

SUBJECT: ZONE TEXT AMENDMENT TO AMEND DENSITY REQUIREMENTS FOR R3 AND R4 DISTRICTS; TO AMEND THE DENSITY BONUS CONCESSION MENU; AND TO AMEND THE APPLICABLE REVIEWING BODIES IN THE DEVELOPMENT REVIEW PROCESS

PREPARED BY: DEPARTMENT OF COMMUNITY DEVELOPMENT
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SUMMARY OF THE REQUEST

The Planning Commission will hold a public hearing to consider an amendment to the Zoning Ordinance to eliminate the 90% density requirements for R3 and R4 Districts, amend the density bonus concession menu, and to streamline the review process for certain multi-family residential projects that conform to the City's height and density requirements.

STAFF RECOMMENDATION

Staff recommends the Planning Commission hold a public hearing, listen to all pertinent testimony, and adopt the following resolution:

- 1) Draft Resolution No. PC 17-1235: **"A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF WEST HOLLYWOOD, RECOMMENDING TO THE CITY COUNCIL APPROVAL OF A ZONE TEXT AMENDMENT AMENDING PORTIONS OF TITLE 19, WEST HOLLYWOOD ZONING ORDINANCE, TO AMEND THE 90% DENSITY REQUIREMENTS FOR R3 AND R4 DISTRICTS; TO AMEND THE DENSITY BONUS CONCESSION MENU; AND TO AMEND THE APPLICABLE REVIEWING BODIES IN THE DEVELOPMENT REVIEW PROCESS, WEST HOLLYWOOD, CALIFORNIA. (EXHIBIT A)**

BACKGROUND

In response to concerns regarding redevelopment in multi-family neighborhoods, a 2016 survey of West Hollywood residents was conducted and indicated the need for affordable housing while identifying concerns regarding neighborhood compatibility of new buildings. The City Council then directed staff to move forward with targeted zone text amendments to address the major concerns identified in the survey. The key directives from City Council focused on the following changes to zoning policy in multi-family neighborhoods:

1. Eliminating the existing 90% density requirement;
2. Addressing height of new development in R3 and R4; and
3. Streamlining the development review process to incentivize projects that do not request height bonuses.

ANALYSIS

Eliminate 90% Density Requirements:

In 2009, the City established a requirement for all projects in the R3 and R4 Districts to maximize base density by requiring that new development projects construct to 90% of the maximum number of units required. For example, lots that are permitted a maximum of 20 units by zoning standards were required to build a minimum of 18 units when redeveloping a site. At the same time, the City also established a maximum average unit size in the R3 and R4 Districts to limit the size of dwelling units. The purpose of these requirements were to ensure that the City's multi-unit zones were utilized for high density development, which would help to meet the City's housing goals, prevents the loss of units, and encourage smaller units, helping to maintain adequate housing supply. However, the 90% density requirement limited the redevelopment of certain sites that cannot accommodate denser projects due to site constraints. It also limited developers to building larger projects that, in some cases, may not be compatible with the surrounding neighborhood.

State density bonus law requires cities to allow projects that provide certain amounts of affordable housing to get a bonus in the form of an increase the allowable number of units. Since the 90% density requirement was enacted for R3 and R4 Districts, projects regularly build over 100% of the density requirement with the utilization of the state density bonus law. For example, if a project is permitted a maximum of 20 units by zoning standards, and that project provides 20% affordable units, or 4 units, as required by the City of West Hollywood, that project is eligible for up to 35% bonus in the overall number of units, or 7 additional units, for a total of 27 units. The additional units could be market rate units, so this project would include 4 affordable units and 23 market rate units.

