



# City of Culver City

## Staff Report

File #: 16-1035, Version: 1

Item #: PH-2.

**CC - Adoption of a Resolution Approving Density Bonuses and Other Bonus Incentives, P2016-0072-DOBI, as Required by State Density Bonus Law, Allowing an Increase in Residential Density in Return for the Inclusion of Two Low Income Affordable Units within a Mixed Use Project Consisting of a Four-Story, 48,422 Square Foot Building with 14 Multi-Family Residential Dwelling Units Above 4,898 Square Feet of Ground Floor Retail Commercial Space with 14 at Grade Parking Spaces and 31 Subterranean Parking Spaces which Includes Tandem Parking, Located at 11281 Washington Place in the Commercial General (CG) Zone.**

**Meeting Date:** May 30, 2017

**Contact Person/Dept:** Jose Mendivil/ CDD  
Michael Allen/ Contract Planning Manager

**Phone Number:** (310) 253-5757

**Fiscal Impact:** Yes  No

**General Fund:** Yes  No

**Public Hearing:**  **Action Item:**  **Attachments:**

**Commission Action Required:** Yes  No  **Date:** 02/22/17

**Public Notification:** (E-Mail) Meetings and Agendas - City Council (05/24/17); (Posted) Sign posted on the site (05/09/17); (Mailed) All the property owners and occupants within a 500 foot radius (extended) of the project site (05/08/17)

**Department Approval:** Sol Blumenfeld, Community Development Director (05/17/17)

### **RECOMMENDATION:**

Staff recommends the City Council adopt a resolution approving Density Bonuses and Other Bonus Incentives, P2016-0072-DOBI, subject to the Conditions of Approval contained in the proposed resolution (Attachment No. 1) in order to allow an increase in residential density for a mixed use project (the "Project") at 11281 Washington Place in order to provide two (2) low income affordable units within the Project.

### **PROCEDURE:**

1. The Mayor seeks a motion to receive and file the affidavit of mailing and posting of public

notice.

2. The Mayor calls on staff for a brief staff report and City Council poses questions to staff as desired.
3. The Mayor seeks a motion to declare the public hearing open, providing the applicant the first opportunity to speak, followed by the general public.
4. The Mayor seeks a motion to close the public hearing after all testimony has been presented.
5. The City Council discusses the matter and arrives at its decision.

### **BACKGROUND:**

The City Council is requested to act on the remaining DOBI entitlement as the final decision making body consistent with State Density Bonus Law (the "State Law"). On April 20, 2016, an application was submitted by Washington Place, LLC (the "Applicant") for a Site Plan Review (SPR), Density Bonuses and Other Bonus Incentives (DOBI), and Administrative Use Permit (AUP) for a 48,422 square foot mixed use project consisting of 4,898 square feet of ground floor retail and 14 dwellings units, including two low income units in order to provide for an increase in project density at 11281 Washington Place. The project contains 14 at grade parking spaces and 31 subterranean parking spaces which includes tandem parking.

Per the State Law the Applicant proposes:

- 14 Total Dwelling Units -- Base Density - 10 units
- 20% of base density units covenanted for Low Income (2 Set-Aside Units)
- 35% increase in base density - 4 units

On March 22, 2017, the Planning Commission adopted Resolution No. 2017-P007 (Attachment No. 2) approving Site Plan Review, P2016-0072-SPR and Administrative Use Permit, P2016-0072-AUP; and recommended that the City Council approve Density Bonuses and Other Bonus Incentives, P2016-0072-DOBI. The appeal period to the Planning Commission's adopted Resolution No. 2017-P007 extended from March 22, 2017 to April 6, 2017. No appeals were filed on the SPR and AUP; therefore the Planning Commission decision on these actions are final. Please see Attachment No. 3 through 5 (Planning Commission Staff Report, Preliminary Development Plans, and Planning Commission Minutes) for a detailed review of the Project.

### **ANALYSIS:**

#### **Density Bonuses and Other Bonus Incentives**

Under State Density Bonus law the City is required to grant up to a 35% density bonus increase to the base allowable density with the dedication of affordable housing units on a sliding scale of up to 20% set-aside units. Further, specified developer concessions for affordable units must be granted by the City, unless it can be demonstrated that the proposed concessions are not required to make

the project financially feasible. The City is not permitted to apply any development standards which physically precludes the construction of the project at its permitted density with the granted concessions.

