

**CITY OF WEST HOLLYWOOD
PLANNING COMMISSION
LONG RANGE PLANNING PROJECTS SUBCOMMITTEE
REGULAR MEETING AGENDA**

**Thursday
October 17, 2024
5:30 P.M. – 6:30 P.M.**

**West Hollywood Park Public Meeting Room
Council Chambers – Closed Session Room
625 N. San Vicente Boulevard
West Hollywood, California**

Land Acknowledgement: “The West Hollywood Planning Commission Long Range Planning Projects subcommittee acknowledges that the land on which we gather and that is currently known as the City of West Hollywood is the occupied, unceded, seized territory of the Gabrieleño Tongva and Gabrieleño Kizh peoples.”

1. ROLL CALL

2. APPROVAL OF AGENDA

3. COMMENTS FROM THE PUBLIC

4. DISCUSSION ITEMS:

**A. PROPOSED ZONE TEXT AMENDMENT
COMMERCIAL TO RESIDENTIAL CONVERSIONS:**

Continued from Thursday, August 15, 2024. The Planning Commission Long Range Planning Projects Subcommittee will provide input on various options to facilitate and streamline the conversion of commercial to residential uses.

5. COMMENTS FROM THE PUBLIC

6. COMMENTS FROM STAFF

7. COMMISSION MEMBER COMMENTS: Additional general comments, announcements, requests of staff and/or other issues of concern to the Long Range Planning Projects Subcommittee members.

ADJOURNMENT: Noting the cancellations of the Planning Commission Long Range Planning Projects Subcommittee meetings on Thursday, November 21, 2024 and Thursday, December 19, 2024, the Planning Commission Long Range Planning Projects Subcommittee will adjourn to a regularly scheduled meeting on **Thursday, January 16, 2025** at 5:30 P.M. at West Hollywood Park Public Meeting Room, Council Chambers - Closed Session Room, 625 N. San Vicente Boulevard, West Hollywood, California.

TO PARTICIPATE IN-PERSON:

The Planning Commission Long Range Planning Projects Subcommittee public meeting, commission members, city staff, and members of the public will participate in Council Chambers, Closed Session Room located at 625 N. San Vicente Boulevard, West Hollywood, California 90069.

IF YOU'D LIKE TO PROVIDE A WRITTEN COMMENT:

Members of the public who wish to comment on matters before the Long Range Planning Projects Subcommittee are strongly encouraged to submit an E-Mail with their comments to pcsubpubliccomments@weho.org no later than 4:00 p.m. on the Long Range Planning Projects Subcommittee meeting day.

Note: E-Mails received by 4:00 p.m. will be forwarded to the Long Range Planning Projects Subcommittee members and posted on the City's website as part of the official meeting record.

This agenda was posted at: City Hall, West Hollywood Library, Plummer Park Community Center, West Hollywood Sheriff's Station and online at www.weho.org

To comply with the American with Disabilities Act of 1990, Assistive Listening Devices (ALD) will be available for checkout at the meeting. If you require special assistance to participate in this meeting (e.g., a signer for the hearing impaired), you must call, or submit your request in writing to the Office of the City Clerk at (323) 848-6800 at least 48 hours prior to the meeting. The City TDD line for the hearing impaired is (323) 848-6496.

Special meeting related accommodations (e.g., transportation) may be provided upon written request to the Office of the City Clerk at least 48 hours prior to the meeting. For information on public transportation, call 1-323-GO-METRO (323/466-3876) or go to www.mta.net.

If you would like additional information on any item appearing on this agenda, please contact Francisco J. Contreras, AICP, Long Range Planning Manager, in the Community Development Department at (323) 848-6558, or via email at: fcontreras@weho.org

PLANNING COMMISSION LONG RANGE PLANNING PROJECTS SUBCOMMITTEE MEMBERS

Subcommittee members are appointed by the presiding Chair and have been approved by consensus of the Planning Commission for terms through June 30, 2024.