The Zone Text Amendment proposes the following:

1. Eliminate the 90% density requirement
2. Instead, require no net loss of dwelling units on site, or build the maximum number of units allowed by zoning, whichever is less
3. Allow for the Director to waive no net loss requirements under unusual circumstances

The elimination of the 90% density requirement will allow developers to select the number of units to develop on a site, with more flexibility in the range of units. This will allow developers more flexibility when designing projects to fit the neighborhood. Elimination of the 90% density requirement will also allow redevelopment of complex sites that cannot accommodate parking for higher density projects. The maximum average unit size (1,400 SF in R3 and 1,210 SF in R4) will remain in place and will serve as a control to ensure developers do not build a small number of very large units, thus in contrast to the City's housing goals. The following summarizes the current and proposed regulations:

	Current Regulations	Proposed Regulations
Base Density	R3: 1 unit/1,210 SF lot area R4: 1 unit/ 872 SF lot area	No change
Density	Require 90% of maximum allowed by zoning when all units are demolished	No net loss in units -OR- maximum density whichever is less (Director may waive for unusual circumstances)
Max Average Unit Size	R3: 1,500 SF R4: 1,200 SF	No change

Height in R3 and R4:

The maximum number of stories in the R3 and R4 Districts is between two and four stories, depending on the specific district. R3 and R4 are split into multiple sub-districts, which vary in allowable height but maintain the base R3 and R4 allowable density. Height is dictated in the Zoning Regulations as follows:

Zone District	Maximum Height	Permitted Number of Stories
R3-A	25 feet	2 stories
R3-B	35 feet	3 stories
R3-C	45 feet	4 stories
R4-A	35 feet	3 stories
R4-B	45 feet	4 stories

State density bonus law requires that projects that meet certain affordable housing requirements on site be granted concessions or incentives to help the project incorporate affordable housing. Projects in West Hollywood that utilize the state density bonus are eligible for utilization of certain concessions, including a reduction in setbacks and open space or an increase in height by 1 story or 10 feet. Projects that utilize the additional height concession, thus allowing up to five stories in R3 and R4, have become a source of concern from the community, as these projects may be taller than anticipated by the General Plan.

In order to address height in R3 and R4, staff evaluated a number of options. Staff determined that lowering base height in R3 and R4 would necessitate a review of the General Plan, and would push most projects into utilization of the height density bonus concession. A more effective strategy to address concerns regarding use of the height bonus, while maintaining the City's long-established interest in providing affordable housing, is to amend the concessions regulations.

The proposed amendment to the concessions list will remove the listing of height as the first concession and move it to the “other concessions” category. This would allow the City to highlight setback and open space concessions as the first available options to developers. Concessions like a height bonus will still be available per state law, and will be captured by the “other concessions” category.

The “other concessions” category will also be amended per state law, to only be permitted when it results in “identifiable, financially sufficient, and actual cost reductions to provide for affordable housing costs or for rents for the affordable units as specified in Government Code Section 65915.” Further, the code amendment would require that applicants provide reasonable documentation establishing the eligibility for the concession under state law, which includes what cost reductions result, and how those reductions provide for affordable housing costs or rent. Previously, the City could not ask for specific cost information from the applicant, but updated state law allows for this requirement. This will ensure that all requests for increase in height are specifically tied to the provision of affordable units in the project.

In order to further incentivize projects that utilize setback and open space concessions rather than the height concession, projects that utilize the height concession will be automatically reviewed by the Planning Commission. Projects that are administratively reviewed typically take two months instead of the minimum of three to six months when reviewed by Planning Commission to complete the entitlement process. This will ensure that projects with increased height have a public hearing, but will not preclude such projects in any way. All projects are reviewed by the Urban Designer for compatibility with the neighborhood, and to ensure a strong architectural language and design. All projects reviewed by Planning Commission are additionally reviewed by the Design Review subcommittee, providing an additional layer of design review for buildings with increased height.

Streamline the Development Review Process

The entitlement process for development in West Hollywood is complex, with most projects reviewed by the Planning Commission. Projects that are reviewed by Planning Commission typically take at least one to two months longer to review than those that are administratively reviewed. There is an opportunity to incentivize smaller projects by allowing them to be staff approved.

