

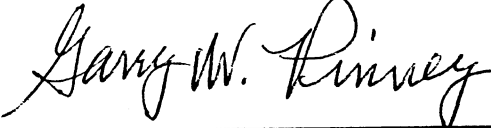


**APPENDIX B**

**INTERIM ADMINISTRATIVE PROCEDURES FOR COMPLYING WITH  
THE MELLO ACT**

**INTERIM ADMINISTRATIVE PROCEDURES  
FOR COMPLYING WITH THE MELLO ACT  
IN THE COASTAL ZONE PORTIONS  
OF THE CITY OF LOS ANGELES**

APPROVED BY:	SIGNATURE:	DATE:
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**ALL CITY STAFF AND EMPLOYEES  
SHALL FOLLOW THESE PROCEDURES PURSUANT TO CITY COUNCIL  
RESOLUTION AND DEPARTMENTAL ORDERS**

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1. DEFINITIONS
2. MELLO ACT COMPLIANCE REVIEW WORKSHEET FOR PROPOSED DEMOLITIONS AND CONVERSIONS
3. LOS ANGELES CITY PLANNING DEPARTMENT MODERATE-INCOME HOUSING PURCHASE FEASIBILITY ANALYSIS (FORM CP-6391)
4. AFFORDABLE HOUSING INCENTIVES GUIDELINES

# 1.0 INTRODUCTION

On January 19, 2000, the City Council adopted an action program with respect to implementation of California Government Code Sections 65590 and 65590.1, commonly called the Mello Act, within the City of Los Angeles. The Mello Act is a statewide law which seeks to preserve housing for persons and families with low or moderate incomes in California's Coastal Zone. The Mello Act also requires developers of New Housing Developments, if feasible, to provide Residential Units affordable to low or moderate income persons or families.

## 1.1 COUNCIL'S ACTION PROGRAM

Council's action program is summarized below:

- Part One. The Council re-adopted its existing policy (as previously contained in C.F. No. 81-6299), and directed the Departments of Building and Safety, City Planning and Housing to develop consistent and more effective Interim Administrative Procedures to implement this policy. Council was particularly concerned that every Discretionary and Non-Discretionary Application in the Coastal Zone that requires Mello Act compliance review receive the proper review. Council's policy generally requires the one-for-one replacement of demolished or converted housing units occupied by persons or families of low or moderate income within three years. In addition, Council's policy concerning New Housing Developments is based on the Coastal Commission Guidelines.
- Part Two. Council directed the Department of City Planning to develop a Mello Act Interim Ordinance, which will include an in-lieu fee payment option. Council also authorized the Department to execute a consultant contract with Hamilton, Rabinovitz and Alschuler (HR&A) to produce the studies and factual analysis necessary to support development of the Interim Ordinance and in-lieu fee payment program. The Interim Administrative Procedures developed in Part One will be tested and updated, and submitted to Council, along with the Interim Ordinance, in a timely manner.
- Part Three. Council directed the Department of City Planning to develop a permanent Mello Act implementation ordinance. The Council also committed to hiring a qualified consultant to prepare the studies and factual analysis necessary to support development of the permanent ordinance. The Interim Administrative Procedures will again be updated, and resubmitted to Council along with the permanent Mello Act ordinance.

## **1.2 INTERIM ADMINISTRATIVE PROCEDURES**

It is the policy of the Council of the City of Los Angeles that the Departments of Building and Safety, City Planning (including the Zoning Administration Division) and Housing shall administer, enforce and monitor the provisions of the Mello Act in accordance with these Interim Administrative Procedures.

### **1.2.1 EFFECTIVE DATE AND PERIOD**

These Interim Administrative Procedures are effective immediately, and shall remain in effect until modified in accordance with the Interim Ordinance.

### **1.2.2 PENDING PERMIT AND APPROVAL APPLICATIONS**

Pending Discretionary and Non-Discretionary Applications are subject to the requirements of the Mello Act.

### **1.2.3 RELATIONSHIP OF PROCEDURES TO EXISTING REGULATIONS**

Every Discretionary and Non-Discretionary Application for a Demolition, Conversion or New Housing Development in the Coastal Zone shall be reviewed pursuant to these Interim Administrative Procedures, regardless if the Application is regulated by any geographically specific plan or Local Coastal Program. This requirement also applies to any Discretionary or Non-Discretionary Application exempted from the requirement to obtain a coastal development permit.

In the case of conflict between these Interim Administrative Procedures, any geographically specific plan, Local Coastal Program, or any other regulation, the requirement which results in the provision of the largest number of Affordable Replacement Units or Inclusionary Residential Units shall apply. These Interim Administrative Procedures shall not, however, abrogate any existing development agreement executed between a property owner and the City of Los Angeles prior to May 17, 2000.

### **1.2.4 CONSTITUTIONAL AND STATE LAW COMPLIANCE**

Nothing in these Interim Administrative Procedures shall require the City to violate any state law or to violate the rights of any person under the federal or state constitution or state law.

## 1.3. OVERVIEW OF THE MELLO ACT

The Mello Act was adopted by the State Legislature in 1982. The Act sets forth requirements concerning the demolition, conversion and construction of housing within California's Coastal Zone. Each local jurisdiction shall enforce three basic rules:

- Rule 1. Existing residential structures shall be maintained, unless the local jurisdiction finds that residential uses are no longer feasible.** A local jurisdiction may not approve the Demolition or Conversion of residential structures for purposes of a non-Coastal-Dependent, non-residential use, unless it first finds that a residential use is no longer feasible at that location.
- Rule 2. Converted or demolished Residential Units occupied by Very Low, Low or Moderate Income persons or families shall be replaced.** Converted or demolished Residential Units occupied by Very Low, Low or Moderate Income persons or families shall be replaced on a one-for-one basis.
- Rule 3. New Housing Developments shall provide Inclusionary Residential Units.** If feasible, New Housing Developments shall provide Inclusionary Residential Units affordable to Very Low, Low or Moderate Income persons or families.

These rules are subject to numerous exceptions and additional required feasibility determinations which complicate the administration of the Mello Act.

## 2.0 INITIAL SCREENING AND ROUTING

The Department of Building and Safety is responsible for the initial screening and routing of Non-Discretionary Applications. The Department of City Planning is responsible for the initial screening and routing of Discretionary Applications.

Public Counter staff at these Departments are hereby directed to develop the appropriate forms and procedures necessary to screen, route and track all Discretionary and Non-Discretionary Applications pursuant to steps one through six below.

### 2.1. STEP ONE. IDENTIFY COMMUNITY PLAN AREA.

Staff shall determine if a filed and deemed complete Discretionary or Non-Discretionary Application is located in the following Community Plan Areas: Brentwood-Pacific Palisades, Venice, Del Rey, Westchester-Playa Del Rey, San Pedro or Wilmington-Harbor City. If the Application is in one of these Community Plan Areas, go to step two.



