

CPC-2013-2551

**ATTACHMENT A
PROJECT NARRATIVE AND FINDINGS
DENSITY BONUS, AFFORDABLE HOUSING
INCENTIVES AND SITE PLAN REVIEW**

8150 Sunset Boulevard, Los Angeles

I. PROJECT PROPOSAL

A. Applicant and Property

AG SCH 8150 Sunset Boulevard Owner L.P. (the “**Applicant**”) is the owner of the property located at 8150 Sunset Boulevard, Los Angeles (APN 5554-007-014 and 5554-007-015), which is comprised of one legal lot (the “**Property**” or “**Project Site**”). The approximately 2.56-acre (111,339 square foot) Property is zoned C4-1D and is developed with approximately 80,000 square feet of commercial uses and 222 parking spaces.

B. Project Overview

The Project consists of the development of 249 residential units, of which 28 would be set aside for Very-Low Income Households, amenities for the residential units, approximately 65,000 square feet of community-serving retail and commercial uses, and approximately 820 parking spaces (the “**Project**”).

One of the Project’s primary objectives is to provide a significant number of affordable housing units in a part of the City of Los Angeles (the “**City**”) that lacks quality affordable housing in close proximity to major transportation nodes and major employment centers. In addition, the Project would replace an outdated commercial use with a mixed-use project comprised of residential uses and community-serving retail uses that would be consistent with the needs of this area of the City.

C. Request

The Applicant requests the following to allow for the development of the Project:

1. Pursuant to LAMC Section 12.22-A,25(c), a 22 percent Density Bonus to provide 45 additional units, in lieu of the 35 percent Density Bonus, where 11 percent (28 units) of the total units will be set aside for Very Low Income Households, and the utilization of Parking Option 1 to allow one on-site parking space for each Residential Unit of zero to one bedrooms, two on-site parking spaces for each Residential Unit of two to three bedrooms, and two-and-one-half on-site parking spaces for each Residential Unit of four or more

bedrooms. The applicant is requesting two Off-Menu Affordable Housing Incentives as follows:

- a. Pursuant to LAMC Section 12.22-A,25(g)(3), an off-menu Incentive to allow the lot area including any land to be set aside for street purposes to be included in calculating the maximum allowable floor area, in lieu of as otherwise required by LAMC Section 17.05; and
 - b. Pursuant to LAMC Section 12.22-A,25(g)(3), an off-menu Incentive to allow a 3:1 Floor Area Ratio for a Housing Development Project located within 1,560 feet of a Transit Stop, in lieu of the 1,500 foot distance specified in LAMC Section 12.22-A,25(f)(4)(ii);
2. Pursuant to Section 16.05 of the Los Angeles Municipal Code (the “LAMC”), Site Plan Review for a development that creates 50 or more dwelling units;¹

In addition, the Applicant has submitted separate applications for the following entitlement requests related to the Project:

- Conditional Use to permit the on-site sales, dispensing, and consumption of a full line of alcoholic beverages in four establishments, and the off-site sales of a full line of alcoholic beverages in connection with a full-service grocery store, pursuant to Section 12.24-W,1 of the LAMC; and
- Vesting Tentative Tract Map (the “VTTM”) No. 72370 to subdivide the Property into 11 lots, including one master lot and 10 airspace lots, and for condominium purposes for up to 249 residential condominium units, Pursuant to Section 17.15 of the LAMC.

D. Existing Conditions

The Property is located at 8150 Sunset Boulevard, at the southwest corner of Sunset Boulevard and Crescent Heights Boulevard in the City. The Property is bounded by Havenhurst Drive to the west, Crescent Heights Boulevard to the east, Sunset Boulevard to the north, and multi-family residential dwelling units to the south, which are located in the City of West Hollywood.

¹ Site Plan Review is normally required for the addition of 50,000 square feet or more of non-residential floor area and/or the addition of 50 or more residential units. In the case of the Project, fewer than 50,000 square feet of additional non-residential uses are proposed. The proposed 249 residential units, which would otherwise trigger Site Plan Review, would only be added as a result of the Incentives requested pursuant to California Government Code §65915 and LAMC §12.22-A,25 for the provision of affordable housing. Pursuant to Government Code §65915(j), the granting of a concession or incentive shall not be interpreted, in and of itself, to require another discretionary approval, such as Site Plan Review. Therefore, Site Plan Review should not be required for the Project.

The Property's General Plan designation is Neighborhood Office Commercial. The Property is zoned C4-1D. The "D" Limitation restricts the Property's floor area ratio to 1:1. The Property is not subject to a maximum height limit.

The Property is currently developed with an approximately 80,000 square foot retail strip mall, which includes 11,646 square feet of fast food restaurants and a 20,172 square foot bank. The retail strip mall was built in 1988 and the building housing the bank was built in 1960 and subsequently expanded in 1963 and 1973. In addition, there are currently approximately 222 parking spaces. There is also a billboard located at the Property that until recently was digital.

The Property is located in a well-established community of residential, retail, and commercial uses. The area is within a larger, developed commercial and retail area that includes commercial and multi-family residential uses to the west, a large commercial development, which includes a Trader Joe's, a Burke Williams Day Spa, the Sundance Cinemas movie theaters, and a Crunch gym, to the east. The XIV restaurant, a liquor store and Bar Marmont are located to the north along Sunset Boulevard and multi-family residences in the City of West Hollywood are located immediately south of the Property.

As such, the Project would be surrounded by a mix of commercial uses that are easily accessible to Project residents and visitors and by multi-family housing, uses that are consistent with the Project.

E. Project Description

The Project proposes to demolish the existing uses and redevelop the Property with a mixed-use development that would include 249 residential units, of which 28 would be set aside for Very-Low Income Households, amenities for the residents, approximately 65,000 square feet of community serving retail uses, and approximately 820 parking spaces. Building heights would range from one to three stories at the Sunset Boulevard retail frontage to 15 stories at Havenhurst Drive. Specifically, the Project would include one building element along Havenhurst Drive at 15 stories in height (or approximately 234 feet above grade as measured from the lowest point on the Project Site at the southwest corner of the property), one building element along Crescent Heights Boulevard at 11 stories (or approximately 174 feet above grade as measured from the southwest corner of the property), and one central building element between the east and west buildings at five stories (or approximately 110 feet above grade as measured from the southwest corner of the property). This design allows an approximately 150-foot-wide, open north-south-oriented view corridor between the taller east and west building elements that provides views southward across the Project Site from locations to the north and vice-versa. The Sunset Boulevard retail frontage would include a new retail structure varying in heights from one story to three stories, as well as a smaller, single-story retail structure within the interior plaza. Although building heights for the retail building fronting on Sunset Boulevard would be limited to three stories, an architectural projection at the northwest corner of this building would extend up to a height of 7 stories (or approximately 80 feet) above the Sunset Boulevard elevation.