All projects go through the initial development review process, where staff reviews the project for completeness and compliance with applicable zoning regulations and the General Plan, and routes the project to other departments for comment and review. The project also goes through administrative design review, with review by the Urban Designer typically conducted early on in the application submittal process. The Urban Designer works with the project planner and meets with the applicant and project architect to improve the quality of project design and neighborhood compatibility. Projects with five or more residential units are required to have a neighborhood meeting within 60 days of application, and mailers are sent to properties within a 500 foot radius. Projects that are administratively approvable will have a public notice posted on the site, providing 10 days for public comment. This public comment is conveyed to the developer, and major issues are worked out prior to an administrative approval. Administrative approvals typically take between two and three months from application

completeness. Projects that are administratively reviewed can be appealed to the Planning Commission, and that decision can be appealed to the City Council.

Projects that require review by the Planning Commission have a required neighborhood meeting, and then go on to the Design Review Subcommittee, followed by formal review by the Planning Commission. Neighbors within a 500 foot radius are sent a mailed notice, and a public notice is posted to the site 28 days in advance of the public hearing. This process typically takes 90 days from application completeness, with the Permit Streamlining Act allowing up to one extension for a total review period of 180 days. Projects reviewed by the Planning Commission can be appealed to the City Council.

Proposed Project Streamlining: In order to address the directive to streamline the development review process for certain projects, staff recommends administrative review be permitted for slightly larger projects as follows:

	Current Regulations	Proposed Regulations
Staff Review	<ul style="list-style-type: none"> • 4 or fewer units in R1, R2, R3, except condominiums • 8 or fewer units (or 9 units with 1 inclusionary) in R4, except condominiums 	<ul style="list-style-type: none"> • All R1 and R2 • 6 or fewer units in R3 • 12 or fewer units in R4
Planning Commission Review	<ul style="list-style-type: none"> • More than 4 units in R1, R2, R3 • 9 or more units (10 or more if at least 1 is inclusionary) in R4 zones • Residential condominiums 	<ul style="list-style-type: none"> • 7 or more units in R3 zones • 13 or more units in R4 zones • Tract maps only (the underlying development Project is administratively reviewed)

Staff recommends increasing the number of units administratively approved in the R3 District to 6 units (previously 4 or less). The reason for proposing the 6 unit threshold is because it represents the maximum base density for a 7500 square foot lot (1 unit/ 1210 sf of lot area), which is typical for the R3 District. Similarly, staff recommends increasing the R4 threshold to 12 units, as it represents a maximum base density for a 10,500 SF lot (1 unit/ 872 sf of lot area), which is also typical in R4 Districts.

Condominium projects require tract map approval, which state law requires to be reviewed by Planning Commission and City Council. Today, condominium projects are reviewed as a package, with development permit and tract maps reviewed by Planning Commission. The proposed text amendment would separate the two items, allowing certain development permits to be reviewed administratively (should they meet the new administrative review criteria), while the tract map is reviewed separately by Planning Commission. For example, the current regulations would require a 3 unit condominium project, including the development permit and the tract map, to be reviewed by the Planning Commission, while the proposed regulations would allow the development permit to be reviewed administratively, while the tract map would be reviewed separately by the Planning Commission.

Planning Commission Long-Range Planning Subcommittee

The Long-Range Planning Subcommittee discussed the proposed zone text amendments on October 18, 2017. Comments centered on the following, with staff response below each comment:

- Improve neighbor noticing for projects that are administratively approved: While the threshold for administrative review was increased to slightly larger projects, neighbor noticing did not change. Projects that are administratively approved only have on-site noticing. The exception is that projects with 5 or more residential units are also required to have a neighborhood meeting, which triggers a mailing notice being sent to owners and tenants within a 500 foot radius. Should the Commission seek to increase the noticing requirements for administratively approved projects, staff recommends the Planning Commission make the following amendment:
 - Section 19.48.040 shall be amended to require all projects with new construction to send a mailing to properties within 500 feet.