## **2.2 STEP TWO. DETERMINE COASTAL ZONE LOCATION.**

Staff shall consult the appropriate City of Los Angeles Coastal Zone Subarea Map to determine if the Application is located in the Coastal Zone. If the Application is in the Coastal Zone, go to step three.

## **2.3 STEP THREE. IDENTIFY CONVERSIONS, DEMOLITIONS AND NEW HOUSING DEVELOPMENTS.**

Staff shall identify Discretionary or Non-Discretionary Applications that involve one or more Residential Units. Staff shall then determine if any of these Applications conform to the definition of a Demolition, Conversion or New Housing Development as contained in Attachment 1. If Demolitions, Conversions or New Housing Developments are identified, go to step four.

## **2.4 STEP FOUR. IDENTIFY CATEGORICAL EXEMPTIONS.**

Staff shall identify which Demolitions, Conversions or New Housing Developments are Categorically Exempt from further Mello Act compliance review pursuant to Parts 2.4.1, 2.4.2, and 2.4.3 below. If Applications are identified as Categorically Exempt, go to step five. If Applications are identified as non-Categorically Exempt, go to step six.

### **2.4.1 PUBLIC NUISANCES**

Residential structures declared a public nuisance pursuant to the following state and local codes are not subject to the Mello Act's replacement requirements:

- Division 13 (commencing with Section 17000) of the California Health and Safety Code; or
- Chapter IX, Article 1, Division 89 of the Los Angeles Municipal Code.

In order to claim a Categorical Exemption from the Mello Act's replacement requirements, an Applicant shall submit a certified title report indicating that a public nuisance declaration has been recorded against the residential structure and has not been terminated. In reviewing certified title reports, staff shall take the following Mello Act provision into account:

"For purposes of this subdivision, no building, which conforms to the standards which were applicable at the time the building was constructed and which does not constitute a substandard building, as provided in Section 17920.3 of the Health and Safety Code, shall be deemed to be a public nuisance solely because the building

does not conform to one or more of the current provisions of the Uniform Building Code as adopted within the jurisdiction for new construction."

#### **2.4.2 SMALL NEW HOUSING DEVELOPMENTS**

Based on the Coastal Commission Guidelines, Council has found that it is generally infeasible for small New Housing Developments (developments which consist of nine or fewer Residential Units) to provide Inclusionary Residential Units. Such New Housing Developments are Categorically Exempt from further Mello Act compliance review.

Council has instructed the Department of City Planning to direct HR&A to analyze the feasibility of requiring these New Housing Developments to provide Inclusionary Residential Units, or to pay an in-lieu fee. Based on HR&A's study, Council may adopt a different feasibility presumption concerning these New Housing Developments for the Interim Ordinance.

#### **2.4.3 OWNER-OCCUPIED SINGLE-FAMILY HOMES**

Applicants who propose to demolish the existing one-family dwelling in which they currently reside, and replace it with another one-family dwelling in which they plan to reside, are Categorically Exempt from further Mello Act compliance review.

### **2.5. STEP FIVE. SEND NOTICE OF CATEGORICALLY EXEMPT APPLICATIONS.**

Notice of determinations that an Application is Categorically Exempt pursuant to Part 2.4 above shall be sent, within five working days of the date the determination is made, to the Applicant and to:

Richard A. Rothschild  
Western Center on Law and Poverty, Inc.  
3701 Wilshire Boulevard, Suite 208  
Los Angeles, CA 90010-2809

Notice of determinations that an Application is Categorically Exempt pursuant to Part 2.4.1, Public Nuisances, shall also be sent to all building occupants.

Determinations that a proposed Demolition, Conversion or New Housing Development is Categorically Exempt pursuant to Part 2.4 are appealable pursuant to the procedures set forth in Part 8.0.

## **2.6 STEP SIX. ROUTE NON-CATEGORICALLY EXEMPT APPLICATIONS TO THE DEPARTMENT OF CITY PLANNING, ZONING ADMINISTRATION DIVISION (DCP/ZAD) FOR FURTHER MELLO ACT COMPLIANCE REVIEW AND PROCESSING.**

Public Counter staff at the Departments of Building and Safety and City Planning shall route non-Categorically Exempt Conversions, Demolitions and New Housing Developments to the Department of City Planning, Zoning Administration Division (DCP/ZAD) for follow-up Mello Act compliance review, coordination and processing.

**The Department of Building and Safety shall not issue any permits or other approvals until it has received clearance from the DCP/ZAD that the Applicant has satisfied all conditions set forth in the Mello Act and these Interim Administrative Procedures.**

## **3.0 DEMOLITIONS AND NEW HOUSING DEVELOPMENTS ON THE SAME SITE**

If an Applicant proposes to demolish Affordable Existing Residential Units, and build a New Housing Development on the same site, the Mello Act's replacement and inclusionary requirements are both triggered.

While with few exceptions all demolished Affordable Existing Residential Units must be replaced (as further discussed in Part 4.0 below), the inclusionary requirements only apply to the number of new Residential Units that exceeds the number of Affordable Replacement Units. For example, if an Applicant is required to provide 20 Affordable Replacement Units, and plans to build a total of 50 new Residential Units, the inclusionary requirements only apply to the 30 excess Residential Units.

DCP/ZAD staff shall determine the total number of required Affordable Replacement Units pursuant to Part 4.0, and the number of required Inclusionary Residential Units pursuant to Part 5.0. If the number of excess Residential Units is nine or fewer, no Inclusionary Residential Units are required pursuant to Part 2.4.2.

## **4.0 DEMOLITIONS AND CONVERSIONS**

Assigned DCP/ZAD staff shall complete a Mello Act compliance review for each proposed Demolition and Conversion using the attached Mello Act Compliance Review Worksheet

(Attachment 2). This requirement applies to both Discretionary and Non-Discretionary Applications. Applicants are not permitted to complete this Worksheet.

The purpose of completing a Mello Act compliance review is to:

- Identify Applications to demolish or convert residential structures for purposes of a non-Coastal-Dependent, non-residential use. These Applications shall be denied unless the Applicant proves with substantial evidence that a residential use is not feasible at that location; and
- Identify the total number of Affordable Existing Residential Units that are proposed for Demolition or Conversion; and
- Determine the total number of required Affordable Replacement Units.

Each question on the Mello Act Compliance Review Worksheet is reproduced and further discussed below. Staff shall provide a written explanation for each answer recorded on the Worksheet, and attach all supporting documentation to the file. The results of each Mello Act compliance review shall be issued as a determination pursuant to Part 6.0.