The Property is 111,339 square feet, which is the basis for the Project’s floor area ratio (“FAR”) calculation. The requested FAR would be 3:1, which is equivalent to approximately 334,000 square feet of floor area. Table 1, below, provides an overview of the Project’s various components.

Table 1: Project Summary

Project Component	Residences	LAMC Floor Area
Residential Units	54 studio units 134 1 BR units 35 2 BR units 24 3 BR units 2 4 BR units	269,000 SF
Retail Use	N/A	11,937 SF
Restaurant	N/A	23,158 SF
Organic Grocery Store	N/A	24,811 SF
Walk-in Bank	N/A	5,094 SF
Total	249 units	334,000 SF

1. Residential Component

The Project would include a total of 249 units, as follows: 54 studio units, 134 one-bedroom units, 35 two-bedroom units, 24 three-bedroom units, and 2 four-bedroom units. 28 units would be set aside for Very Low Income Households. The total residential floor area, including all common areas, would be approximately 269,000 square feet.

The residential portion of the Project would include approximately 10,337 square feet of indoor amenities, which would include an approximately 1,037 square foot lobby, approximately 4,000 square feet of recreation rooms, approximately 2,700 square feet of fitness facilities, approximately 2,000 square feet of men’s and women’s changing facilities, an approximately 300 square foot business center, an approximately 300 square foot library, and outdoor swimming pools and roof decks.

2. Retail Component

The Project proposes the development of approximately 65,000 square feet of retail and commercial uses, including an approximately 24,811 square foot organic grocery store, approximately 23,158 square feet of restaurant uses, approximately 11,937 square feet of traditional community serving retail uses, and an approximately 5,094 square foot walk-in bank.

The Project's retail component has been designed to enhance the pedestrian experience along Sunset Boulevard by locating vibrant retail uses along Sunset Boulevard, creating large open spaces to encourage pedestrian activity, and engaging pedestrians along Sunset Boulevard by creating transparent retail storefronts and view corridors that connect the Project's open spaces and retail uses to Sunset Boulevard and Crescent Heights. The retail component includes a one- to three-story building oriented towards Sunset Boulevard adjoining a large central plaza surrounded by retail space. The plaza, which would be open to the public, would include areas set aside for outdoor dining and other public gathering areas. Roof terraces on the building fronting on Sunset Boulevard would also be available for outdoor dining and occasional special events. Pedestrian access between the parking levels and commercial uses would be provided by escalators, elevators and stairs.

3. Recreation, Landscaping and Open Space

The Project would include a substantial amount of outdoor open space, which is integral to the Applicant's desire to create a pedestrian friendly development. The Project would include an approximately 27,000 square foot publicly accessible central plaza that would form the ground-level core for both the commercial and residential uses. This plaza, which would include numerous benches and areas for public congregation, would provide a pedestrian connection among Sunset Boulevard, Crescent Heights Boulevard and Havenhurst Drive, encouraging pedestrian activity throughout the Property. An additional approximately 11,400 square feet of open space would be provided on roof terraces at Levels 2 and 3 of the commercial building fronting Sunset Boulevard. In addition, the existing traffic island at the intersection of Sunset and Crescent Heights Boulevards would be reconfigured to adjoin the Property, providing approximately 9,100 square feet of additional street-level open space that would be functionally integrated with the Project through landscaping, outdoor dining, and other common elements and amenities, although it would remain public property.

The Project would also include approximately 22,100 square feet of private balcony space and terraces and approximately 19,050 square feet of common space on rooftop areas for use by Project residents.

The Project would include approximately 9,300 square feet of indoor amenities for the Project residents, including approximately 4,000 square feet of recreation rooms, approximately 2,700 square feet of fitness facilities, approximately 2,000 square feet of men's and women's changing facilities, an approximately 300 square foot business center, and an approximately 300 square foot library. In addition, the Project includes outdoor swimming pools and roof decks.

The Project would be required to provide a minimum of 27,725 square feet of open space for the residential uses.² The Project would provide approximately 47,850 square feet of open space

² The 27,725 square feet of required open space is calculated as follows: 18,800 sf for 188 studio and 1-bedroom units; 4,375 sf for 35 2-bedroom units; and 4,550 sf for 26 3- and 4-bedroom units.

facilities for the residents, including approximately 22,100 square feet of private balcony space and terraces, approximately 19,050 square feet of common space on rooftop areas, and approximately 6,700 square feet of recreation and fitness uses.

Landscaping would be provided along the perimeter of the Property, as well as within the central plaza, rooftop decks and along the various pedestrian walkways integrated throughout the Property.

4. **Parking and Access**

The Project proposes to provide parking within four subterranean and semi-subterranean levels. The Project would provide approximately 820 parking spaces.

Because the Project provides a sufficient number of affordable units to qualify for a Density Bonus, the parking requirements for the residential uses are set forth in LAMC §12.22-A,25(d). Parking requirements for the commercial uses are set forth in LAMC §12.21-A,4.

LAMC §12.22-A,25(d)(1) provides that all residential units in the Housing Development Project (not just the restricted units), inclusive of handicapped and guest parking, shall be provided with one parking space for one and two bedroom units, two parking spaces for two and three bedroom units, and two and one-half parking spaces for four bedroom units. Based on this requirement, the Project's residential parking requirement is 311 parking spaces, as identified in Table 2, below. The Project would provide 326 parking spaces to serve the residential units, which exceeds the number of spaces required by the LAMC.

Table 2 – Residential Parking

Unit Type	Number of Units	Required Number of Parking Spaces
0 and 1 Bedrooms	188 units	188 parking spaces
2 and 3 Bedrooms	59 units	118 parking spaces
4 Bedrooms	2 units	5 parking spaces
Total Required	249 Units	311 parking spaces
Total Provided		326 parking spaces

The parking requirement for the commercial uses is 311 parking spaces, as identified in Table 3, below. The Project would provide 494 parking spaces to serve the commercial uses, which exceeds the number of spaces required by the LAMC.

Table 3 – Commercial Parking

Use	Square Footage	Required Parking per LAMC
Restaurant	23,158 square feet	232
Grocery Store	24,811 square feet	99
Retail	11,937 square feet	48
Walk-in Bank	5,094 square feet	10
Sub-Total		389
Bicycle Parking Reduction Pursuant to LAMC §12.21-A,4 (20% Reduction)		-78
Total Required	65,000 square feet	311
Total Provided		494

The Project includes a significant number of both short-term and long-term bicycle parking spaces to encourage and facilitate bicycle use by Project employees, visitors and residents, and thereby reducing the need to use an automobile to travel to and from the Project. Over 600 short- and long-term bicycle parking spaces would be provided within the enclosed parking garage and outside at Level 1 (the plaza level).

