORS - 4. Population/Housing/Employment/Recreation**

**SETTING/IMPACTS**

- Yes No Maybe
- a.    Could the project cumulatively exceed official regional or local population projections?  
\_\_\_\_\_
- b.    Could the project induce substantial direct or indirect growth in an area (e.g., through projects in an undeveloped area or extension of major infrastructure)?  
\_\_\_\_\_
- c.    Could the project displace existing housing, especially affordable housing?  
\_\_\_\_\_
- d.    Could the project result in a substantial job/housing imbalance or substantial increase in Vehicle Miles Traveled (VMT)?  
\_\_\_\_\_
- e.    Could the project require new or expanded recreational facilities for future residents?  
\_\_\_\_\_
- f.    Would the project displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?  
\_\_\_\_\_
- g.    Other factors? \_\_\_\_\_  
\_\_\_\_\_

**MITIGATION MEASURES/OTHER CONSIDERATIONS**

The "project" is a policy, not an actual development. Any development of affordable housing units will be sitespecific and require individual review. See population/housing/employment/recreation discussion in attached Comments.

**CONCLUSION**

Considering the above information, could the project have a significant impact (individually or cumulatively) on the physical environment due to **population, housing, employment, or recreational factors**?

- Potentially significant  Less than significant with project mitigation  Less than significant/No impact

## MANDATORY FINDINGS OF SIGNIFICANCE

Based on this Initial Study, the following findings are made:

- Yes   No   Maybe
- a.    Does the project have the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory?
- 
- b.    Does the project have possible environmental effects which are individually limited but cumulatively considerable? "Cumulatively considerable" means that the incremental effects of an individual project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.
- 
- c.    Will the environmental effects of the project cause substantial adverse effects on human beings, either directly or indirectly?
- 

## CONCLUSION

Considering the above information, could the project have a significant impact (individually or cumulatively) on the environment?

- Potentially significant    Less than significant with project mitigation    Less than significant/No impact

## COMMENTS

### A. HAZARDS

#### 1. Geotechnical

1. (a-h): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Although geotechnical impacts may exist in the area, they cannot be assessed in a meaningful way until the location of a project site is known. Therefore, it is premature and speculative to evaluate possible geotechnical impacts that need to be assessed on a site-specific basis. As site-specific projects are proposed, geotechnical impacts will be evaluated during the environmental review process.

The proposed Affordable Housing Policy for Marina del Rey is consistent with or supports the Southern California Association of Governments (SCAG) Policy 3.22 – *Discourage development or encourage the use of special design requirements, in areas with steep slopes, high fire, flood and seismic hazards.* The proposed Policy will be preceded by the appropriate environmental documents to ensure that if unavoidable, hazards are adequately mitigated. (Also see Policy 3.23 as described in *Noise.*)

#### 2. Flood

2. (a-f): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Although flood impacts may exist in the area, they cannot be assessed in a meaningful way until the location of a project site is known. Therefore, it is premature and speculative to evaluate possible flood impacts that need to be assessed on a site-specific basis. As specific projects are proposed, flood impacts will be evaluated during the environmental review process.

The proposed Affordable Housing Policy for Marina del Rey is consistent with or supports the SCAG Policy 3.22 – *Discourage development or encourage the use of special design requirements, in areas with steep slopes, high fire, flood and seismic hazards.* The proposed Policy will be preceded by the appropriate environmental documents to ensure that if unavoidable, hazards are adequately mitigated.

#### 3. Fire Hazard

3. (a-g): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Although fire hazard impacts may exist in the area, they cannot be assessed in a meaningful way until the location of a project site is known. Therefore, it is premature and speculative to evaluate possible fire hazard impacts that need to be assessed on a site-specific basis. As specific projects are proposed, fire hazard impacts will be evaluated during the environmental review process.

The proposed Affordable Housing Policy for Marina del Rey is consistent with or supports the SCAG Policy 3.22 – *Discourage development or encourage the use of special design requirements, in areas with steep slopes, high fire, flood and seismic hazards.* The proposed Policy will be

preceded by the appropriate environmental documents to ensure that if unavoidable, hazards are adequately mitigated.

#### **4. Noise**

4. (a-e): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Noise impacts can only be evaluated based upon specific locations and the type of use proposed. Potential noise-related impacts cannot be assessed in a meaningful way until the location and type of project are known. Therefore, it is premature and speculative to attempt to evaluate possible noise impacts that need to be assessed on a site and project specific basis. As specific projects are proposed, noise impacts will be evaluated during the environmental review process.