- Allow Director to approve reduced parking instead of loss of units when no net loss in units is not possible: Staff included a provision that allows the Director to waive the no net loss of units requirement for certain sites. Typically, parking is the major constraint to building more units on a site. A commissioner recommended that the Director be able to waive parking requirements instead of waiving the no net loss in units requirement. Staff recommends that parking waivers instead be granted by the Planning Commission when a hardship exists on the site. Should the Planning Commission wish to add this exemption, staff recommends the following amendment:
 - Section 19.06.080 shall be amended to include the following language
“When no net loss in units is constrained by the inability to provide parking on a site due to unusual circumstances, the Director may waive or reduce parking requirements on a site to ensure no net loss in units on the site.

- Concern over lack of review authority by Planning Commission for a larger portion of development projects: The subcommittee expressed concern over limiting the Planning Commission’s review authority for certain projects, including condominiums, and larger development projects. In response to the subcommittee’s concern that too many projects could be administratively approved, there was one change made to the proposed zone text amendment. The previous version of zone text amendments allowed projects that did not utilize the state density bonus of any size to be administratively reviewed. While this may have provided an incentive to not utilize the state density bonus, it could have allowed much larger projects that comply with zoning to be administratively reviewed. For example, a project on a large lot could propose 100 units as permitted by base zoning, and the previous version of the text amendment would have allowed this project to be reviewed on a staff level. Instead, review authority is determined by project size or use of the other concessions category. The proposed changes do reduce the review authority of the Planning Commission, as requested by the City Council.

PUBLIC NOTICE

The City published a legal notice in the Beverly Press and West Hollywood Independent on November 2, 2017.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

The zone text changes are Categorically Exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061 of the CEQA Guidelines. Section 15061 states that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. No possibility exists that the proposed zone text amendments will have a significant effect on the environment. Specifically, the elimination of the 90% density rule will allow smaller buildings, which will have a reduced impact on the environment than the projects that are currently required by mandating projects build to 90% of the permitted density. The change to the density bonus concessions only makes administrative changes regarding the review authority for on-menu and off-menu concessions. All bonuses and concessions provided for under state law remain available. Furthermore, the change to review authority would not result in any change to projects, but would instead regulate who approves certain projects, which is an administrative change.

GENERAL PLAN CONSISTENCY

The proposed zone text amendments are consistent with the Goals and Policies of the General Plan, specifically Goal LU-1, which calls for maintaining an urban form and land use pattern that enhances quality of life and meets the community's vision for its future. The zone text amendments are also consistent with Goal LU-9, which encourages multi-family residential neighborhoods that are well maintained and landscaped, and include a diversity of housing types and architectural designs, Goal H-3, which encourages a diverse housing stock to address the needs of all socioeconomic segments of the community and Goal H-4, which states there should be adequate opportunities for new construction of housing. The subject zone text amendments provide developers with a wider range of options for development of sites in the R3 and R4 Districts, with incentives and the allowance for smaller projects where they did not exist before. While smaller buildings do not push the city towards its housing goals as quickly, a varied landscape of residential projects will further enhance the city's neighborhoods and urban pattern, providing a range of choices for a variety of socioeconomic segments.

EXHIBITS

- A. Draft Resolution No. PC 17-1235
- B. Index of Zoning Code Changes

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RESOLUTION NO. PC 17- 1235

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF WEST HOLLYWOOD, RECOMMENDING TO THE CITY COUNCIL APPROVAL OF A ZONE TEXT AMENDMENT AMENDING PORTIONS OF TITLE 19, WEST HOLLYWOOD ZONING ORDINANCE, TO AMEND THE 90% DENSITY REQUIREMENTS FOR R3 AND R4 DISTRICTS; TO AMEND THE DENSITY BONUS CONCESSION MENU; AND TO AMEND THE APPLICABLE REVIEWING BODIES IN THE DEVELOPMENT REVIEW PROCESS, WEST HOLLYWOOD, CALIFORNIA.

The Planning Commission for the City of West Hollywood hereby finds, resolves, and orders as follows:

SECTION 1. On June 5, 2017, the City Council directed staff to address concerns in the community regarding development projects in multi-family zoned neighborhoods. Council directed staff to reduce the 90% density requirements for the R3 and R4 Districts, streamline the development review process for certain projects, and to address height in R3 and R4 zones.