Access to the commercial parking levels would be provided by ramps off of Crescent Heights Boulevard, and retail valet parking service would be provided via a valet drop-off/pick-up area located on Level B01. Parking would be by valet during peak hours and self-parking, with attendant assistance, during off-peak hours. Resident parking levels would be accessed via dedicated residential access driveways off of Havenhurst Drive. In addition, the residential parking areas would also be able to be accessed from Crescent Heights Boulevard. Residential parking would be provided by valet during all hours from the residential parking valet areas located on Levels 1 and B02.

5. Affordable Housing

The Applicant is committed to providing on-site affordable housing. Therefore, the Project would provide 11 percent of the total 249 units, or 28 units, as on-site affordable units set aside for Very Low Income Households (the “**Restricted Units**”). The 28 Restricted Units would include 6 studio units, 18 one-bedroom units, 3 two-bedroom units, and 1 three-bedroom unit. The Restricted Units would be comparable to the market rate units, including total square footage, bedroom size, and number of bathrooms. In addition, the Restricted Units would be interspersed among the market-rate units within the Project.

a. Density Bonus

A Housing Development Project that provides a minimum of 11 percent of units reserved for Very Low Income Households is entitled to a Density Bonus of 35 percent (California Government Code §65915 *et seq.* (i.e., SB 1818) and LAMC §12.22-A,25(c)(1), as shown in Table 4, below. As identified in Table 5, below, the Project is eligible for a 35 percent Density Bonus because 11 percent (28 units) of the total 249 units at the Project would be set aside for Very Low Income Households.

The adopted 1988 Hollywood Community Plan allows a residential density range of up to 80 dwelling units per gross acre for residential land uses in the Community Plan area, but it also provides for the granting of density bonuses.³ The Community Plan specifically states:

Additional low and moderate-income housing is needed in all parts of this Community. Density bonuses for provision of such housing through Government Code 65915 may be granted in the Low-Medium I or less restrictive residential categories. (Hollywood Community Plan, p. HO-3)

The Community Plan's High residential density category is less restrictive than the Low-Medium I residential category, and corresponds to the R4 zone. Based upon the 2.56 acre area of the Project Site, the Community Plan provides for 204 units on the Property.⁴ The Project is requesting a 22 percent Density Bonus to provide 45 additional units, for a total of 249 units, even though it is eligible for a 35 percent Density Bonus because 11 percent (28 units) of the total units would be set aside for Very Low Income Households. Thus, with the requested Density Bonus, the Project would be consistent with the residential density limit provisions contained in the Community Plan.

In connection with the Density Bonus, the Project is requesting the utilization of Parking Option 1 to allow one on-site parking space for each Residential Unit of zero to one bedrooms, two on-site parking spaces for each Residential Unit of two to three bedrooms, and two-and-one-half on-site parking spaces for each Residential Unit of four or more bedrooms.

³ The Community Plan does not expressly state that the residential density limit applies to land designated for commercial uses, such as the Project Site. If the more conservative limits in the Community Plan did not apply, then the Property's C4 zone would permit residential uses consistent with the requirements of the R4 zone, which allow one unit for each 400 square feet of lot area. The Property's density limit under the C4 Zone requirement of one unit for each 400 square feet of lot area would allow up to 278 units on the Property.

⁴ The Community Plan density limit is actually based on "gross acre", which includes one-half of abutting streets. The gross acreage of the Property is approximately 2.85 acres, which would permit 228 units; however, to be conservative, the allowable density has been calculated upon the actual area available for development, not including the area of abutting streets.

Table 4: Permitted Density Bonus Calculation⁵

Percentage Very Low Income Units	Percentage Density Bonus
5	20
6	22.5
7	25
8	27.5
9	30
10	32.5
11	35

Table 5: Project Density Bonus Calculation

Total Number of Units Provided	249
Percentage of Very Low Income Units Required to Qualify for 35% Density Bonus	11%
Number of Very Low Income Units Provided	28 (11%)

b. Affordable Housing Incentives

Pursuant to California Government Code Section 65915(d)(2)(B) and LAMC Section 12.22.A.25(e)(1), a housing development project that qualifies for a density bonus shall be granted two development Incentives for providing at least 10 percent of the Project’s base density for Very Low Income Households. Additional Affordable Housing Incentives may be granted at the discretion of the City. The Project is providing 11 percent (28 units) Very Low Income units and is requesting two Incentives, as follows: (1) an off-menu Incentive to allow the lot area including any land to be set aside for street purposes to be included in calculating the maximum allowable floor area, in lieu of as otherwise required by LAMC Section 17.05; and (2) an off-menu Incentive to permit a 3:1 floor area ratio for a Housing Development Project located within approximately 1,560 feet of a Transit Stop, in lieu of the 1,500 foot distance specified in the on-menu Incentive allowing a 3:1 floor area ratio (LAMC Section 12.22-A,25(f)(4)(ii). Floor area ratio is explicitly defined in Government Code Section 65915(o)(1) as a development standard that may be waived or modified in connection with a project that qualifies for a density bonus.

⁵ LAMC §12.22-A,25(c)(1)

The Applicant is requesting an off-menu Incentive to permit the area of land required to be dedicated for street purposes to be included as lot area for purposes of calculating the maximum allowable floor area, in lieu of as otherwise required by LAMC Section 17.05. Because the Applicant has requested approval of a Vesting Tentative Tract Map, the Zoning Code would ordinarily require the permitted floor area to be calculated based on the post-dedication area of the Property rather than on the pre-dedication area if no subdivision of the Property is involved. This would result in a reduction of floor area from that which would otherwise be allowed, which would adversely affect the provision of affordable housing.

In addition, LAMC §12.22-A,25(f)(4)(ii) provides that an Applicant can request, in lieu of the otherwise applicable floor area ratio, a floor area ratio not to exceed 3:1, provided that the parcel is in a commercial zone in Height District 1 (including 1VL, 1L and 1XL), and fronts on a Major Highway as identified in the City's General Plan, and

- a. the Housing Development Project includes the number of Restricted Affordable Units sufficient to qualify for a 35 percent Density Bonus, and
- b. 50 percent or more of the commercially zoned parcel is located in or within 1,500 feet of a Transit Stop/Major Employment Center.

The Property is zoned C4, which is a commercial zone and is in Height District 1. The Property fronts Sunset Boulevard and Crescent Heights Boulevard, both of which are a Major Highway as identified by the City's General Plan.

Eleven percent of the Housing Development Project would be set aside for Very Low Income Households, which qualifies for a 35 percent Density Bonus.