The density increase and the concessions are provided per State law as an incentive for developers to provide affordable housing. With the dissolution of redevelopment agencies, several mechanisms that cities once had including direct funding for construction of affordable housing have been eliminated. Density Bonus Law is one method by which housing developers can provide affordable housing within an otherwise market rate development, even if such housing is only a small percentage of the proposed project.

Culver City Municipal Code (CCMC) Chapter 17.580 - Density and Other Bonus Incentives - requires the City to follow State Density law for DOBI applications. Under a DOBI application (and State Density law) a developer can increase the base density for a housing development provided the development reserves, for 55 years, a certain percentage of the units for moderate to low income households. In addition and per State Law, a developer may request concessions, or relief from development standards such as height, setbacks, setback encroachments, and parking if such standards prevent the ability to provide the affordable units within the development. The City may not deny a concessions request as part of the DOBI if it is clear that such concessions are needed to provide for the Project's affordable housing costs. The number of concessions and the density increase that can be granted are based on a sliding scale of the percentage of units devoted to affordability and the percentage density increase. Subsequent to the calculation of the base density, all calculations in a DOBI application are rounded up to the next whole number.

For purposes of the density bonus calculation, the project's base density is 10 dwelling units (35 dwelling units per acre). Based on State Density Law, an applicant must be granted a 35% density increase if they reserve at least 20% of the total base density units for low income households. The income categories for affordable housing include extremely low income, very low income, low income, and moderate income. Housing sold or rented at the market rate is considered above moderate. Every year the State of California Housing and Community Development Department (HCD) establishes for every California County, the income level criteria for extremely low income, very low income, low income, and moderate income levels.

The Applicant is requesting a density increase of 35% or  $35\% \times 10 \text{ units} = 3.5 = 4 \text{ units}$ . State Density Bonus Law requires that fractional remainders in density calculations be rounded up resulting in a density increase of 4 units. At least 20% of the 10 units must be made affordable to low income households or individuals. This equates to  $20\% \times 10 = 2 \text{ units}$ . The project will result in 14 units with 2 of the 14 units covenanted for 55 years for low income individuals or households. The applicant has proposed the project as rental units. In the event that a condominium conversion is requested in the future, the low income affordability covenant must be maintained whether the units are rental or for sale and a project condition is included to ensure conformance to this requirement.

State Density law also requires cities to grant up to two concessions or relief from the development standards if at least 20% of the base density units are reserved for low income households. The Applicant is proposing to provide 2 low income residential units or 20% of the total base residential units, which compels the City to grant two development concessions pursuant to SB 1818. The requested concessions are:

Setbacks: East Facing Side setback - Allow balconies and enclosed living areas to encroach in the required 10 foot side setback and 60 degree angle clear zone above the ground floor commercial level as required by the Mixed Use Development Standards. The project at this east facing setback will still provide a 5 foot setback beginning at the second level (residential) above the ground floor commercial level which will have a zero setback.

Projections: Allowed projections into setbacks - Allow balcony and landing encroachments into the 5 foot street fronting setback above the ground floor commercial level for: 2<sup>nd</sup> level residential balconies fronting Sawtelle Boulevard and Washington Place; 3<sup>rd</sup> and 4<sup>th</sup> level residential balconies for units 10 and 14 fronting Sawtelle Boulevard; and portions of the residential staircase landings facing Sawtelle Boulevard as required by the Mixed Use Development Standards.

Attachment No. 6, Concessions Diagram, shows the 60 degree clear zone encroachment for the setback concession. This diagram indicates significant portions of the building would be eliminated without the concession and the overall site would have a multi-tiered design at two adjacent elevations (creating a “wedding cake” look). Both the rear alley facing and east facing frontages would be pulled into the building (the rear alley facing frontage complies with the code required setback and 60 degree clear zone).