#### **4.1 QUESTION #1. WILL RESIDENTIAL STRUCTURES BE DEMOLISHED OR CONVERTED FOR PURPOSES OF A NON-RESIDENTIAL USE ?**

The Mello Act states that the Demolition or Conversion of residential structures for purposes of a non-Coastal-Dependent, non-residential use is prohibited, unless the local jurisdiction first finds that a residential use is no longer feasible at that location. This prohibition applies to all residential structures, regardless of the following factors:

- The income of current or past occupants;
- The form of ownership (whether the Residential Units are for-sale units or rentals); and
- Rents charged, for-sale prices, or appraised value.

If the answer to question #1 is "yes," and existing residential structures are proposed for Demolition or Conversion for purposes of a non-residential use, then staff shall go to question #2 to determine if the proposed use is Coastal-Dependent.

If the answer to question #1 is "no," staff shall skip to question #4 to determine if any of the Residential Units proposed for Demolition or Conversion are occupied by Very Low,

Low or Moderate Income Households. These Residential Units are termed, "Affordable Existing Residential Units."

#### **4.2 QUESTION #2. IS THE PROPOSED NON-RESIDENTIAL USE COASTAL-DEPENDENT?**

Coastal-Dependent uses are uses which requires a site on, or adjacent to, the sea in order to function at all. Examples of Coastal-Dependent uses include fisheries and boating and harbor facilities.

If the answer to question #2 is "yes," and the proposed non-residential uses are Coastal-Dependent, staff shall skip to question#4. The Demolition or Conversion may be approved, but only upon the condition the Applicant provides all required Affordable Replacement Units identified through the Mello Act compliance review process.

If the answer to question #2 is "no," and the proposed non-residential uses are not Coastal-Dependent, staff shall go to question #3.

#### **4.3 QUESTION #3. IS A RESIDENTIAL USE FEASIBLE AT THIS LOCATION?**

Because the site contains a residential structure, the City presumes that a residential use is feasible. The Applicant may challenge the City's presumption by presenting substantial evidence to the contrary directly to DCP/ZAD staff (for Non-Discretionary Applications); and to the decision-maker (for Discretionary Applications).

The following shall be considered in reviewing an Applicant's challenge of the City's presumption:

- The Applicant has the burden of proof. Proximity to other existing, viable residential uses is strong evidence that a residential use is feasible.
- An Applicant may not claim infeasibility merely because the site is zoned commercial. Commercial zones in the City of Los Angeles generally permit residential uses. However, in some cases a "Q" or "D" limitation may be imposed on a particular property which prohibits residential uses.
- If the existing, underlying zoning or any other applicable regulation prohibits all residential uses, then the Applicant may cite those facts if the Applicant is challenging the City's presumption. If an Applicant has non-conforming or other rights which permit a continued residential use, then the Applicant may not contend that the existing zoning renders a residential use infeasible.

- An Applicant may not initiate and obtain approval for a zone change which prohibits residential uses and subsequently claim infeasibility based on that zone change.
- An Applicant may not claim infeasibility merely because the site is zoned industrial if a Zoning Administrator had previously approved joint living and work quarters for that site. A Zoning Administrator's grant runs with the land.
- An Applicant may not claim financial infeasibility unless it can clearly document an inability to rent or sell the current premises based on the site's unique characteristics or circumstances. Unique characteristics or circumstances include proximity to noxious and incompatible existing uses that are likely to remain, and that render a continued residential use infeasible. If challenging the City's presumption, an Applicant may not cite mere proximity to commercial or industrial uses.
- An Applicant may claim infeasibility due to the site's unique geologic or other topographical features which render it unsafe for human habitation. Applicants must provide supporting documentation.
- An Applicant may not claim infeasibility because the current premises are dilapidated or are in a state of disrepair due to the Applicant's failure to make reasonable repairs or to adequately maintain the site. The City may require the Applicant to correct substandard conditions before it will further consider an Applicant's challenge of the City's presumption.

If the Applicant has proved with substantial evidence that a residential use is infeasible, staff shall record a "no" answer to question #3, and go to question #4.

If the Applicant has not proved with substantial evidence that a residential use is infeasible, staff shall record a "yes" answer to question #3. This stops the Mello Act Compliance Review process. The Discretionary or Non-Discretionary Application shall be denied. A determination shall be issued pursuant to Part 6.0.

#### **4.4 QUESTION #4. ARE ANY AFFORDABLE EXISTING RESIDENTIAL UNITS PROPOSED FOR DEMOLITION OR CONVERSION?**

To answer question #4, staff shall refer the Applicant to the Los Angeles Housing Department (LAHD). LAHD has sole responsibility for determining whether any existing Residential Units are Affordable Existing Residential Units. If LAHD identifies Affordable Existing Residential Units, DCP/ZAD staff shall record the total number of identified units in the "yes" box, and go to question #5.

If LAHD does not identify any Affordable Existing Residential Units, DCP/ZAD staff shall record a "zero" in the "no" box. This stops the Mello Act Compliance Review process. The Applicant is not required to provide any Affordable Replacement Units. A determination pursuant to Part 6.0 shall be issued.

**LAHD shall identify Affordable Existing Residential Units by completing steps one through six below for each referred Residential Unit. The Applicant is liable and responsible for all postage and other costs necessary to complete the occupant income determination process. LAHD has the authority to specify the processes Applicants must follow in order for the occupant income determination process to be successfully completed.**

#### 4.4.1 STEP ONE. SEND GENERAL NOTICE TO ALL BUILDING OCCUPANTS.

When LAHD receives a referral from DCP/ZAD of a proposed Demolition or Conversion, LAHD shall send a general notice to all current building occupants which contains the following:

- A description of the proposed Demolition or Conversion;
- An explanation of the purpose of the Mello Act and the City's Mello Act compliance review process;
- A description of the rights that building occupants determined to have a Very Low, Low or Moderate Income shall have, including a right of first refusal on an Affordable Replacement Unit;
- A referral to a specified source of further assistance, to be selected by Western Center on Law and Poverty, Inc. Until further notice from Western Center on Law and Poverty, Inc., the general notice shall contain the following referral:

Richard A. Rothschild  
Western Center on Law and Poverty, Inc.  
3701 Wilshire Boulevard, Suite 208  
Los Angeles, CA 90010-2809

- A City telephone number to call for additional information.

#### 4.4.2 STEP TWO. IDENTIFY LONG-TERM VACANT RESIDENTIAL UNITS.

A Residential Unit shall not be classified as an Affordable Existing Residential Unit if it has been unoccupied for more than 365 consecutive days prior to the Application's filing.

The Applicant has the burden of proving long-term vacancy. If the Applicant has established long-term vacancy, then LAHD shall not classify the Residential Unit as an Affordable Existing Residential Unit.

#### 4.4.3 STEP THREE. DETERMINE OCCUPANT INCOME BASED ON MONTHLY HOUSING COST OR ACTUAL INCOME DATA.

LAHD may determine occupant income using Monthly Housing Cost as a substitute for actual income, or by collecting and verifying actual income. Pursuant to the definition set forth in Attachment 1, an existing Residential Unit is classified as an Affordable Existing Residential Unit if at least one person or family occupying the unit (excluding dependents) is of Very Low, Low or Moderate Income.