Fifty percent of the commercially zoned parcel is located within approximately 1,560 feet of a Transit Stop at the intersection of Fairfax Avenue and Sunset Boulevard (Metro Rapid Route 780). The distance between this Transit Stop and 50 percent of the area of the Property is only 60 feet (or four percent) further than allowed by the on-menu Incentive. LAMC §12.22,A-25(g)(3) permits an applicant to request off-menu Incentives. Therefore, the Applicant is requesting an off-menu Incentive for the City to grant the same Incentive of the 3:1 floor area ratio as the on-menu Incentive identified in §12.22-A,25(f)(4)(ii) of the LAMC because all other requirements are met by the Project and fifty percent of the commercially zoned portion of the Property is located only approximately 60 feet (or four percent) further than the 1,500 foot requirement from the nearest Transit Stop, which satisfies the City's intent to locate affordable housing projects near Transit Stops.

The intent of the on-menu Incentive is to ensure that a property is accessible without a passenger vehicle. The Project Site is located in a portion of the City that is served by a significant amount

of public transportation. In addition to the Metro Rapid Line 780 stop, Metro also operates the following public transportation stops near the Property:

- The Metro Local and Limited Line 2/302 (24-hour service) stop is located at the intersection of Sunset Boulevard and Crescent Heights Boulevard, which is adjacent to the Property. Line 2/302, which has an annual ridership of more than 6 million passengers,⁶ also has stops at the intersection of Fairfax Avenue and Sunset Boulevard, providing a convenient transfer point to and from Metro Lines 217 and 780.
- The Metro Local and Limited Line 218 stop is located at the intersection of Sunset Boulevard and Crescent Heights Boulevard, which is adjacent to the Property.
- The Metro Local and Limited Line 217 (24-hour service) stop is located at the intersection of Fairfax Avenue and Sunset Boulevard, at the same location as the Metro Rapid Line 780 stop.

Together, these lines had a combined annual ridership of more than 12 million passengers.⁷ Metro Lines 2/302, 217, and 780 all offer peak hour headways of 15 minutes or less, consistent with the definition of a Major Bus Route in the LAMC and the City's adopted Affordable Housing Incentives Guidelines. The LAMC further provides that areas proximate to Major Bus Routes are appropriate locations for mixed-use developments. The intersection of Sunset Boulevard and Fairfax Avenue serves as a transit node that provides interconnectivity to transit throughout the area and the City.

F. Previous Cases, Affidavits, Permits, Etc.

Previous and relevant zoning-related actions affecting the Property include:

- Ordinance No. 164,714 imposing a "D" Development Limitation on the Property, limiting the total floor area of all buildings on the Property to no more than one times the buildable area of the lot;
- Case No. ZA 2007-3626(CUB) approving a conditional use permit for the sale and dispensing of beer and wine for on-site consumption in conjunction with an existing restaurant having operating hours of 7 a.m. to midnight daily;
- Case No. ZA 2001-5784(CUB)(CU) approving a conditional use permit for the sale and dispensing of beer and wine for on-site consumption in conjunction with an existing restaurant having operating hours of 7 a.m. to midnight daily;

⁶ 2012 annual estimated ridership, <http://isotp.metro.net/MetroRidership/IndexSys.aspx>

⁷ Ibid.

- Case No. ZA 93-0211(ZV) approving a variance to permit the construction, use, and maintenance of a dry cleaning business, as not permitted in the C4 Zone;
- Case No. ZA 92-1141(CUZ)(CCR)(ZV)(PAD) approving: 1) a conditional use permit to allow: a) the continued use and maintenance of a drive-through fast food restaurant; b) the continued use and maintenance of an existing commercial corner development with four restaurants operating between 11 p.m. and 7 a.m.; and 2) a variance to permit 222 parking spaces in lieu of the 376 spaces required by the LAMC;
- Case No. ZA 88-0939(E) approving a conditional use exemption to permit the sale of alcoholic beverages for on-site consumption within a 78-seat restaurant; and
- Case No. ZA 83-398(CUB) approving a conditional use permit authorizing the sale and dispensing of alcoholic beverages for on-site consumption within a proposed 120 seat restaurant.

G. Requested Approvals

1. Density Bonus and Affordable Housing Incentives

The Applicant is entitled to a 35 percent density bonus pursuant to LAMC Section 12.22-A.25(c)(1) because 11 percent of the units have been set aside for Very Low Income Households. A 35 percent density bonus shall be granted in connection with a development project that sets aside 11 percent of the number of dwelling units (before the inclusion of additional units allowed as a result of the density bonus) for Very Low Income Households. In the case of the Project, 28 units, representing 11 percent of the proposed total 249 units, would be set aside for Very Low Income households. Although the Project is eligible for a 35 percent density bonus, the Applicant is only requesting a 22 percent density bonus in order to provide 45 additional units, for a total of 249 units, in lieu of the 204 units otherwise permitted by the high residential density category under the Hollywood Community Plan.

A project that qualifies for a density bonus is also entitled to provide parking as required by Parking Option 1, pursuant to the provisions of LAMC §12.22-A,25(d)(1). In addition, the Applicant is requesting two Affordable Housing Incentives pursuant to California Government Code §65915 and LAMC §12.22-A,25 to facilitate the provision of affordable housing, as follows:

a. An off-menu Incentive to allow the lot area including any land to be set aside for street purposes to be included in calculating the maximum allowable floor area, in lieu of as otherwise required by LAMC Section 17.05

b. An off-menu Incentive to permit a 3:1 floor area ratio for a Housing Development Project where 50 percent or more of the parcel is located within approximately 1,560 feet of a Transit Stop, in lieu of 50 percent or more of the parcel being

within 1,500 feet, as specified in the on-menu Incentive allowing a 3:1 floor area ratio (LAMC Section 12.22-A,25(f)(4)(ii)).

2. Site Plan Review

As discussed above in Section I.C.1 above, Site Plan Review should not be required for the Project because the threshold is only met as a result of the Affordable Housing Incentives, and the Government Code provides that the granting of a concession or incentive shall not require any other discretionary approval. Nevertheless, the Applicant is requesting approval of a Site Plan Review pursuant to LAMC §16.05 to authorize a development that creates 50 or more dwelling units.

II. DRAFT FINDINGS

In order to approve the requests as outlined above in Section I.B and discussed in detail in Section I.G, the City must make the following findings:

A. Site Plan Review Findings:

1. The project is in substantial conformance with the purposes, intent and provisions of the General Plan, applicable community plan, and any applicable specific plan;

The Project would be in substantial conformance with the purposes, intent and provisions of the General Plan, the Hollywood Community Plan, and with the applicable provisions of the LAMC, including the Planning and Zoning Code.

The Property is located within the adopted Hollywood Community Plan area and is currently classified within the “Neighborhood Office Commercial” land use designation, corresponding to the C4 zone.

The Project would be in substantial conformance with the purposes, intent and provisions of the Hollywood Community Plan. The Project has been designed to comply with the City’s vision of Hollywood. Specifically, the Hollywood Community Plan envisions:

... a compact city that is growing vertically, mixing residential, commercial and industrial uses in new and interesting ways. With core industries in entertainment, tourism and health care, this is a Hollywood which supports a strong local and regional economy. A rich, multimodal transit system, an inviting walking environment, and mixed-use housing along transit corridors promote a livable community and enable many Hollywood residents to reduce their use of cars.

