

SUBJECT: ZONE TEXT AMENDMENT TO ENCOURAGE AND FACILITATE
THE CONVERSION OF EXISTING COMMERCIAL
DEVELOPMENTS TO RESIDENTIAL USES

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STATEMENT ON THE SUBJECT

The Planning Commission will consider a Zone Text Amendment to encourage and facilitate the conversion of existing commercial buildings to multi-family residential uses. The proposed Zone Text Amendment aligns with state policy, West Hollywood's Housing Element, and climate action goals. The proposed Ordinance is not subject to subsequent review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15162 and is additionally categorically exempt from the provisions of CEQA, pursuant to Section 15183 and Section 15061(b)(3) of the State CEQA Guidelines.

RECOMMENDATION

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

Draft Resolution No. PC 25-1616: **"A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF WEST HOLLYWOOD, RECOMMENDING TO THE CITY COUNCIL APPROVAL OF AN ORDINANCE ADOPTING AN AMENDMENT TO TITLE 19, THE ZONING ORDINANCE OF THE WEST HOLLYWOOD MUNICIPAL CODE, TO ENCOURAGE AND FACILITATE THE CONVERSION OF EXISTING COMMERCIAL DEVELOPMENTS TO RESIDENTIAL USES, AND FINDING THE ACTION EXEMPT FROM CEQA."**
(EXHIBIT A)

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BACKGROUND / ANALYSIS

Under the most recent 6th Cycle Regional Housing Needs Assessment and Allocation (RHNA), the City must accommodate 3,933 new housing units across various income levels. One strategy to support this goal is to streamline the policy framework for residential conversion (RC) projects, which are development projects to convert existing buildings with non-residential uses, such as offices or other commercial uses, into housing. Residential conversions are a form of adaptive reuse (AR), which is the process of repurposing existing buildings for a new use other than for which the building was originally designed.

RC projects expand the City's housing supply while also preserving existing buildings, lowering carbon impacts, and keeping pace with changing real estate demand. RC projects also allow the City to respond to the market as market demand shifts between non-residential and residential uses. RC projects can also help mitigate the risk of outdated buildings, which are prevented from adapting to changing conditions, falling into underuse and deterioration.

Challenges to Conversion Projects

However, significant challenges exist to making RC projects feasible, including unclear policy frameworks that contribute to uncertainty, design standards that add complications to projects without proportional benefits to the community, and design standards unsuited to RC projects. The proposed Ordinance resolves these barriers by establishing clear standards, targeted concessions, and a predictable permitting process. These reforms will improve the feasibility of RC projects throughout the City. If adopted, this Ordinance will directly expand the range of feasible housing projects, helping the City meet its RHNA allocation of 3,933 units. Without action, vacant or outdated commercial buildings may sit unused, missing an opportunity to address housing needs and community vitality.

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 RHNA and to ensure that no project results in a net-loss of housing for the City (Housing Program #11). Housing Program #11 also includes objectives related to RC projects, calling for the development of regulations to streamline conversion of office space into housing, to incentivize conversion of office space to residential units, and to reevaluate the proportion of commercial to residential in mixed use buildings, followed by drafting of a zone text amendment to address the issue. These policies were the catalyst for this draft ordinance.

State legislation underscores the urgency of conversion opportunities, with Assembly Bill (AB) 1490 and AB 529 both directing agencies to facilitate adaptive reuse. AB 1490¹ makes adaptive reuse an allowable use for 100 percent affordable housing projects that designate at least 50 percent of the units as very low-income. Additionally, AB 529² requires the State Department of Housing and Community Development (HCD) to recommend code changes to support adaptive reuse projects by December 2025.

Overview of Adaptive Reuse Research

Staff reviewed adaptive reuse codes of Santa Monica, Los Angeles, and Beverly Hills, as well as post-pandemic adaptive reuse best practices as discussed in urban planning literature and market assessments. Staff also met with RC project developers who provided additional insights.

Based on the research, Staff recommends the following actions:

- Implement a flexible design framework to fully accommodate residential conversion projects, recognizing that older building forms and layouts often require creative, flexible solutions to meet modern housing standards.
- Eligibility periods for residential conversion projects should not be overly restrictive. The City of Los Angeles' initial AR ordinance had a single set date as the threshold for building age eligibility to qualify for by-right AR provisions, which posed a major constraint on potential projects. Its updated Ordinance has a rolling 15-year timeline, making any building older than 15 years eligible for AR. Other cities, such as Santa Monica, have no building age requirements at all.
- Eligibility for RC projects should not be restricted to specialized overlays or Specific Plans areas. Feedback from the Central City Association of Los Angeles suggested that LA's updated AR ordinance would be improved if extended to the entire city rather than a limited geographic area, as previously applied. Creating special overlays would add significant administrative burdens to RC projects and needlessly constrain where property owners may efficiently adapt to the city's evolving needs.