If current Monthly Housing Cost data indicates that the existing Residential Unit is affordable to a Very Low, Low or Moderate Income Household, then that Residential Unit shall be presumed to be occupied by a person or family with a Very Low, Low or Moderate Income. If not, LAHD shall collect prior Monthly Housing Cost data for at least the previous three years. If the average Monthly Housing Cost over this period indicates that the existing Residential Unit is affordable to a Very Low, Low or Moderate Income Household, then that Residential Unit shall be presumed to be occupied by a person or family with a Very Low, Low or Moderate Income. If three years of Monthly Housing Cost data is not available or readily obtainable, then LAHD shall determine occupant income through the direct collection and verification of actual income data.

If occupant income is based on Monthly Housing Cost, LAHD shall go to step four. If occupant income is based on actual income, LAHD shall:

- Go to step five if the person or family DOES NOT have a Very Low, Low or Moderate Income; or
- Go to step six if the person or family DOES have a Very Low, Low or Moderate Income.

#### 4.4.4. STEP FOUR. VERIFY ACCURACY OF OCCUPANT INCOME BASED ON MONTHLY HOUSING COST DATA.

LAHD shall provide occupants and Applicants with the opportunity to verify the accuracy of occupant income determinations based on Monthly Housing Cost.

LAHD shall provide persons and families presumed not to have a Very Low, Low or Moderate income with the opportunity to submit data verifying actual income. Likewise, LAHD shall provide Applicants with a roster of occupants presumed to have a Very Low, Low or Moderate Income, who may then submit data verifying actual income. LAHD is



responsible for verifying the accuracy of any submitted income data. LAHD shall use actual income data to correct any incorrect occupant income determinations based on Monthly Housing Cost.

Based on this review, LAHD shall:

- Go to step five if the person or family DOES NOT have a Very Low, Low or Moderate Income; or
- Go to step six if the person or family DOES have a Very Low, Low or Moderate Income.

**4.4.5 STEP FIVE. IDENTIFY AND DETERMINE IF ANY EVICTIONS WERE FOR THE PURPOSE OF EVADING THE MELLO ACT.**

LAHD shall conduct an investigation to carry out the following Mello Act provisions concerning evictions:

"For purposes of this subdivision, a residential dwelling unit shall be deemed occupied by a person or family of low or moderate income if the person or family was evicted from that dwelling unit within one year prior to the filing of an application to convert or demolish the unit and if the eviction was for the purpose of avoiding the requirements of this subdivision. If a substantial number of persons or families of low or moderate income were evicted from a single residential development within one year prior to the filing of an application to convert or demolish the structure, the evictions shall be presumed to have been for the purpose of avoiding the requirements of this subdivision and the applicant for the conversion or demolition shall bear the burden of proving that the evictions were not for the purpose of avoiding the requirements of this subdivision."

LAHD shall identify those Residential Units presumed to have a Very Low, Low or Moderate Income based on its investigation. After completing step five, LAHD shall go to step six.

**4.4.6 STEP SIX. LAHD SHALL INFORM THE DEPARTMENT OF CITY PLANNING, ZONING ADMINISTRATION DIVISION (DCP/ZAD) OF THE RESULTS OF ITS OCCUPANT INCOME DETERMINATION PROCESS.**

LAHD shall prepare a report for DCP/ZAD staff which contains the following information for each referred Demolition and Conversion:

One-Family Dwellings

- Total number of Residential Units
- Total number of Affordable Existing Residential Units

Two-Family Dwellings

- Total number of Residential Units
- Total number of Affordable Existing Residential Units

Triplexes and Other Structures that Contain Three or More Residential Units

- Total number of Residential Units
- Total number of Affordable Existing Residential Units

Summary

- Total number of Residential Units
- Total number of Affordable Existing Residential Units

LAHD shall also provide the following information for each identified Affordable Existing Residential Unit:

- Address
- Names of occupants
- Number of bedrooms

The Mello Act generally requires the one-for-one replacement of demolished or converted Affordable Existing Residential Units within three years of the date that work commenced on the Demolition or Conversion. There are two limited exceptions to this general rule. The purpose of answering Worksheet questions #5 through #8 is to determine whether the Applicant is exempt from replacing any of the Affordable Existing Residential Units identified by LAHD.

**4.5 QUESTION #5. IS THE APPLICATION FOR COASTAL-DEPENDENT OR COASTAL-RELATED NON-RESIDENTIAL USES? ARE THESE NON-RESIDENTIAL USES CONSISTENT WITH THE LAND USE PLAN OF A CERTIFIED LOCAL COASTAL PROGRAM?**

If the answer to both questions is "yes," the Application fits into the first exception category. Staff shall skip to question #8. If the answer to either question is "no," the Application does not fit into the first exception category. Staff shall go to question #6.

**As of the effective date of these Interim Administrative Procedures, the California Coastal Commission has not certified any LCPs in the City of Los Angeles. Consequently, no Applications currently fit into the first exception category. Until this situation changes, staff shall automatically record a "no" answer to question #5, and go to question #6.**

#### **4.6 QUESTION #6. ARE 11 OR MORE RESIDENTIAL UNITS PROPOSED FOR DEMOLITION OR CONVERSION?**

If the total number of Residential Units proposed for Demolition or Conversion is ten or fewer, staff shall record a "no" answer to question #6. Staff shall go to question #7.

If the Applicant is proposing to demolish or convert 11 or more Residential Units, staff shall record a "yes" answer to question #6. All of the Affordable Existing Residential Units recorded in the answer to question #4 must be replaced. The second exception category applies to a maximum of ten Residential Units.

#### **4.7 QUESTION #7. ARE ANY AFFORDABLE EXISTING RESIDENTIAL UNITS IN ONE-FAMILY OR TWO-FAMILY DWELLINGS?**

If the answer to question #7 is "yes," staff shall go to question #8. If the answer to question #7 is "no," and all of the Affordable Existing Residential Units are in triplexes and other structures that contain three or more Residential Units, then all of the Affordable Existing Residential Units recorded in the answer to question #4 must be replaced. The second exception category does not apply to triplexes or other structures that contain three or more Residential Units.

#### **4.8 QUESTION #8. IS IT INFEASIBLE FOR THE APPLICANT TO REPLACE ANY OF THE AFFORDABLE EXISTING RESIDENTIAL UNITS IDENTIFIED BY ANSWERS TO QUESTIONS #5 AND #7?**

The purpose of answering question #8 is to determine if it is feasible for the Applicant to provide Affordable Replacement Units if the proposed Demolition or Conversion fits into the first exception category (consistency with a certified LCP, question #5); or the second exception category (ten or fewer Residential Units consisting of one-family and/or two-

family dwellings, question #7). If the proposed Demolition or Conversion does not fit into an exception category, then all of the Affordable Existing Residential Units recorded in the answer to question #4 must be replaced.