The balanced growth of commercial and residential uses provides a jobs-housing balance, enabling an increasing number of residents and visitors to live, work, play and shop in Hollywood. Implementation of mixed-income housing incentives creates opportunities for people who work in Hollywood to find affordable housing nearby.

The Project would be consistent with several important objectives and policies contained within the Hollywood Community Plan, as follows:

- *To further the development of Hollywood as a major center of population, employment, retail services, and entertainment;*
- *To make provision for the housing required to satisfy the varying needs and desires of all economic segments of the Community, maximizing the opportunity for individual choice;*

- *To promote economic well-being and public convenience through allocating and distributing commercial lands for retail and service facilities in quantities and patterns based on accepted planning principles and standards;*
- *Parking areas should be located between commercial and residential uses on the commercially-zoned properties where appropriate to provide a buffer, and shall be separated from residential uses by means of at least a solid masonry wall and landscaped setback;*
- *The Plan encourages the retention of neighborhood convenience clusters offering retail and service establishments oriented to pedestrians;*
- *New apartments should be soundproofed and should be provided with adequate usable open space at a minimum ratio of 100 square feet per dwelling unit excluding parking areas, driveways and the required front yard setback;*
- *Additional low and moderate-income housing is needed in all parts of this Community.*

The Project would include 249 units ranging from studios to four bedrooms, of which 28 would be set aside for Very Low Income Households. The Project retains and enhances the neighborhood convenience cluster offering retail and service establishments oriented to pedestrians. The Project includes numerous amenities and uses, including bicycle parking, recreational facilities, an organic grocery store, and convenient access to transit, all of which make it easier for residents to use alternative modes of transportation and minimize automobile trips.

The Property is located in a portion of the City that is served by a significant amount of public transportation. The Metro Rapid Line 780 and Line 217 stop is located at the intersection of Sunset Boulevard and Fairfax Boulevard, approximately 1,560 feet from the Property. In addition, the Metro Local and Limited Line 2 and 302 have stops located adjacent to the Property and at the intersection of Sunset Boulevard and Fairfax Boulevard. The Metro Local and Limited Line 218 stop is located at the intersection of Laurel Canyon Boulevard and Sunset Boulevard, approximately 80 feet from the Property. Therefore, the Project would incentivize jobs and housing growth on Sunset Boulevard, a portion of the City that is served by public transportation.

Parking for the Project would be provided within a subterranean and semi-subterranean parking garage. The residential units would be soundproofed in accordance with applicable standards, and open space for the residential units would be provided at a ratio in excess of 100 square feet per dwelling unit. Additional public open space shared between residents and visitors to the commercial uses would also be included within the Project and in the adjoining reconfigured traffic island at the intersection of Crescent Heights and Sunset Boulevard, providing more than 60,000 square feet of outdoor space.

The Project is also consistent with several objectives and policies set forth in the Housing Element, including:

- *Objective 1.1:* Plan the capacity and develop incentives for the production of an adequate supply of rental and ownership housing for households of all income levels and needs.
- *Policy 1.1.2:* Promote affordable rental housing for all income groups that need assistance.
- *Policy 1.1.3:* Facilitate new construction of a variety of housing types that address current and projected needs of the city's households.
- *Policy 1.4.2:* Promote the development of new affordable housing units citywide and within each Community Plan area.

The Project includes a number of housing types for households of varying income levels and housing needs. The Project includes 249 units ranging in size from studios to four bedroom units, and includes rental and condominium units. In addition, the Project proposes to include 28 units specifically designated for Very Low Income Households.

Therefore, the Project would be in substantial conformance with the purposes, intent and provisions of the General Plan.

2. The project consists of an arrangement of buildings and structures (including height, bulk and setbacks), off-street parking facilities, loading areas, lighting, landscaping, trash collection, and other such pertinent improvements, that is or will be compatible with existing and future development on adjacent properties and neighboring properties; and

The Project consists of an arrangement of buildings and structures (including height, bulk and setbacks), off-street parking facilities, loading areas, lighting, landscaping, trash collection, and other such pertinent improvements that is or would be compatible with existing and future development on adjacent properties and neighboring properties.

The Property is located in a well-established community of residential, retail, and commercial uses. The area is within a larger, developed commercial and retail area that includes commercial and multi-family residential uses to the west, a large commercial development, which includes a Trader Joe's, a Burke Williams Day Spa, the Sundance Cinemas movie theaters, and a Crunch gym, to the east. The XIV restaurant, a liquor store and Bar Marmont are located to the north along Sunset Boulevard, and multi-family residences in the City of West Hollywood are located immediately south of the Property. As such, the Project would be surrounded by a mix of commercial uses that are easily accessible to Project residents and visitors and by multi-family housing, uses that are consistent with the Project.

The Project proposes to redevelop the Property with mixed-use development that would include 249 residential units, of which 28 would be set aside for Very-Low Income Households, amenities for the residents, approximately 65,000 square feet of community serving commercial uses, and approximately 820 parking spaces.

The Property is 111,339 square feet, which is the basis for the Project's FAR calculation. The requested FAR would be 3:1, which is equivalent to approximately 334,000 square feet of floor area. As the plans depict, the Project would comply with the area and yard provisions of the C4 Zone (LAMC Section 12.16-C). The number of residential dwelling units (249) would be within the maximum density of 278 dwelling units permitted on the Property pursuant to LAMC Section 12.16-C,3 (400 square feet per dwelling unit).

The building would be comprised of various elements ranging in height from one to three stories at the Sunset Boulevard retail frontage to 15 stories at Havenhurst Drive. Specifically, the Project would include one building element along Havenhurst Drive at 15 stories in height (or approximately 234 feet above grade as measured from the lowest point on the Project Site at the southwest corner of the property), one building element along Crescent Heights Boulevard at 11 stories (or approximately 174 feet above grade as measured from the southwest corner of the property), and one central building element between the east and west buildings at five stories (or approximately 110 feet above grade as measured from the southwest corner of the property). This design allows an approximately 150-foot-wide, open north-south-oriented view corridor between the taller east and west building elements that provides views southward across the Project Site from locations to the north and vice-versa. The Sunset Boulevard retail frontage would include a new retail structure varying in heights from one story to three stories, as well as a smaller, single-story retail structure within the interior plaza. Although building heights for the retail building fronting on Sunset Boulevard would be limited to three stories, an architectural projection at the northwest corner of this building would extend up to a height of 7 stories (or approximately 80 feet) above the Sunset Boulevard elevation. The building height would be compatible with other multi-story buildings in the vicinity of the Project Site, including the Chateau Marmont hotel, the Sunset Tower hotel and the Andaz hotel.