SECTION 2. A public hearing was duly noticed for the Planning Commission meeting of November 18, 2017 by publication in the Beverly Press newspaper, the West Hollywood Independent Newspaper, and the City website and by announcement on City Channel 6 by November 2, 2017.

SECTION 3. The zone text changes are Categorically Exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061 of the CEQA Guidelines. Section 15061 states that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The zone text changes are Categorically Exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061 of the CEQA Guidelines. Section 15061 states that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. No possibility exists that the proposed zone text amendments will have a significant effect on the environment. Specifically, the elimination of the 90% density rule will allow smaller buildings, which will have a reduced impact on the environment than the projects that are currently required by mandating projects build to 90% of the permitted density. The change to the density bonus concessions only makes administrative changes regarding the review authority for on-menu and off-menu concessions. All bonuses and concessions provided for under state law remain available. Furthermore, the change to review

authority would not result in any change to projects, but would instead regulate who approves certain projects, which is an administrative change.

SECTION 4. The Planning Commission of the City of West Hollywood hereby finds that Zone Text Amendment 2017-1235 is consistent with the Goals and Policies of the General Plan, specifically Goal LU-1, which calls for maintaining an urban form and land use pattern that enhances quality of life and meets the community's vision for its future. The zone text amendments are also consistent with Goal LU-9, which encourages multi-family residential neighborhoods that are well maintained and landscaped, and include a diversity of housing types and architectural designs, Goal H-3, which encourages a diverse housing stock to address the needs of all socioeconomic segments of the community and Goal H-4, which states there should be adequate opportunities for new construction of housing. The subject zone text amendments provide developers with a wider range of options for development of sites in the R3 and R4 Districts, with incentives and the allowance for smaller projects where they did not exist before. While smaller buildings do not push the city towards its housing goals as quickly, a varied landscape of residential projects will further enhance the city's neighborhoods and urban pattern, providing a range of choices for a variety of socioeconomic segments.

SECTION 5. Based on the foregoing, the Planning Commission of the City of West Hollywood hereby recommends approval to the City Council of Zone Text Amendment 2017-1235, which is attached hereto as Attachment A.

PASSED, APPROVED AND ADOPTED by the Planning Commission of the City of West Hollywood at a regular meeting held this 16TH day of November, 2017 by the following vote:

AYES: Commissioner:

NOES: Commissioner:

ABSENT: Commissioner:

ABSTAIN: Commissioner:

SUE BUCKNER, CHAIRPERSON

ATTEST:

BIANCA SIEGL, PLANNING MANAGER
LONG RANGE AND MOBILITY PLANNING

Decisions of the Planning Commission are subject to appeal in accordance with the procedures set forth in West Hollywood Municipal Code Chapter 19.76. Any action to challenge the final decision of the City of West Hollywood made as a result of the public hearing on this application must be filed within the time limits set forth in Code of Civil Procedure Section §1094.6.

Attachment A

(New text indicated with underline, deleted text with ~~strikethrough~~.)

Section 1. Section 19.06.080 R3 and R4 Zoning District Development Standards – Required Density of Chapter 19.06 of Title 19 is amended to read as follows:

All new residential projects in the R3 and R4 zoning districts shall be built to have no net loss in dwelling units, unless the number of existing dwelling units is greater than allowed by zoning, in which case the project shall build to the maximum number of units allowed by the residential density requirements in Section 19.06.040. The director may approve a reduction in required units where unusual conditions do not allow redevelopment of a site with no net loss in units. ~~a minimum of the 90% of the density allowed by the zoning district.~~ ~~Notwithstanding the provisions of Section 19.22.040(A), if the maximum allowable density allows 11 units, an on-site inclusionary unit shall be incorporated into a project consisting of 10 units.~~ This provision shall apply only if all existing dwelling units on the site are demolished and new dwelling units are constructed.