To answer question #8, DCP/ZAD staff shall instruct the Applicant to complete Form CP-6391, Los Angeles City Planning Department Moderate-Income Housing Purchase Feasibility Analysis (Attachment 3). DCP/ZAD staff shall review the submitted data, taking into consideration the typical public subsidies and other affordable housing incentives available by-right, to determine whether it's feasible for the Applicant to replace some or all of the Affordable Existing Residential Units identified by answers to questions #5 and #7.

If the answer to question #8 is "yes," how many Affordable Replacement Units is it infeasible for the Applicant to provide? Record this number in the "yes" box for question #8. Then subtract this number from the number recorded in the answer to question #4. Record the result on the line following question #8. This is the total number of required Affordable Replacement Units.

If the answer to question #8 is "no," then it's feasible for the Applicant to replace all of the Affordable Existing Residential Units recorded in the answer to question #4. Record a "zero" in the "no" box for question #8. Then record the number recorded in the "yes" box for question #4 on the line following question #8. This is the total number of required Affordable Replacement Units.

This concludes the Mello Act Compliance Review process for proposed Demolitions and Conversions in the Coastal Zone. A determination shall be issued pursuant to Part 6.0.

## **5.0 NEW HOUSING DEVELOPMENTS**

Based on the Coastal Commission Guidelines, the Council has found that it is generally feasible for New Housing Developments consisting of ten or more Residential Units to provide Inclusionary Residential Units. Applicants shall implement one of the following two required inclusionary options:

- Inclusionary Requirement Option #1. Reserve at least 20 percent of all Residential Units for Inclusionary Residential Units for Very Low or Low Income Households; or
- Inclusionary Requirement Option #2. Reserve at least ten percent of all Residential Units for Inclusionary Residential Units for Very Low Income Households.

The provision of Inclusionary Residential Units for seniors or disabled persons who do not have a Very Low or Low Income does not fulfill the inclusionary requirements for New Housing Developments.

## **6.0 DETERMINATIONS**

A determination shall be issued for each non-Categorically Exempt Demolition, Conversion, and New Housing Development.

For Discretionary Applications, the decision-maker shall issue the determination as written conditions attached to the determination made with respect to the underlying case. All completed forms, correspondence received and sent, and other supporting documentation shall be attached to the file created for the underlying case.

For Non-Discretionary Applications, DCP/ZAD staff shall issue the determination as a Director's Determination. Staff shall also prepare a file, and attach all completed forms, correspondence received and sent, and other supporting documentation.

A copy of each determination shall be simultaneously transmitted to the Applicant, the Department of Building and Safety, LAHD, all building occupants, and:

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## **6.1 DEMOLITIONS AND CONVERSIONS**

Each determination shall include the following:

- Results of the Mello Act compliance review process completed in Part 4.0;
- Total number of Affordable Existing Residential Units identified by LAHD;
- Total number of required Affordable Replacement Units recorded on the Mello Act Compliance Review Worksheet;
- A requirement that the Applicant comply with the requirements set forth in Parts 7.2, 7.4, and 7.5;
- A statement that the Application is not approved until LAHD has approved the Affordable Housing Provision Plan prepared pursuant to Part 7.4; and

- Information for Appellants pursuant to Part 8.0.

## **6.2 NEW HOUSING DEVELOPMENTS**

Each determination shall include the following:

- A requirement that the Applicant comply with one of the Inclusionary Requirement Options set forth in Part 5.0;
- Total number of Inclusionary Residential Units required under both Options #1 and #2;
- A requirement that the Applicant comply with the requirements set forth in Parts 7.3, 7.4, and 7.5; and
- A statement that the Application is not approved until LAHD has approved the Affordable Housing Provision Plan pursuant to Part 7.4; and
- Information for Appellants pursuant to Part 8.0.

## **7.0 GENERAL PROVISIONS**

The following general provisions apply to Applicants required to provide Affordable Replacement Units or Inclusionary Residential Units as set forth in a determination issued pursuant to Part 6.0.

### **7.1 AFFORDABLE HOUSING INCENTIVES**

Applicants may be entitled to some or all of the incentives set forth in Section 12.22 A 25 of the Los Angeles Municipal Code, including a Density Bonus.

### **7.2 AFFORDABLE REPLACEMENT UNITS**

#### **7.2.1 INCOME TARGETING**

Affordable Replacement Units may be provided at any level of affordability. For example, an Affordable Existing Residential Unit occupied by a Very Low Income Household may be replaced with an Affordable Replacement Unit affordable to a Moderate Income Household. The Council may change this policy when the Interim Ordinance is adopted and require "like for like" replacement (e.g., an Affordable Existing Residential Unit occupied by a Very Low Income Household shall be replaced with an Affordable Replacement Unit affordable to a Very Low Income Household.)

## **7.2.2 LOCATION**

Affordable Replacement Units shall be located on-site, or elsewhere within the Coastal Zone. Applicants claiming it is infeasible for them to comply with this requirement may request permission to provide the required units within three miles of the Coastal Zone by submitting an appeal pursuant to Part 8.0. Applicants should consult the Department of City Planning's three mile radius Coastal Zone maps to identify potential sites located outside the Coastal Zone.

## **7.2.3 TIMING REQUIREMENT**

Required Affordable Replacement Units shall be provided within three years of the date that work commenced on the Demolition or Conversion. The Department of Building and Safety shall determine the date that "work commenced" on the Demolition or Conversion.

## **7.2.4 PERFORMANCE STANDARDS**

If Affordable Replacement Units are included as part of mixed-income New Housing Developments, then Applicants shall comply with the following portions of the Performance Standards set forth in the Affordable Housing Incentives Guidelines (Attachment 4):

- Project design (Section 4A, page 7); and
- Equal distribution of amenities (Section 4B, page 8).

All other Applicants shall comply with the project design and amenities requirements promulgated by LAHD.

## **7.3 INCLUSIONARY RESIDENTIAL UNITS**

### **7.3.1 LOCATION**

Inclusionary Residential Units shall be located on-site. Applicants claiming it is infeasible for them to comply with this requirement may request permission to provide the required units elsewhere within the Coastal Zone, or within three miles of the Coastal Zone, by submitting an appeal pursuant to Part 8.0. Applicants should consult the Department of City Planning's three mile radius Coastal Zone maps to identify potential sites located outside the Coastal Zone.

Based on the Coastal Commission Guidelines, the Council has found that it is generally more feasible for New Housing Developments that consist of 21 or more Residential Units to provide units on-site than it is for New Housing Developments that consist of 10-20 units to provide units on-site.