Additional feedback from the City's Current and Historic Preservation Planning (CHPP) division includes the following recommendations:

- Create design standards to address unique design dilemmas in West Hollywood, including implementing a requirement for visual screening for units that open directly into streets or alleyways and limiting glass walls along street fronts to improve privacy.
- Implement a waiver for open space requirements for buildings with no setbacks and within 1,000 feet of a public park of at least half an acre in size.
- Ensure that West Hollywood's design standards facilitate well-precedented solutions for complying with State light and air circulation requirements in buildings

¹ [Bill Text - AB-1490 Affordable housing development projects: adaptive reuse.](https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB1490)
(https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB1490)

² [Bill Text - AB-529 Adaptive reuse projects.](https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB529)
(https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB529)

that may adjoin neighboring buildings and have windowless walls. Solutions can include adding light wells, interior courtyards, skylights, or clerestory windows as seen in older row-style buildings.

Stakeholder Outreach

City staff also met with local developers who had experience in RC projects in the Los Angeles area. These industry experts provided the following recommendations:

- Provide exemptions from the City's open space requirements for buildings set on lots that may not accommodate the City's requirements. Solutions can include allowing 100 percent of rooftop open space to be counted towards the City's requirements, or providing limited exemptions to open space requirements for buildings with no setbacks and within 1,000 feet of a public park of at least half an acre in size.
- Provide exemptions for non-conforming uses and design standards, such as non-conforming setbacks on existing buildings. This can prevent costly remodels to accommodate modern setback requirements.
- Remove requirements for ground-floor retail, if they are currently required. Instead, allow flexibility so ground-floor areas can be utilized as management offices and amenity spaces as needed.
- Do not implement minimum unit sizes, which limit flexibility in how floor areas can be configured. Developers of affordable housing prefer higher unit counts, as this can increase the likelihood of obtaining special financing for affordable housing.
- Provide exemptions from density limits for RC projects. Projects will still be constrained by total gross floor area, height, and existing lot dimension standards, which will provide effective limits for how parcels are utilized.

Long Range Planning Subcommittee Feedback

Staff presented its initial research to the Long Range Planning Subcommittee (LRPSC) at its October 17, 2024 meeting. The LRPSC expressed support for a flexible policy framework to enable RC conversions. Members favored allowing partial and floor-by-floor conversions and cautioned against requiring ground-floor commercial uses, instead recommending maximum adaptability based on site conditions.

The Subcommittee also discussed affordability considerations, emphasizing the importance of facilitating project feasibility as appropriate. While supportive of moderate-income housing, members noted that blanket inclusionary requirements could reduce project viability. Suggestions included conducting a feasibility study, exploring incentives, and preventing oversized luxury units through maximum unit size or tailored FAR limits.

In response to this feedback, Staff implemented the following elements of the proposed Ordinance:

- The draft ordinance allows waivers for certain design standards, provided they do not pose health or safety risks.
- The Ordinance includes no restrictions on partial conversions, does not require ground floor retail, and allows hotels to convert to residential uses.

However, Staff determined not to waive affordable housing requirements for RC projects as this would conflict with the goals of the Housing Element and General Plan. To help offset the impact of affordable housing requirements on feasibility, the draft ordinance implements height and FAR waivers, allowing projects in CN zones to add up to two stories, and up to four stories in all other zones. Additionally, RC projects may exceed height limits in CN zones by up to one story or 12 feet, and up to two stories or 24 feet in all other zones. These waivers increase the feasibility of RC projects while retaining the City's goals of increasing affordable housing supply.

Staff considered implementing maximum unit size and FAR limits to disincentivize exclusively luxury RC projects. However, Staff determined that these solutions were not satisfactory for preserving affordability, and could pose constraints on multi-bedroom units necessary for families. Instead, Staff determined that flexible unit sizes would be more effective, opening up the possibility for low-income housing financing and increasing overall unit counts. Additionally, the previously discussed decision not to waive affordability requirements helps ensure that all RC projects have an affordable housing component.

PROPOSED ZONE TEXT AMENDMENT FOR COMMERCIAL TO RESIDENTIAL CONVERSIONS

New West Hollywood Municipal Code Section 19.36.400 Commercial to Residential Conversions

Currently, the WHMC does not directly address RC projects. This Ordinance provides a new code section to regulate RC projects and additional amendments to add new definitions, grant exemptions, and allow ministerial approval of qualifying projects. The modified sections are summarized in the table below:

Proposed Zone Text Amendment

Type	Section	Title	Change
New Code Section	19.36.400	Residential Conversions	New code section
Addition	19.90.020	Definitions of Specialized Terms and Phrases	New definitions for Residential Conversion, Existing Building Envelope
Addition	19.72.030	Non-conforming Structures	Added an exception for Residential Conversions regulating retention of non-conforming structures
Addition	19.64.030	Exceptions (Development Fees)	Added residential conversions
Addition	19.45.020	Ministerial Housing Permit	Added residential conversions

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

The proposed Ordinance is not subject to subsequent review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15162. No substantial changes are proposed by the Ordinance and there are no substantial changes in the circumstances under which the Project will be undertaken that will require major revisions to the previously certified Housing Element Environmental Impact Report (EIR) due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. Also, there is no "new information of substantial importance" as that term is used in CEQA Guidelines Section 15162(a)(3). Therefore, the previously certified Housing Element EIR adequately discusses the potential impacts of the proposed Ordinance. The proposed Ordinance is needed to facilitate the production of housing in the City. The Housing Element EIR fully analyzed the environmental impacts that could occur as a result of the implementation of the 2021-2029 Housing Element, including Goal H-4.