Section 2. Section 19.22.050E(2), Available Concessions, of Chapter 19.22 of Title 19 is amended to read as follows:

2. Available Concessions. The following concessions may be requested:
 - ~~a.~~ ~~An additional story, not to exceed 10 feet of total project height; or~~
 - ~~b.~~ a. Ten percent reduction in the minimum rear yard setback; or
 - ~~c.~~ b. Ten percent reduction in the minimum front yard setback; or
 - ~~d.~~ c. Ten percent reduction in the minimum side yard setback on one side; or
 - ~~e.~~ d. Ten percent reduction in total common open space required; or
 - ~~f.~~ e. Ten percent reduction in private open space for up to 50 percent of the units.
 - ~~g.~~ f. Other regulatory concessions that result in identifiable financially sufficient, and actual cost reductions to provide for affordable housing costs or for rents for the affordable units as specified in Government Code Section 65915. The applicant shall provide reasonable documentation establishing the eligibility for the concession under state law, which includes what cost reductions result, and how those reductions provide for affordable housing costs or rent.

Section 3. Section 19.22.050E(4), Review Authority, of Chapter 19.22 of Title 19 is added to read as follows:

4. Review Authority:

- a. The review authority for requests for concessions under this subsection (f) shall be the Planning Commission.
- b. The review authority for requests for concessions under subsection a-e will be reviewed based on the number of unit threshold detailed in Table 4.2.

Section 4. Subsection 19.22.050E(3)(a) of Chapter 19.22 of Title 19 is amended to read as follows:

- a. ~~The concession or incentive is not required in order to~~ does not result in identifiable and actual cost reduction to provide for affordable housing costs, or for rents for the targeted units to be set as specified in Section 65915 of the California Government Code;

Section 5. Table 4-2, Development Permit Review Authority, in Section 19.48.030 of Chapter 19.48 of Title 19 is amended to read as follows:

TABLE 4-2: DEVELOPMENT PERMIT REVIEW AUTHORITY

Type of Use or Project	Review Authority	
	Director	Commission
Residential Zoning Districts		
Residential project: 4 or fewer units in R1, R2 & R3 zones, except condominiums 8 or fewer units in R4 zones (or 9 units where one is inclusionary), except condominiums <u>Any project in R1 and R2 zones</u> <u>6 or fewer units in R3 zones</u> <u>12 or fewer units in R4 zones</u>	X	
Residential project: 5 or more units in R1, R2 & R3 zones 9 or more units (10 or more if at least 1 is inclusionary) in R4 zones <u>7 or more units in R3 zones</u> <u>13 or more units in R4 zones</u> <u>Any project that utilizes affordable housing concession 19.22.050E2f (Other concessions not listed)</u>		X
<u>Residential condominiums tract maps only (the underlying development project is reviewed based on the project characteristics as set forth herein)</u>		X

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Index to Zoning Code Changes

Code Section	Equivalent Section in Current Code	Description of Change
<p><i>Article 19-2 Zoning Districts and Allowable Land Uses</i> <i>Chapter 19.06 Residential Zone Districts</i></p>		
19.06.080: R3 and R4 Zoning District Development Standards – Required Density	19.06.080	Modify to eliminate 90% density requirement, and require no net loss of units, with Director exemption
<p><i>Article 19-3 Site Planning and General Development Standards</i> <i>Chapter 19.22 Affordable Housing Requirements and Incentives</i> <i>19.22.030 Affordable Housing Concessions</i></p>		
19.22.050E(2), Available Concessions 19.22.050E(4), Review Authority Subsection 19.22.050E(3)(a)	19.22.030	Modify Subsection E(2) to eliminate (a) height concession and add language on cost reduction; Add Subsection E(4) to clarify review authority; Modify Subsection E3a to clarify cost reduction language.
<p><i>Article 19-4 Land Use and Development Permit Procedures</i> <i>Chapter 19.48 Development Permits</i> <i>Section 19.48.030 Review Authority</i></p>		
Table 4-2, Development Permit Review Authority	Table 4-2	Modify Table 4-2, Residential Projects, to change the threshold for Director or Commission review

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