### **7.3.2 TIMING REQUIREMENT**

If Inclusionary Residential Units are approved for off-site provision, they shall be provided within three years of the date that LAHD approved the Affordable Housing Provision Plan pursuant to Part 7.4 below. A New Housing Development's Inclusionary Residential Units and market-rate Residential Units shall be made available at the same time.

### **7.3.3 PERFORMANCE STANDARDS**

Applicants shall comply with the following portions of the Performance Standards set forth in the Affordable Housing Incentives Guidelines (Attachment 4):

- Project design (Section 4A, page 7); and
- Equal distribution of amenities (Section 4B, page 8).

## **7.4 AFFORDABLE HOUSING PROVISION PLAN**

Applicants required to provide Affordable Replacement Units or Inclusionary Residential Units shall prepare an Affordable Housing Provision Plan that specifies how the Applicant shall carry out the conditions contained in the determinations issued pursuant to Part 6.0, and the requirements set forth in Parts 7.2 and 7.3 above, and Part 7.5 below.

Applicants shall submit their Affordable Housing Provision Plan to LAHD for review and approval. Applications only receive final approval after LAHD has approved the Affordable Housing Provision Plan.

The Affordable Housing Provision Plan shall include the following elements:

### **7.4.1 METHODS TO PROVIDE REQUIRED AFFORDABLE UNITS**

Applicants may propose to provide required Affordable Replacement Units or Inclusionary Residential Units through one or any combination of the following methods:

- New construction; or
- Adaptive reuse (conversion of existing non-residential structures).

### **7.4.2 OPERATIONAL DETAILS**

Applicants shall supply the following operational details:



- Address where Affordable Replacement Units or Inclusionary Residential Units will be provided, if the determination permits these Units to be provided off-site.
- General description of the Affordable Replacement Units or Inclusionary Residential Units to be provided, including the number and type of habitable rooms; square footage; and parking.
- Affordable housing incentives and subsidies that will be utilized;
- Methods for complying with the Performance Standards set forth in Parts 7.2.4 and 7.3.3, including a dispersal plan if Affordable Replacement Units or Inclusionary Residential Units shall be provided on-site. Affordable Replacement Units or Inclusionary Residential Units may not be segregated from market-rate units, but shall be reasonably dispersed throughout the building; and
- Financing; construction plan; and project timetable for complying with the timing requirements set forth in Part 7.2.3 for Affordable Replacement Units, and Part 7.3.2 for Inclusionary Residential Units.

## **7.5 ENFORCEMENT AND MONITORING**

### **7.5.1 AFFORDABILITY COVENANTS**

Applicants required to provide Affordable Replacement Units or Inclusionary Residential Units shall record a covenant with the Los Angeles County Recorder guaranteeing that applicable affordability criteria shall be observed for at least 30 years from the issuance of the Certificate of Occupancy. The Council may include a requirement for 55-year affordability covenants in the Interim Ordinance.

Tenants, rental applicants, purchasers and prospective purchasers of the Affordable Replacement Units or the Inclusionary Residential Units shall have the right to seek an injunction to enforce the affordability criteria, or to raise the affordability criteria as a defense or counterclaim to a claim for rent or possession directly against the owner, manager, and/or their successors in interest, of those units.

### **7.5.2 FINANCIAL ASSURANCES**

The LAHD may require the Applicant to post a bond or make other financial assurances to assure compliance with the final approved Affordable Housing Provision Plan.

### **7.5.3 MONITORING REQUIREMENTS**

All Applicants shall comply with the monitoring requirements set forth in Section IVC of the Affordable Housing Incentives Guidelines (page 10 of Attachment 4).

## **8.0 APPEALS**

Determinations may be appealed. The determination shall identify deadlines, filing fees, the appellate body, and other necessary procedures and requirements for considering the appeal.

Appellants have the burden of proof and shall present substantial evidence to support their appeal. A copy of the results of each appeal shall be simultaneously transmitted to the Applicant, the Department of Building and Safety, LAHD, all building occupants, and:

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### **8.1 DISCRETIONARY APPLICATIONS**

The appeals procedures and appellate body shall be those connected to the underlying case.

### **8.2 NON-DISCRETIONARY APPLICATIONS**

Appellants may appeal a Director's Determination using the forms and following the procedures promulgated by the DCP/ZAD. Until July 1, 2000, the appellate body shall be the Board of Zoning Appeals. After July 1, 2000, the appellate body shall be the Area Planning Commission.

### **8.3 DEPARTMENT OF BUILDING AND SAFETY ACTIONS**

Appellants may appeal Department of Building and Safety decisions and determinations to the Board of Building and Safety Commissioners pursuant to Los Angeles Municipal Code Section 98.0403.1.

## ATTACHMENT 1

### DEFINITIONS

The following words, whenever used in these Interim Administrative Procedures, shall be construed as defined in this Attachment. Words and phrases not defined shall be construed as defined in Sections 12.03 and 91.0200, *et sec*, of the Los Angeles Municipal Code as defined therein.

**"Affordable Housing Incentives Guidelines"** means the guidelines adopted by the City Planning Commission on December 14, 1995, as amended, pursuant to Ordinance No. 170,764, which implement California Government Code Section 65915 in the City of Los Angeles.

**"Affordable Replacement Unit"** means a Residential Unit built or provided that has the same number of bedrooms as the Affordable Existing Residential Unit that has been demolished or converted, with an Affordable Monthly Housing Cost.

**"Affordable Monthly Housing Cost"** refers, for ownership units, to the current definition contained in Health and Safety Code Section 50052.5, as further defined in 25 California Code of Regulations Section 6920. For rental units, "Affordable Monthly Housing Cost" refers to the current definition contained in Health and Safety Code Section 50053, as further defined in 25 California Code of Regulations Section 6918.

**"Affordable Existing Residential Unit"** means an existing Residential Unit proposed for Demolition or Conversion that is occupied by a Very Low, Low or Moderate Income Household, as determined by the Housing Department General Manager, following the occupant income determination process set forth in the Interim Administrative Procedures.

In the event that an existing Residential Unit is occupied by more than one person or family, and if at least one such person or family (excluding any dependents) is of Very Low, Low or Moderate Income, then the existing Residential Unit is defined as an Affordable Existing Residential Unit.

**"Appellant"** means the Applicant, current occupant, former occupant evicted within the last year, or other aggrieved person who files an appeal pursuant to the Interim Administrative Procedures.

**"Applicant"** means the person, partnership, corporation, governmental organization, or other entity submitting a Discretionary Application and/or a Non-Discretionary Application to the City of Los Angeles.

**"Application, Discretionary"** means the original application for, or submission of a subsequent non-minor modification to, one or more of the following entitlements:

approval-in-concept, coastal development permit, conditional use permit, condominium conversion, development agreement, plan approval, specific plan exception, subdivision or tract map, variance, zone change or any other action that first requires the discretionary approval of the Director of Planning, the City Planning Commission, the Zoning Administrator, the Advisory Agency, or an Area Planning Commission.