Alternatively, the Ordinance is also exempt from further environmental review under CEQA Guidelines Section 15183, which applies to projects that are consistent with the development density and use characteristics analyzed in a previously certified EIR for a General Plan or community-level plan. The proposed Ordinance implements Goal H-4 of the City's certified 6th Cycle Housing Element (2021–2029), which calls for fostering the adaptive reuse of existing structures for residential purposes using construction and planning incentives, and Program 11, which calls for the City to streamline development standards for the conversion of office space into housing. The proposed amendments do not introduce new or peculiar environmental impacts beyond what were already considered in the prior EIR, nor increase the severity of previously identified impacts. Instead, they implement previously analyzed policies intended to accommodate the City's housing needs by enabling residential reuse of non-residential buildings. Accordingly, no potentially significant off-site or cumulative impacts would occur beyond what was studied in the certified EIR for the City's 6th Cycle Housing element. The proposed Ordinance does not authorize specific construction projects but provides a regulatory pathway for RC projects consistent with existing planning and environmental documents. Therefore, no further environmental review is required under CEQA Guidelines Section 15183.

Finally, the proposed Ordinance is exempt pursuant to CEQA Guidelines Section 15061(b)(3) because it can be shown with certainty that this regulatory pathway will not result in significant effects on the environment. The proposed Ordinance would authorize the adaptive reuse of existing buildings with little new construction, consistent with the City's Housing Element.

COMPLIANCE WITH THE WEST HOLLYWOOD PRIMARY STRATEGY GOALS AND GENERAL PLAN 2035

This item is consistent with the Primary Strategic Goal(s) (PSG) and/or Ongoing Strategic Program(s) (OSP) of:

- PSG-1: Maintain the City's Unique Urban Balance with Emphasis on Residential Neighborhood Livability.
- PSG-2: Affordable Housing.
- OSP-9: Upgrade Existing Buildings & Infrastructure.

The draft ordinance supports PSG-1 by streamlining the City's ability to adapt to the evolving balance between commercial and residential uses. Underutilized and vacant commercial spaces can be detrimental to residential neighborhood livability. Efficient adaptation helps the City adjust to changing environments while preserving an appropriate balance of uses.

The draft ordinance also supports PSG-2 by creating more affordable housing construction opportunities. The language preserves the City's affordable housing requirements for RC projects and State incentives while including additional incentives such as height increases to support a greater housing supply.

Finally, the draft ordinance supports OSP-9 by facilitating continual upgrades to existing buildings. The Ordinance helps encourage preservation of existing buildings by requiring retention of at least 50 percent of the building's structure, resulting in reduced carbon emissions compared to completely new constructions. This allows the City to incrementally increase density and adapt to evolving land use needs while preserving West Hollywood's core identity.

In addition, this item is compliant with the following goal(s) of the West Hollywood General Plan:

- H-4: Provide for adequate opportunities for new construction of housing.
- H-5: Provide for a government environment that facilitates housing development and preservation.

The draft ordinance supports Goal H-4 by fostering the adaptive reuse of existing structures for residential purposes using construction and planning incentives. This Ordinance is a direct outgrowth of this goal, as previously discussed. Additionally, the draft ordinance supports the City's Housing Element Program #11, which calls for the City to streamline development standards for converting office space into housing.

The draft ordinance also supports Goal H-5 by providing a strong policy framework to support housing development and preservation. Creating clear standards for ministerial approval of RC projects helps reduce uncertainty and increase project feasibility. It implements incentives for redevelopment, such as strategically reducing or eliminating design barriers, and preserves the City's affordable housing requirements.

CLIMATE ACTION AND ENVIRONMENTAL SUSTAINABILITY

This item is consistent with the Climate Action and Adaptation Plan (CAAP), Climate Action Measures:

- EN-1: Improve energy performance, decarbonize and improve energy resilience of the existing building stock
- EN-3: Decarbonize the future building stock and implement best practices in sustainable and resilient new construction

RC projects directly advance the City's CAAP objectives by reducing embodied carbon emissions from demolition, preserving existing structures, and enabling retrofits such as electrification and heat pumps. These actions accelerate decarbonization while expanding housing opportunities. RC projects have reduced environmental impacts compared to all-new construction projects. Residential buildings are also less energy-intensive than most commercial uses, resulting in reduced carbon footprints. This leads to the environmental benefits that support the goals of the CAAP.

EXHIBITS

- A. Draft Resolution No. PC 25-1616 (With Ordinance Attached)
- B. Text Amendment Markup
- C. Existing Land Use Map