Erick J. Matos, Chair
David S. Gregoire
Andrew Solomon

STAFF

Francisco J. Conteras, AICP, Long Range Planning Manager
David Gillig, Planning Commission Secretary

CONTACT | PUBLIC COMMENTS

City of West Hollywood, Community Development Department
8300 Santa Monica Boulevard, West Hollywood, CA 90069-4314
323.848.6475 (main) | 323.848.6569 (fax)

pcspubliccomments@weho.org

*To contact subcommittee members, please forward your request to:
David Gillig, Planning Commission Secretary at dgillig@weho.org*

This page intentionally left blank

PLANNING COMMISSION
LONG RANGE PLANNING PROJECTS SUBCOMMITTEE

OCTOBER 17, 2024

SUBJECT: HOUSING ELEMENT IMPLEMENTATION: CONSIDERATION OF
CONVERSION OF COMMERCIAL TO RESIDENTIAL USES

PREPARED BY: COMMUNITY DEVELOPMENT DEPARTMENT
(Francisco J. Contreras, AICP, Long Range Planning Manager)
(Tahirah Farris, AICP, Senior Planner, Long Range Planning)
(Emily Rotman, Assistant Planner, Long Range Planning)

STATEMENT ON THE SUBJECT:

This item is continued from the August 15, 2024 Planning Commission Long Range Planning Projects Subcommittee meeting and there were no changes to this staff report.

The Planning Commission Long Range Planning Projects Subcommittee will provide input on various options to facilitate and streamline the conversion of commercial to residential uses to provide opportunities for additional housing across the City. This housing program is incorporated in the City's 6th Cycle Housing Element.

BACKGROUND / ANALYSIS:

City of West Hollywood's Housing Element

The adopted and certified 6th Cycle Housing Element ("Housing Element") for the City of West Hollywood contains goals and policies that establish a framework and strategies to promote housing availability, affordability, and adequacy in the City. The Housing Element addresses housing needs across the City's economic and social spectrum through a series of equitable housing programs, one of which is to ensure adequate sites for the Regional Housing Needs Assessment (RHNA) and monitoring of no net loss (Housing Program #11). Housing Program #11 includes objectives related to the conversion of commercial to residential uses:

- I. Starting in Q3 2023 with completion by Q4 2024, study and develop regulations that help streamline development standards for the conversion of office space into housing. After evaluating this item, staff will present policy options to the City Council, followed by drafting of a zone text amendment to address this issue as directed.
- II. Starting in Q4 2025 with completion by Q1 2027, study and evaluate options for regulations to incentivize conversion of office space to residential units where appropriate, including changes to the mixed use incentive overlay. After evaluating this item, staff will present policy options to the City Council, followed by drafting of a zone text amendment to address this issue as directed.

- III. Starting in Q3 2026 with completion by Q4 2027, reevaluate the proportion of commercial to residential in mixed use buildings, with potential to amend regulations to incentivize increased residential. After evaluating this item, staff will present policy options to the City Council, followed by drafting of a zone text amendment to address this issue as directed.

Commercial to Residential Conversions

Under the most recent 6th Cycle RHNA, the City must accommodate 3,933 new housing units across various income levels. One increasingly explored strategy to increase housing production is converting existing buildings with non-residential uses, such as office and other commercial space, into housing. This is often referred to as adaptive reuse. As the COVID-19 pandemic and telework changed how office space is used across the country, cities are exploring strategies to convert underutilized office space to residential uses to address both housing shortages and high office vacancy rates. Repurposing existing buildings also promotes sustainable practices by extending the life of buildings and maximizing the energy and resources used in the initial construction. However, there are significant financial, physical, and regulatory challenges to making conversion projects attractive and feasible.

Barriers to Conversion Projects

Most office building conversion to housing is not financially feasible given the lower profitability of multi-family residential compared to office space, higher development costs, and the possible need to buy out existing tenants if the building is not fully vacant. In addition to financial constraints, existing zoning regulations, building codes, and development standards, such as open space requirements, may make it difficult or cost-prohibitive for commercial uses to convert space to residential or mixed-use developments. Existing commercial buildings don't typically have a structure or layout conducive to residential use and could likely require significant system retrofits and renovations to comply with current codes and development standards. For example, the City currently requires multi-family projects to provide private open space at a ratio of 120 square feet per unit and additional common open space ranging from 200 to 2,000 square feet depending on the number of dwelling units. Complying with this requirement can be prohibitive for many adaptive reuse projects.