The Project would include a substantial amount of outdoor open space, which is integral to the Applicant's desire to create a pedestrian friendly project. The Project would include an approximately 27,000 square foot publicly accessible central plaza that would form the ground-level core for both the commercial and residential uses. This plaza, which would include numerous benches and areas for public congregation, would provide a pedestrian connection among Sunset Boulevard, Crescent Heights Boulevard and Havenhurst Drive, encouraging pedestrian activity throughout the Property. In addition, the existing traffic island at the intersection of Sunset and Crescent Heights Boulevards would be reconfigured to adjoin the Project Site, providing approximately 9,100 square feet of street-level open space that would be functionally integrated with the project through landscaping, outdoor dining, and other common elements, although it would remain public property.

The Project would provide approximately 820 parking spaces to ensure that Project visitors and residents have sufficient spaces to park within the Project. The Project would provide more parking than required by the LAMC for both the residential and commercial components. The LAMC requires 311 parking spaces for the commercial uses, and the Project proposes to provide 494 parking spaces to serve the commercial uses, which is 183 more spaces than required by the LAMC for such uses. The LAMC also requires 311 parking spaces for the residential units, and the Project proposes to provide 326 parking spaces to serve the residential units, which exceeds the number of spaces required by the LAMC.

In conformance with LAMC Section 12.16-C,4, loading spaces complying with the requirements of LAMC Section 12.21-C,6 would be provided. Commercial and residential delivery vehicles would access the Project from the Havenhurst Drive. Commercial and residential delivery vehicles would not make any other maneuvers around the Project. Trash trucks would use the same points of ingress and egress.

The Project would include typical lighting, which would be shielded in compliance with the LAMC to avoid significant impacts to nearby uses.

Therefore, the project consists of an arrangement of buildings and structures (including height, bulk and setbacks), off-street parking facilities, loading areas, lighting, landscaping, trash collection, and other such pertinent improvements that is or would be compatible with existing and future development on adjacent properties and neighboring properties.

3. Any residential project provides recreational and service amenities to improve habitability for its residents and minimize impacts on neighboring properties.

The project provides recreational and service amenities to improve habitability for its residents and minimize impacts on neighboring properties.

The residential component of the Project provides numerous recreational and service amenities that would be available for residents. The residential amenities are provided on the third and ninth floors of the residential buildings, and include outdoor pools with large sundecks, approximately 2,700 square feet of fitness facilities, approximately 2,000 square feet of men's and women's changing facilities, approximately 4,000 square feet of recreation room facilities, an approximately 300 square foot library and an approximately 300 square foot business center. In addition, there is a significant amount of private and common open spaces located throughout the Project. The significant recreational and open space facilities proposed would minimize impacts on parks and other open space in the neighborhood since these facilities are included onsite. Finally, the retail component of the Project, including the organic grocery store, restaurants, and other retail uses, would provide services and improve habitability for the Project's residents and reduce the need to drive to other areas for these uses since they are provided on-site. The retail uses are oriented towards Sunset Boulevard and Crescent Heights

Boulevard, and internally within the Project, in order to minimize impacts on the residential areas to the south and west.

Therefore, the project provides recreational and service amenities to improve habitability for its residents and minimize impacts on neighboring properties.

B. Density Bonus and Affordable Housing Incentive Findings

A 35 percent Density Bonus shall be granted to a Housing Development Project that provides a minimum of 11 percent of units reserved for Very Low Income Households pursuant to California Government Code §65915 et seq. (i.e., SB 1818) and LAMC §12.22-A,25(c)(1). In the case of the Project, 28 units, representing 11 percent of the proposed total 249 units, would be set aside for Very Low Income households.

The adopted 1988 Hollywood Community Plan allows a residential density of up to 80 dwelling units per gross acre for residential land uses in the Community Plan area, but it also provides for the granting of density bonuses.⁸ The Community Plan specifically states:

Additional low and moderate-income housing is needed in all parts of this Community. Density bonuses for provision of such housing through Government Code 65915 may be granted in the Low-Medium I or less restrictive residential categories. (Hollywood Community Plan, p. HO-3)

The Community Plan's High residential density category is less restrictive than the Low-Medium I residential category, and corresponds to the R4 zone. Based upon the 2.56 acre area of the Project Site, the Community Plan provides for 204 units on the Property.⁹ The Project is requesting a 22 percent Density Bonus to provide 45 additional units, for a total of 249 units, even though it is eligible for a 35 percent Density Bonus because 11 percent (28 units) of the total units would be set aside for Very Low Income Households. Thus, with the requested Density Bonus, the Project would be consistent with the residential density limit provisions contained in the Community Plan.

The Project consists of three mixed-use buildings, the tallest of which would be 234 feet/fifteen stories. Along with 65,000 square feet of commercial/retail space, the Project would also offer

⁸ The Community Plan does not expressly state that the residential density limit applies to land designated for commercial uses, such as the Project Site. If the more conservative limits in the Community Plan did not apply, then the Property's C4 zone would permit residential uses consistent with the requirements of the R4 zone, which allow one unit for each 400 square feet of lot area. The Property's density limit under the C4 Zone requirement of one unit for each 400 square feet of lot area would allow up to 278 units on the Property.

⁹ The Community Plan density limit is actually based on "gross acre", which includes one-half of abutting streets. The gross acreage of the Property is approximately 2.85 acres, which would permit 228 units; however, to be conservative, the allowable density has been calculated upon the actual area available for development, not including the area of abutting streets.

249 residential units. The Applicant proposes to utilize LAMC 12.22.A.25 (Density Bonus), to develop the site with 11 percent (28 units) of the residential units as Very Low Income affordable units. A density bonus is granted in exchange for the Applicant setting aside a portion of their by-right dwelling units for habitation by Very Low Income Households for a period of at least 30 years. Consistent with the City’s Density Bonus Ordinance, the Applicant is requesting two “off-menu” incentives: (1) to permit the area of land required to be dedicated for street purposes to be included as lot area for purposes of calculating the maximum allowable floor area, in lieu of calculating the maximum FAR on the post-dedication area of the lot as otherwise required by the LAMC, *see* 12.22.A.25(g)(3); and (2) to permit a 3:1 floor area ratio (“FAR”) for a Housing Development Project located within approximately 1,560 feet of a Transit Stop, *see* LAMC 12.22.A.25(f)(4)(ii).

1. Density Bonus Legislation Background

The California State Legislature has declared that “[t]he availability of housing is of vital statewide importance,” and has determined that state and local governments have a responsibility to “make adequate provision for the housing needs of all economic segments of the community.” Gov. Code § 65580, subs. (a), (d). Section 65915 of the Government Code further provides that an Applicant for a housing development project seeking state-mandated incentives to build affordable housing must agree to, and the permitting agency must ensure, the “continued affordability of all low and very low income units that qualified the Applicant” for the density bonus.