The proposed Affordable Housing Policy for Marina del Rey is consistent with or supports the SCAG Policy 3.23 – *Encourage mitigation measures that reduce noise in certain locations, measures aimed at preservation of biological and ecological resources, measures that would reduce exposure to seismic hazards, minimize earthquake damage and to develop emergency response and recovery plans.* The proposed Policy will be preceded by the appropriate environmental documents to ensure that if unavoidable, hazards are adequately mitigated.

### **B. RESOURCES**

#### **1. Water Quality**

1. (a-e): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Potential water quality related impacts couldn't be assessed in a meaningful way until the specific location and type of project are known. Therefore, it is premature and speculative to attempt to evaluate possible water quality impacts that need to be assessed on a site and project specific basis. As specific projects are proposed, water quality impacts will be evaluated during the environmental review process.

#### **2. Air Quality**

2. (a-h): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Although air quality impacts may exist in the area, they cannot be assessed in a meaningful way until the location and type of project are known. Therefore, it is premature and speculative to attempt to evaluate possible air quality impacts that need to be assessed on a site and project specific basis. As specific projects are proposed, air quality impacts will be evaluated during the environmental review process.

As the proposed Affordable Housing Policy for Marina del Rey will be preceded by the appropriate environmental documents, it is consistent with SCAG Policy 5.11 – *Through the environmental review process, ensure that plans at all levels of government (regional, air basin, county, subregional and local) consider air quality, land use, transportation and economic relationships to ensure consistency and minimize conflicts.*

### 3. Biota

3. (a-g): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Biota impacts can only be evaluated based upon specific locations and the type of use proposed. Potential biota related impacts couldn't be assessed in a meaningful way until the location, type of project and project design are known. Therefore, it is premature and speculative to attempt to evaluate possible biota quality impacts that need to be assessed on a site and project specific basis. As specific projects are proposed, biota impacts will be evaluated during the environmental review process.

The proposed Affordable Housing Policy for Marina del Rey is consistent with or supports the Southern California Association of Governments (SCAG) Policy 3.20 – *Support the protection of vital resources such as wetlands, groundwater recharge areas, woodlands, production lands, and land containing unique and endangered plants and animals.* The proposed Policy will be preceded by the appropriate environmental documents to ensure that the locations of affordable housing have minimal environmental impacts.

### 4. Archaeological/Paleontological/Historical

4. (a-f): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Archaeological/paleontological/historical impacts can only be evaluated based upon specific locations and the type of use proposed. Potential archaeological/paleontological/historical related impacts couldn't be assessed in a meaningful way until the location and type of project are known. Therefore, it is premature and speculative to attempt to evaluate possible archaeological/paleontological/historical impacts that need to be assessed on a site and project specific basis. As specific projects are proposed, these impacts will be evaluated during the environmental review process.

The proposed Affordable Housing Policy for Marina del Rey is consistent with or supports the Southern California Association of Governments (SCAG) Policy 3.21 – *Encourage the implementation of measures aimed at the preservation and protection of recorded and unrecorded cultural resources and archaeological sites.* The proposed Policy will be preceded by the appropriate environmental documents to ensure that the locations of affordable housing will protect archaeological, paleontological and historical resources.

### 5. Mineral Resources

5. (a-c): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Although mineral resource impacts may exist in the area, they cannot be assessed in a meaningful way until the location of a project site is known. Therefore, it is premature and speculative to evaluate possible mineral resource impacts that need to be assessed on a site-specific basis. As specific projects are proposed, mineral resource impacts will be evaluated during the environmental review process.



**6. Agricultural Resources**

6. (a-d): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Although agricultural resource impacts may exist in the area, they cannot be assessed in a meaningful way until the location of a project site is known. Therefore, it is premature and speculative to evaluate possible agricultural resource impacts that need to be assessed on a site-specific basis. As specific projects are proposed, agricultural resource impacts will be evaluated during the environmental review process.

**7. Visual**

7. (a-g): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Visual impacts pertain to the location and physical characteristics of a development project. Therefore, it is premature and speculative to evaluate prospective projects on factors that are site specific. Per the Local Coastal Program, waterfront projects have specific view corridor requirements to ensure that the public maintains a view and access to the water. Once a development project is proposed, the Design Control Board will evaluate the potential visual impacts. Additional review of the visual impacts will follow as part of the environmental review process.

**C. SERVICES**

**1. Traffic/Access**

1. (a-g): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Access issues relate to project design and local conditions. Traffic congestion and other impacts are measured on the basis of the specific intensity of development at a given location. However, these impacts cannot be assessed in a meaningful way until the type of project, project design and location are known. Therefore, it is premature and speculative to evaluate traffic/access impacts at this time. Per the Local Coastal Program, in order to mitigate traffic impacts, all Marina del Rey projects are required to participate in and contribute to the Transportation Improvement Program.