Conversions also present significant building code challenges, particularly with accessibility, egress, seismic upgrades, and compliance with the updated California Energy Code and CalGreen. Other regulations, such as affordability and unit size requirements, and the permitting and approval process, hinder developers from converting existing commercial buildings into housing. Particularly, inclusionary housing requirements often make already precarious conversion projects financially infeasible. It is frequently more cost-effective to demolish an existing building and build a new residential or mixed-use project from the ground up, especially if a project could achieve a greater density as new construction.

Characteristics Suitable for Adaptive Reuse

Several factors may make a building suitable for adaptive reuse. Building design and footprint are cited as the most important factors in determining the potential for adaptive reuse; this can include floor plates (i.e., the size and shape of the floor), the location of vertical support elements (such as elevators, stairs, and mechanical shafts), and the age of the building. Buildings with repetitive floor plates, shallow rectangular layouts, and sufficient gross area are well suited for residential adaptive reuse. While older buildings are more likely to be converted because prior use may be obsolete, they may have significant building code and retrofitting issues. A study conducted in San Francisco found that high-rise buildings with floor plates between 12,000-15,000 square feet are prime candidates for adaptive reuse.¹ Additionally, buildings with more than 50% vacancy are more likely to be candidates for adaptive reuse.

Adaptive reuse projects to convert hotel and motel properties into housing units are typically lower-risk and more cost-effective given that these properties already serve a temporary residential purpose. For example, the California Department of Housing and Community Development estimates the average cost per unit for hotel-to-housing conversions in California to be \$130,000, significantly cheaper than per unit costs for other conversion types and new construction.²

Adaptive Reuse in the Region

The City of Los Angeles created more than 12,000 housing units in Downtown Los Angeles through their 1999 Adaptive Reuse Ordinance. It is currently proposing an updated ordinance that would expand building eligibility, widen geographic scope, increase design flexibility, and provide additional incentives. The City of Santa Monica is also developing an Adaptive Reuse Ordinance to remove zoning and process barriers and create incentives to convert existing buildings into housing.

To address some of the barriers to conversions, cities in the region have modified or waived development standards (such as open space requirements, unit size requirements, and allowance of additional height and/or floor area) and offered process incentives (including by-right or streamlined permitting, waivers or reductions of fees, modifications of inclusionary requirements, or offering additional density bonus). For example, the City of Beverly Hills allows applicants to request relief from open space requirements due to physical constraints and is proposing changing the maximum density calculation applicable to residential conversion projects. The City of Los Angeles exempts adaptive reuse projects from any zoning requirements for minimum unit size and permits new construction on the roof not to exceed one story. The City of Santa Monica is exploring allowing a bonus of new floor area, modifying inclusionary housing requirements, and waiving impact fees.

¹ <https://www.spur.org/publications/research/2023-10-05/workspace-homebase>

² <https://urbanland.uli.org/planning-design/hotel-to-housing-conversions-proliferate>

State Law Considerations

The State's Density Bonus Law already allows some flexibility for developers to reallocate and/or waive certain development standards when affordable units are provided. Beyond the flexibility provided by Density Bonus Law, Assembly Bill 2011 (AB 2011) and Senate Bill 6 (SB 6), both effective July 1, 2023, are intended to permit residential development on sites currently zoned and designated for office, retail, or parking as principally permitted uses.

AB 2011 creates a CEQA-exempt, ministerial approval process for multi-family housing developments on sites within a zone where office, retail, or parking are the principal permitted use. AB 2011 provides slightly different qualifying criteria for 100-percent affordable projects and mixed-income projects located along "commercial corridors."

SB 6 also allows residential and mixed-use development on sites currently zoned and designated for commercial, parking, or retail as principally permitted uses if certain criteria are met. Pursuant to SB 6, projects meeting specified criteria may invoke SB 35 and the Housing Accountability Act to limit local discretion to deny or condition approval. However, such projects are not exempt from CEQA and need not provide affordable housing except as required by local inclusionary requirements or unless invoking SB 35. A project proposed under SB 6 may be either a 100-percent residential project or a mixed-use project where at least 50 percent of the square footage is dedicated to residential uses.