**"Application, Non-Discretionary"** means an application for a building permit, demolition permit, or change of use permit that requires the ministerial approval of the Department of Building and Safety.

**"Categorical Exemption"** means an Application that the City has determined is categorically exempt from providing either Affordable Replacement Units or Inclusionary Residential Units, consistent with the Mello Act and these Interim Administrative Procedures.

**"Coastal Commission Guidelines"** means the California Coastal Commission Interpretive Guidelines on Construction of New Housing adopted by the California Coastal Commission on May 5, 1981.

**"Coastal-Dependent Non-Residential Use"** means any non-residential development or use which requires a site on, or adjacent to, the sea to be able to function at all.

**"Coastal Development Permit"** means a permit for any development within the Coastal Zone that is required pursuant to Subdivision (a) of Section 30600 of the California Coastal Act.

**"Coastal-Related Nonresidential Use"** means any nonresidential development or use that is dependent on a Coastal-Dependent Non-Residential Use.

**"Coastal Zone"** means the Coastal Zone, as defined in California Public Resources Code, Division 20 (commencing with Section 30000), including, but not limited to, the Coastal Zone portions of Venice, San Pedro, Pacific Palisades, Playa Vista, Wilmington, Fort MacArthur/White Point, Palms/Marina Freeway Area, and Del Ray Lagoon, as depicted on the City of Los Angeles Coastal Zone Maps, as prepared and maintained by the Department of City Planning. In the case of any discrepancy, the Public Resources Code shall control.

**"Conversion"** means a change of one or more existing Residential Units to a condominium, cooperative, or similar form of ownership; a change of one or more existing Residential Units to a non-residential use; or a reduction in the existing number of Residential Units. The structure or structures which contain these Residential Units are located on either a single lot or two or more contiguous or tied lots; or conform to the definition of a Unified Development.

**"Demolition"** means the demolition of one or more existing Residential Units. The structure or structures which contain these Residential Units are located on either a single lot or two or more contiguous or tied lots; or conform to the definition of a Unified Development.

**"Density Bonus"** means a minimum density increase of 25 percent over the otherwise maximum allowable residential density granted pursuant to California Government Code Section 65915.

**"Director's Determination"** means a determination of the Director of Planning of the Department of City Planning, or his or her designee.

**"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.

**"Household, Low Income"** means a person or family with an income that conforms to the current definition contained in California Health and Safety Code Section 50079.5, as further defined in 25 California Code of Regulations 6928 and 6932.

**"Household, Moderate Income"** means a person or family with an income that conforms to the current definition contained in California Health and Safety Code Section 50093 (b), as further defined in 25 California Code of Regulations 6930 and 6932.

**"Household, Very Low Income"** means a person or family with an income that conforms to the current definition contained in California Health and Safety Code Section 50105, as further defined in 25 California Code of Regulations 6926 and 6932.

**"Housing Department General Manager"** means the General Manager or his or her designee, of the Los Angeles Department of Housing or successor agency.

**"Inclusionary Residential Unit"** means a Residential Unit with an Affordable Monthly Housing Cost.

**"Interim Administrative Procedures"** means the interim administrative procedures developed by the Departments of Building and Safety, City Planning and Housing pursuant to instruction of the City Council on January 19, 2000.

**"Interim Ordinance"** means the Interim Ordinance that on January 19, 2000, the City Council directed the Department of City Planning to prepare and submit to the City Planning Commission for approval, and that shall be based on the results of the Interim Study.

**"Interim Study"** means the study that consultants shall complete to assist the City in implementing the Mello Act; updating the Interim Administrative Procedures; and preparing the Interim Ordinance.

**"Local Coastal Program"** means the Land Use Plan and Local Implementation Plan that a local government has adopted to implement the provisions and policies of the California Coastal Act, and that has been certified by the California Coastal Commission pursuant to Public Resources Code Section 30512.

**"Monthly Housing Cost"** means the monthly rent or mortgage for a Residential Unit, as determined by the Housing Department General Manager.

**"New Housing Development"** means the development of one or more Residential Units for rent or for sale, through either construction of new structures, additions to existing structures, or the adaptive reuse of existing, non-residential structures. The structure or structures which contain these Residential Units are located on either a single lot or two or more contiguous or tied lots; or conform to the definition of a Unified Development.

**"Public Nuisance"** means a residential structure that has been declared a public nuisance pursuant to Division 13 (commencing with Section 17000) of the California Health and Safety Code; or Chapter IX, Article 1, Division 89 of the Los Angeles Municipal Code.

**"Residential Unit"** means a dwelling unit, efficiency dwelling unit, or joint living and work quarters as defined in Section 12.03 of the Los Angeles Municipal Code (LAMC); a mobilehome, as defined in Section 18008 of the California Health and Safety Code; a mobilehome lot in a mobilehome park as defined in Section 18214 of the California Health and Safety Code; or a residential hotel as defined in paragraph (1) of subdivision (b) of Section 50519 of the California Health and Safety Code.

**"Unified Development"** means a development of two or more buildings which have functional linkages such as pedestrian or vehicular connections, with common architectural and landscape features which constitute distinctive design elements of the development, and that appears to be a consolidated whole when viewed from adjoining streets. Unified Developments may include two or more contiguous parcels or lots of record separated only by a street or alley.