With Senate Bill 1818 (2004), state law created a requirement that local jurisdictions approve a density bonus, parking relief, and up to three “concessions or incentives” for projects that include defined levels of affordable housing. In response to this requirement, the City created an ordinance that includes a menu of incentives (referred to as “on-menu” incentives) comprised of eight zoning adjustments that meet the definition of concessions or incentives in state law. Gov. Code § 65915. The eight on-menu incentives include: 1) reducing setbacks; 2) reducing lot coverage; 3) reducing lot width, 4) increasing floor area ratio (FAR); 5) increasing height; 6) reducing required open space; 7) allowing for an alternative density calculation that includes streets/alley dedications; and 8) allowing for “averaging” of FAR, density, parking or open space. To support the approval of an on-menu incentive, the City utilizes the same findings contained in state law for the approval of incentives or concessions. The incentives are deviations from the City’s development standards, thus providing greater relief from regulatory constraints. Utilization of the Density Bonus/Affordable Housing Incentives Program supersedes requirements of the Los Angeles Municipal Code and underlying ordinances relative to density, number of units, parking, and other requirements relative to incentives, if requested.

The City further ensures compliance with the State Density Bonus law by following its own duly adopted density bonus regulations and procedures codified in Section 12.22.A.25 of the Los Angeles Municipal Code. Section 12.22.A.25 creates a procedure to waive or modify zoning

code standards, including legislative body review, which may prevent, preclude or interfere with the intended effect of the State Density Bonus law. See also Gov. Code §§ 65915, subd. (a), 65915, subd. (d)(2)(C) and 65915, subd. (d)(3). If the on-menu incentives cannot provide the necessary relief from development regulations, waivers from the regulations can be requested pursuant to LAMC 12.22.A.25(g).

2. Need for a Density Bonus for the 8150 Sunset Project

The Project Site is located in a commercial zone in Height District 1 and fronts Sunset Boulevard, a Major Highway identified in the General Plan Transportation Element. As discussed above, the adopted 1988 Hollywood Community Plan allows a residential density of up to 80 dwelling units per gross acre for residential land uses in the Community Plan area, but it also provides for the granting of density bonuses. Under the Hollywood Community Plan, and without specific approvals, the Property could support a base of 204 residential units. However, the Project instead proposes to include 249 units, with 28 units restricted to Very Low Income Households. The Project would thus provide 11 percent Very Low Income rental units, which would qualify for a 35 percent density bonus. The Project would also satisfy the visual, cultural, and safety design pre-requisites for on-menu incentives. LAMC 12.22.A.25(e)(2)(i)-(iv). The Project just misses qualifying for the key on-menu incentive needed to facilitate its development. Specifically, LAMC's on-menu incentives permit applicants to increase the applicable FAR, "not to exceed 3:1, provided the parcel is in a commercial zone in Height District 1 . . . and fronts on a Major Highway as identified in the City's General Plan, and the Housing Development Project includes the number of Restricted Affordable Units sufficient to qualify for a 35% Density Bonus, and 50% or more of the commercially zoned parcel is located in or within 1,500 feet of a Transit Stop/Major Employment Center." LAMC 12.22.A.25(f)(4). Fifty percent or more of the Project Site is located within 1,560 feet of a Metro Transit Stop.

The list of on-menu incentives in 12.22.A.25 was compiled, or pre-evaluated, at the time the Density Bonus Ordinance was adopted to include types of relief that minimize restrictions on the size of projects offering affordable housing. However, this list of on-menu incentives would not provide the relief from the Municipal Code that would be needed to construct the Project.

Because the Project Site is 60 feet beyond the 1,500-foot distance requirement for 50% of the property, the Applicant has requested approval of an off-menu Affordable Housing Incentive to permit a 3:1 FAR for a Housing Development Project located within approximately 1,560 feet of a Transit Stop, in lieu of the 1,500 foot distance specified in the on-menu incentive allowing a 3:1 floor area ratio.

As noted above, the Applicant is also seeking an off-menu incentive to include land within the project site that will be dedicated for public street purposes when calculating the maximum FAR for the Project. These off-menu incentives are both waivers of development standards not on the menu of incentives. Per the State Density Bonus Program and the LAMC, a project may request as many off-menu waivers as they wish. The Applicant has identified the aforementioned off-

menu waivers as necessary to accommodate the proposed development of 249 residential units, with 28 restricted for Very Low Income Households.

3. **Density Bonus/Affordable Housing Incentive Program**

The requested off-menu incentives are subject to LAMC 12.22.A.25(g)(3), which requires a *pro forma* or other documentation to show that the waiver or modification of any development standards are needed to make the Restricted Affordable Units economically feasible. The Applicant submitted a *pro forma* (prepared by HR&A Advisors, Inc., dated March 1, 2016) and an independent third-party review of the *pro forma* (prepared by RSG, Inc., dated April 19, 2016) to evaluate the financial feasibility of the project (see attached). The analysis evaluated a mixed-use project with no affordable housing incentives and a mixed-use project with flexible parking incentives, certain on-menu incentives, and an off-menu incentive that achieves a 3.0 FAR. The analysis concluded that the requested off-menu incentive was necessary to make the project financially feasible. This conclusion is based on a minimum threshold for the return on total development cost that would be required to attract investment capital to the project. The third-party review of the *pro forma* determined that the assumptions utilized in the project financial feasibility analysis were reasonable.

Expanding on and in addition to the financial feasibility determination, the waiver process requires additional demonstrations by the Applicant. The Density Bonus/Affordable Housing Incentive Program begins with the presumption that a proposed project is *entitled* to increased density and other incentives if it meets the minimum requirements for the program. Pursuant to Section 12.22 A.25(g)(3)(c), the City Planning Commission shall approve requested Affordable Housing Incentives unless the City Planning Commission finds that:

1. The Incentive is not required in order to provide for affordable housing costs as defined in California Health and Safety Code Section 50052.5, or Section 50053 for rents for the affordable units; or

The California Health & Safety Code Sections 50052.5 and 50053 define formulas for calculating affordable housing costs for very low, low, and moderate income households. Section 50052.5 addresses owner-occupied housing and Section 50053 addresses rental households. Affordable housing costs are a calculation of residential rent or ownership pricing not to exceed 25 percent gross income based on area median income thresholds dependent on affordability levels.

The proposed 28 Very Low Income units complicate the financing for the Project and restricts the feasibility of the Project, unless the requested Affordable Housing Incentives are granted. The Incentives are necessary to provide for affordable housing costs as defined in the California Health and Safety Code Section 50052.5, or Section 50053 for rents for affordable units because the allowance to increase the floor area ratio enables the Project to provide 28 affordable housing

units for Very Low Income families and utilizing Parking Option 1 provides additional cost savings necessary for provision of affordable units.