**2. Sewage Disposal**

2. (a-c): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Sewage disposal impacts are assessed on a local level, including the location and type of use for a particular project. Therefore, it is premature and speculative to evaluate possible sewage disposal impacts that need to be assessed on a site and project specific basis. As specific projects are proposed, sewage disposal impacts will be evaluated during the environmental review process.

**3. Education**

3. (a-e): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Educational impacts depend upon location and intensity of a project, students generated per household and the capacity of facilities in a given school district. These impacts

cannot be addressed in a meaningful way until the location and project type and size are specified. Therefore, it is premature and speculative to evaluate possible educational impacts that need to be assessed on a site and project specific basis. As specific projects are proposed, educational impacts will be evaluated during the environmental review process.

**4. Fire/Sheriff Services**

4. (a-c): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Project impacts on the provision of Fire and Sheriff services cannot be meaningfully addressed until there is a proposed project. Therefore, it is premature and speculative to attempt to evaluate possible Fire and Sheriff impacts that need to be addressed on a project specific basis. As specific projects are proposed, impacts on Fire and Sheriff services will be evaluated during the environmental review process.

**5. Utilities/Other Services**

5. (a-f): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Utilities, water and waste disposal service impacts depend upon location and intensity of a project. These impacts cannot be addressed in a meaningful way until the location; project type and size are specified. Therefore, it is premature and speculative to evaluate possible utility impacts that need to be assessed on a site and project specific basis. As specific projects are proposed, utility impacts will be evaluated during the environmental review process.

**D. OTHER**

**1. General**

(a-d): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. These impacts cannot be assessed in a meaningful way until the location of a project site is known. Therefore, it is premature and speculative to attempt to evaluate affordable housing policy on factors that are site and project specific. As specific projects are proposed, general impacts will be evaluated during the environmental review process.

**2. Environmental Safety**

2. (a-j): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Environmental safety impacts cannot be assessed in a meaningful way until the location of a project site is known. Therefore, it is premature and speculative to attempt to evaluate affordable housing policy on factors that are site and project specific. As specific projects are proposed, environmental safety impacts will be evaluated during the environmental review process.

**3. Land Use**

3. (a-e): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Land use impacts cannot be assessed in a meaningful way until the location of a project site is known. Therefore, it is premature and speculative to attempt to evaluate affordable

housing policy on factors that are site and project specific. As specific projects are proposed, land use impacts will be evaluated during the environmental review process.

The proposed Affordable Housing Policy for Marina del Rey will be preceded by the appropriate environmental documents to ensure that the locations of affordable housing have minimal environmental impacts. Thus, the Policy is consistent with SCAG's Policy 3.18 – *Encourage planned development in locations least likely to cause environmental impacts*. The Policy is consistent with or supports the Southern California Association of Governments (SCAG) *Regional Comprehensive Plan and Guide (RCPG)* and the *Regional Transportation Plan (RTP)*. The Growth Management Chapter (GMC) of the *RCPG* contains goals to attain mobility, clean air and to develop urban forms that enhance quality of life, that accommodate a diversity of life styles, that preserve open space and natural resources, that are aesthetically pleasing and preserve the character of communities, enhance the regional strategic goal of maintaining the regional quality of life. The evaluation of the proposed project in relation to the various policies to achieve these goals is intended to provide direction for plan implementation; they are not regional mandates.

#### **4. Population/Housing/Employment/Recreation**

4. (a-g): No impact. The review of affordable housing policy in Marina del Rey is not a project nor is it site specific. Population/housing/employment/recreation impacts cannot be assessed in a meaningful way until the location of a project site and project are known. Therefore, it is premature and speculative to attempt to evaluate affordable housing policy on factors that are site and project specific. As specific projects are proposed, population/housing/employment/recreation impacts will be evaluated during the environmental review process.

Another of SCAG's policies is to develop urban forms that avoid economic and social polarization, promotes the regional strategic goal of minimizing social and geographic disparities and of reaching equity among all segments of society. Specifically, Policy 3.24 in the GMC encourages the efforts of local jurisdictions to implement programs that increase the supply and quality of housing and provide affordable housing as evaluated in the *Regional Housing Needs Assessment*. As the proposed housing policy requires affordable housing to be constructed as part of new developments within the Coastal Zone or within three miles of the Coastal Zone or in other unincorporated areas if it is infeasible to provide it in the aforementioned areas, affordable housing units are to be provided for persons or families of low or moderate incomes. Therefore, the proposed Marina del Rey Affordable Housing Policy is supportive of this ancillary *RCPG* policy.