**ATTACHMENT 2**

**MELLO ACT COMPLIANCE REVIEW WORKSHEET  
FOR PROPOSED DEMOLITIONS AND CONVERSIONS**

FOR LOS ANGELES CITY PLANNING DEPARTMENT STAFF USE ONLY

**Proposed Demolitions and Conversions in the Coastal Zone**

**MELLO ACT COMPLIANCE REVIEW WORKSHEET**

Type of Application:		Application Number:	
Address:			
Project Description:			
QUESTION		YES	NO
1. Will residential structures be demolished or converted for purposes of a non-residential use? If "yes," go to question #2. If "no," skip to question #4.			
2. Is the proposed non-residential use Coastal-Dependent? If "yes," skip to question #4. If "no," go to question #3 .			
3. Is a residential use feasible at this location? If "no," go to question #4. If "yes," stop. The Application to demolish or convert residential structures for purposes of a non-residential use is denied.			
4. Are any Affordable Existing Residential Units proposed for Demolition or Conversion? (Refer the Applicant to the Los Angeles Housing Department.) If "yes," record the number of identified Affordable Existing Residential Units in the "yes" box, and go to question#5. If "no," record a "zero" in the "no" box and stop. The provision of Affordable Replacement Units is not required.			
5. Is the Application for Coastal-Dependent or Coastal-Related non-residential uses? Are these non-residential uses consistent with the Land Use Plan of a certified Local Coastal Program? If the answer to both questions is "yes," skip to question #8. If the answer to either question is "no," go to question #6.			
6. Are 11 or more Residential Units proposed for Demolition or Conversion? If "no," go to question #7. If "yes," all Affordable Existing Residential Units recorded in question #4 must be replaced.			
7. Are any Affordable Existing Residential Units in one-family or two-family dwellings? If "yes," go to question #8. If "no," all Affordable Existing Residential Units recorded in question #4 must be replaced.			
8. Is it infeasible for the Applicant to replace any of the Affordable Existing Residential Units identified by answers to questions #5 and #7? If "yes," how many? Record this number in the "yes" box and subtract it from the number recorded in question #4. Record the result below. This is the total number of required Affordable Replacement Units. If "no," it's feasible for the Applicant to replace all Affordable Existing Residential Units proposed for Demolition or Conversion. Record a "zero" in the "no" box. Record the number recorded in question #4 below. This is the total number of required Affordable Replacement Units.			
Total Number of Required Affordable Replacement Units:			
Completed By:			
Date:			

**INSTRUCTIONS:** City Planning Department staff must answer each question with a written explanation. Attach supporting documentation to the file. City Planning Department staff must use the Interim Administrative Procedures to complete this Worksheet.



**ATTACHMENT 3**

**LOS ANGELES CITY PLANNING DEPARTMENT MODERATE-INCOME  
HOUSING PURCHASE FEASIBILITY ANALYSIS (FORM CP-6391)**

**LOS ANGELES CITY PLANNING DEPARTMENT**  
**MODERATE-INCOME HOUSING PURCHASE FEASIBILITY ANALYSIS**  
 (FOR MELLO FINDINGS)

BASIC INFORMATION:

Number of Units: _____	Square footage of garage: _____
Square footage in each unit: _____	Cost per square foot: _____
Number of bedrooms in each unit: _____	Other: _____
Cost per square foot: _____	Cost per square foot: _____

A. ESTIMATED COST\*

- 1. Land \_\_\_\_\_
  - 2. Improvement (e.g., grading, sewer, water, street lights, etc.) \_\_\_\_\_
  - 3. Architectural/Engineering \_\_\_\_\_
  - 4. Permit and Fees \_\_\_\_\_
  - 5. Interest and cost of loans \_\_\_\_\_
  - 6a. Construction Cost (total square feet x \$/square feet) \_\_\_\_\_
  - 7. Remodeling, refurbishing, etc. (for condominium conversion) \_\_\_\_\_
  - 8. Other (specify) \_\_\_\_\_
- Total for \_\_\_\_\_ market \$ \_\_\_\_\_ A  
 Rate Units 1

B. LOANS\*

- 1st \_\_\_\_\_
- 2nd \_\_\_\_\_
- Construction \_\_\_\_\_
- Other (specify) \_\_\_\_\_
- B Total: \$ \_\_\_\_\_

C. Investment

Cost(A) - Loans(B) =  
 \_\_\_\_\_ - \_\_\_\_\_ = \$ \_\_\_\_\_ C

- 6b. Construction cost with at least one moderate-cost unit of 1,000 square feet \$ \_\_\_\_\_

Total for \_\_\_\_\_ market \$ \_\_\_\_\_ A  
 Rate Units + 1 moderate unit 2

\* Proof and justification to be provided by the applicant (see page 3 for directions).

Tentative Tract No. \_\_\_\_\_  
 Coastal Development Permit No. \_\_\_\_\_

D. DURATION OF PROJECT IN MONTHS: \_\_\_\_\_ D

E. SALES PROJECTIONS:

All units at  
MARKET RATES\*  
 Units x price

\_\_\_\_\_ x \_\_\_\_\_ = \$ \_\_\_\_\_

less sales cost = \$ \_\_\_\_\_  
 (specify %) \_\_\_\_\_ %

net sales proceeds = \$ \_\_\_\_\_

E<sup>1</sup>

Assume at least one unit  
 (of 1,000 square feet) at  
LOW/MODERATE PRICE\*\*

unit low/moderate price = \$ \_\_\_\_\_

others: units x price = \$ \_\_\_\_\_  
 less sales costs  
 (specify %) \_\_\_\_\_ %

net sales proceeds = \$ \_\_\_\_\_

E<sub>2</sub>

F. PROFIT/LOSS

MARKET RATES

Profit/Loss = Sales Projection - cost

= E<sub>1</sub> - A<sub>1</sub>

= \$ \_\_\_\_\_ F<sub>1</sub>

LOW/MODERATE

Profit/Loss = Sales Projection - cost

= E<sub>2</sub> - A<sub>2</sub>

= \$ \_\_\_\_\_ F<sub>2</sub>

G. RETURN ON INVESTMENT

Percent = F<sub>1</sub> x 100 = \_\_\_\_\_ %

Return =  $\frac{\quad}{C}$

Annual Percent Return =

=  $\frac{F_1 \times 100 \times 12}{C}$  D

= \_\_\_\_\_ %

Percent = F<sub>2</sub> x 100 = \_\_\_\_\_ %

Return =  $\frac{\quad}{C}$

Annual Percent Return =

=  $\frac{F_2 \times 100 \times 12}{C}$  D

= \_\_\_\_\_ %

Prepared by: \_\_\_\_\_  
 Representative of \_\_\_\_\_

Date Prepared \_\_\_\_\_  
 Telephone No. \_\_\_\_\_

\*\* MODERATE-INCOME SALES PRICES: BASED ON 1988 MEDIAN-FAMILY INCOME

1 bedroom	\$ 85,200	3 bedroom	\$116,494
2 bedroom	\$101,175	4 bedroom	\$129,850

Tentative Tract No. \_\_\_\_\_  
Coastal Development Permit No. \_\_\_\_\_

SUPPLEMENTAL DOCUMENTS TO BE PROVIDED BY THE APPLICANT

A. Estimated Cost

1. Land: provide legal proof of land cost.
2. Improvement: provide itemization of cost for each category of improvement.
3. Architectural/Engineering: Provide itemization of cost and proof.
4. Permit & Fees: provide itemization of cost.
5. Interest and cost of loans: provide itemization of cost and legal proof.
6. Construction Cost: provide itemization of cost for dwelling units and garage.
7. Remodeling, refurbishing, etc.: provide itemization of cost and proof.  
(for condominium conversion)
8. Other, (specify): provide itemization of cost and proof.

B. Loans

Provide proof of the amount(s) in dollars, the percentage rate and length of loan(s).

- E. Provide at least three comparables (Sale cost of comparable dwelling units at market rate) within half a mile radius from the project area.

Note: If the above-mentioned documents are not provided by the applicant at the time of the filing, the application is deemed incomplete.

**ATTACHMENT 4**

**AFFORDABLE HOUSING INCENTIVES GUIDELINES**