The 28 affordable units would include 6 studio units, 18 one-bedroom units, 3 two-bedroom units, and one three-bedroom unit. At present, Very Low Income unit rent limits for 2015 specified by the City of Los Angeles Housing and Community Investment Department, are as follows: studio – \$547; one-bedroom – \$626; two-bedroom – \$704; three-bedroom – \$782.¹⁰ However, the average monthly market-level rental rate for the Hollywood submarket is \$2,209¹¹, which is significantly more than the rents that may be charged for the affordable units. The only way to be able to provide the significant affordable housing component is to allow additional floor area to accommodate additional market rate units to offset the subsidy required to provide the affordable units. Since the Project would be required to record a covenant against the property for a thirty year period from the issuance of the Certificate of Occupancy, the loss in revenue from rents without accounting for inflation during this period would be significant. Given these factors alone, without factoring the pro rata apportionment to the Very Low Income units for land acquisition costs, entitlement costs, utility expenses, and other variables, the decreased profitability of the Project after provision of the Very Low Income units is evident.

The HR&A financial feasibility analysis evaluated two development scenarios, one without Affordable Housing Incentives and one with Affordable Housing Incentives, and concluded as follows:

- **The development scenario with 28 affordable units for very low income households, 85,000 square feet of commercial space, and a base 1.0 Floor Area Ratio (FAR), without Affordable Housing Incentives which could achieve a 3.0 FAR, would not be financially feasible.** This is because: (1) the return on total development cost falls below a minimum threshold for return on total development cost that we believe would be required to attract investment capital to the project (i.e., 4.4% vs. 6.2%); and (2) it yields a negative developer profit margin, as compared with a minimum acceptable investment return threshold (i.e., -22.7% vs. 12.5%); and
- **The development scenario with 221 market rate units, 28 affordable units for very low-income households, 110,000 square feet of commercial space, and Affordable Housing Incentives that achieve a 3.0 FAR would be financially feasible.** This is because it would produce a return on total development cost that is greater than the minimum threshold (i.e., 6.0% vs. 5.7%) and a developer profit margin that is greater than the minimum acceptable threshold (i.e., 21.6 vs. 12.5%).

¹⁰ Rent limits per Los Angeles Housing and Community Investment Department's Income and Rent Limits - Land Use Schedule VI, effective 8/1/15.

¹¹ <http://www.marcusmillichap.com/downloader/Los-Angeles-County-Apartment-Research-Report---4th-Quarter-2015-2958.file?ext=pdf>

The results of the HR&A analysis are summarized in the following table.

	FAR	Return on Total Development Cost Minimum Threshold	Return on Total Development Cost	Profit Margin Minimum Threshold	Profit Margin	Feasible
Scenario 1 (No Incentives)	1:1	6.2%	4.4%	12.5%	-22.7%	No
Scenario 2 (With Incentives)	3:1	5.7%	6.0%	12.5%	21.6%	Yes

The HR&A analysis concluded that the requested Affordable Housing Incentives are necessary to make the Project financially feasible. This conclusion is based on a minimum threshold for the return on total development cost that would be required to attract investment capital to the Project. The third-party review of the HR&A pro-forma prepared by RSG, determined that the assumptions utilized in the HR&A financial feasibility analysis are reasonable.

The requested Incentives to allow an increase in FAR and to allow FAR to be calculated on the pre-dedication area of the Property are necessary in order to be able to provide the 28 proposed affordable units. The Property is currently limited to an FAR of 1:1, which would not permit the inclusion of affordable units. The request for additional floor area within proximity to significant transit options is consistent with the spirit and intent of the on-menu Incentive allowing a 3:1 FAR on a commercial parcel where 50% or more of the parcel is within 1,500 feet of a Transit Stop. In the case of the Project, the Property is located within 1,500 feet of a Transit Stop, although the distance to 50% of the Property is 1,560 feet, or just four percent further than allowed under the on-menu Incentive. The additional floor area is required in order to provide the significant affordable housing component and to make the Project financially viable, which can only be achieved with the requested Incentives.

The Incentives are necessary to provide a diversity of units in a project that can accommodate units of varying sizes. If the additional FAR were not provided, the developer’s return on cost would not be able to justify undertaking the Project. Therefore, the Incentives are required in order to provide for affordable housing costs.

2. The Incentive will have a Specific Adverse Impact upon public health and safety or the physical environment or on any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the Specific Adverse Impact without rendering the development unaffordable to Very Low, Low and Moderate Income households. Inconsistency with the zoning ordinance or general plan land use designation shall not constitute a specific, adverse impact upon the public health or safety.

There is no evidence that the proposed incentive will have a specific adverse impact. A “specific adverse impact” is defined as, “a significant, quantifiable, direct and unavoidable impact, based on objective, identified written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete” (LAMC Section 12.22.A.25(b)). The proposed project and potential environmental impacts were analyzed in an Environmental Impact Report (“EIR”) prepared in accordance with the California Environmental Quality Act (“CEQA”), the City’s CEQA Guidelines and the City’s CEQA Thresholds Guide. The Draft EIR was circulated for a 62-day public review on November 20, 2014 through January 20, 2015. During the public review period, the City Planning Department received 975 comment letters on the Draft EIR and in response to the concerns raised in those comments, the Applicant developed a new alternative to reduce already insignificant impacts to visual resources, to enhance the pedestrian experience, to improve the architectural importance, and to address concerns about parking on and off-site. The details of this new alternative were conveyed to the public in a revised Draft EIR that was partially recirculated for public comment from September 10, 2015 through November 9, 2015. The significant, unavoidable impacts of economically viable alternatives identified in the EIR were limited to impacts on (the removal of) a mid-century savings and loan bank building that is not listed in or eligible for listing in the California Register of Historical Resources and noise impacts during construction. Significant impacts due to traffic at a particular signalized intersection may be avoidable. Of these impacts, only the noise impacts might constitute a significant adverse impact and this impact is not attributable to the City’s granting of incentives (except to the extent that the project might not be built, and the impacts would not occur, unless the Incentives are granted to make the project economically feasible). The noise impacts furthermore are a temporary condition during construction, which will limit its significance in terms of public health effects. The requested incentives accordingly will not have a Specific Adverse Impact upon public health and safety or the physical environment. The requested incentives likewise will not have a Specific Adverse Impact upon any real property that is listed in the California Register of Historical Resources. The subject site is not located within a Historic Preservation Overlay, nor are any of the structures located upon the Property designated as City Historic Cultural monuments or listed in the California Register of Historic Resources. Although there are properties in the vicinity that are designated historical landmarks, the Project would not impair or otherwise impact the integrity of these resources. Therefore, the requested Incentives would not have an adverse impact upon any real property that is listed in the California Register of Historic Resources.