Under AB 2011 and SB 6, qualifying commercial to residential conversions will be approved ministerially and permitted in all commercial zones throughout the City. However, objective development standards would still need to be met.

Assembly Bill 1490 (AB 1490) and Assembly Bill 529 (AB 529) were passed in 2023 that encourage adaptive reuse to address the housing crisis. AB 1490 streamlines 100% affordable housing projects that adaptively reuse an existing building with residential units or allows temporary dwellings or occupancy even if it conflicts with local plans, zoning ordinances or regulations. AB 529 requires HCD to convene a working group to identify potential amendments to state building standards that support adaptive reuse residential projects by December 31, 2025.

Additionally, pending bills AB 3068 (Haney, Quirk-Silva, Wicks) and AB 2910 (Santiago) would further remove barriers to adaptive reuse projects. As proposed, AB 3068 would deem an adaptive reuse project a use by right in all zones, regardless of the zoning of the site, and subject to a streamlined, ministerial review process if the project meets specified requirements (including age of the building or historic preservation requirements and affordability criteria). AB 2910 (Santiago) would allow pro-housing cities to adopt alternative building code standards for adaptive reuse.

West Hollywood Context

Many cities are exploring adaptive reuse and commercial to residential conversions not only to increase housing opportunities, but also to simultaneously revitalize downtown cores and address high office vacancies. A market trend report found that West Hollywood had a generally lower direct vacancy rate for office space (11.8%), compared to 15.4% for the Los Angeles region, 18.4% for West Los Angeles, and 18.5% for Downtown Los Angeles, in Q1 of 2024.³ Given that West Hollywood's existing building stock is largely multi-family residential, there are limited opportunities throughout the City for commercial to residential conversions. Staff have identified specific buildings and corridors that could be theoretical candidates for conversion projects (e.g., the Emser Tile building on Santa Monica Blvd., the Pacific Design Center, and the Sunset Blvd. corridor) given building characteristics and typologies.

There has only been one completed residential conversion project in the past several years. The City approved the conversion of a medical office building built in 1962 into a condominium complex at 8899 Beverly Blvd., which was completed in 2022. Though it is not clear what demand exists for office or other commercial to residential conversions, removing common barriers for these projects would help achieve the City's housing goals.

DISCUSSION / FEEDBACK:

Applicants seeking to convert commercial to residential uses can continue to utilize state law, as applicable, to address some of the challenges with converting commercial to residential use. However, staff proposes exploring supplemental options to provide further relief to support conversions from commercial to residential uses more quickly and as outlined in the City's Housing Element. Based on feedback from this Subcommittee, staff could conduct additional analysis on one or more of the following options to inform and draft a zone text amendment for City Council consideration.

Below is a list of policy questions, along with examples, for discussion.

- **What types of conversion projects should be covered under a zone text amendment?** (e.g., all conversions or specifically office space, partial vs. full conversions, new construction and additions)
- **What limitations, if any, should apply to the zone text amendment?** (e.g., geographic area/zone, type of use, age, size of building)
- **How broad or narrow should the City extend an adaptive reuse/conversion policy?** (e.g., all adaptive reuse vs. only commercial to residential uses, inclusion of hotel and motel conversions, identifying specific candidate buildings)

³ https://kidder.com/wp-content/uploads/market_report/office-market-research-los-angeles-2024-1q.pdf

- **How should affordability be addressed for conversion projects?** (e.g., only allow waivers, modifications, and incentives to apply to projects with mixed-income and/or deed-restricted affordable housing on site, focus inclusionary requirements on moderate-income housing)
- **What potential incentives should be explored?** (e.g., process incentives (staff is currently and concurrently proposing a separate Ministerial Permit Zone Text Amendment that would provide a ministerial review for projects that qualify under certain State laws such as AB 2011, AB 1490, SB 4, and SB 684) and/or modifications or waivers of certain development standards)