### Community Concerns and Outreach

No appeals were filed and the Planning Commission approved Site Plan Review and Administrative Use Permit (for residential tandem parking) are final. As reported in the Planning Commission staff report and minutes, site plan issues have been resolved and appropriate conditions required. Three community meetings were held prior to the Planning Commission public hearing as follows:

- April 7, 2016, at Veterans Memorial Complex (approximately nine people attended)
- June 21, 2016 at the Senior Center (approximately 30 people attended)
- September 15, 2016 at Veterans Memorial Complex (approximately 20 people attended)

Overall, community concern revolved around the Project's massing and potential parking and traffic impacts. Based on these comments, the Project was revised with a reduced building height. Further, in response to traffic and environmental concerns raised by the community, staff required traffic and Phase I Environmental studies. These studies are normally not required for a project of this scope which staff identified as a California Environmental Quality Act (CEQA) Class 32 - In-Fill Development Categorical Exemption. The attached Planning Commission staff report and minutes provide further detail.

On March 16, 2017, staff met with approximately eight community members prior to the Planning Commission hearing. In summary the community members expressed concerns about and/or asked for the following:

- Prohibiting westbound alley egress onto southbound Sawtelle Boulevard,
- Requiring the Developer to pay for parking permits in the project vicinity,
- Enacting immediately a parking district in the project vicinity,

- Inquiring about improved street lighting along Sawtelle Boulevard,
- Controlling project related construction and operational parking,
- Restricting the type/number of commercial tenants,
- Controlling conflicts with the Shell Oil Pipeline underneath Sawtelle Boulevard.

Staff also met with the developer and informed him of these concerns and of possible additional project conditions meant to address the concerns.

At the Planning Commission meeting, staff reported on its meeting with the community and presented the Commission with revised and additional conditions for their review. The Commission agreed to revise existing conditions and add other conditions which include:

- Requiring off-site construction related parking,
- Prohibiting construction related parking in the surrounding neighborhood,
- Coordinating with Shell Oil regarding the pipeline during excavation,
- Coordinating with the property owner east of the site during all construction phasing,
- Analyzing potential left turn restrictions at alley/Sawtelle intersection.
- Requiring that all tandem parking pairs be assigned to residential units.

However, the Planning Commission was reluctant to require that the project applicant work to establish a parking district to address current street parking issues and did not require the applicant to gathering district signatures and pay for residential parking permits. Further, they did not require an after the fact parking intrusion study once the project is operational. The Planning Commission noted the Project is relatively small with no identified traffic impacts and that the Project is fully parked per code. Further, they did not want to limit the types of commercial tenants beyond what the code restricts; code allowed uses and parking requirements will control commercial activity on the ground floor. Regarding the street lighting along Sawtelle Boulevard, staff noted the project is conditioned to upgrade street lighting along its frontage.

### **ENVIRONMENTAL REVIEW:**

Pursuant to CEQA guidelines, a Categorical Exemption Class 32 - In-Fill Development was adopted by the Planning Commission on March 22, 2017, which determined that the project will not have a significant adverse impact on the environment. Density Bonuses and Other Bonus Incentives, P2016-0072-DOBI, is within the scope of the adopted Categorical Exemption (CE) and the circumstances under which the CE was prepared have not significantly changed and no new significant information has been found that would impact the CE, and therefore no new environmental analysis is required.

### **CONCLUSION:**

The City has worked closely with the Applicant to reduce the massing of the Project since the first community meeting and initial application submittal. Staff required the Applicant to provide a traffic study even though initial traffic analysis indicated potential trip generation rates would be less than 50 for any peak period which is the City's established threshold for requiring traffic studies. Review of Los Angeles County Public Works Closure letters indicated the site, a former gas station, had been

mitigated of underground storage tanks. Nevertheless staff required a Phase I Environmental Study. Neither study recommended mitigation measures.

The Project is consistent with development standards except for the two concessions noted above which do not create significant impacts to adjacent residential properties. In reducing the building height to 45 feet, and providing a rear tiered building setback, the Project has resulted in a more compatible design with surrounding one and two story commercial and residential uses while providing two affordable units.

The proposed Project will improve the existing site conditions by introducing new pedestrian friendly retail uses and new housing stock including affordable units. In addition the Project will provide various public right of way improvements to the benefit of the area such as the reconstruction of the rear alley and sidewalks. The DOBI concessions granted under State Density Bonus law are partly mitigated by the Project design which includes extensive building articulation above the ground level, pedestrian orientation with store front glazing, and private open spaces and decks. Furthermore, the Project will include residential amenities such as a gym. The Project will contribute to area improvement and add to the on-going revitalization of the City's commercial corridors. Based on the analysis and conclusion contained herein staff recommends approval of the DOBI request.

### **FISCAL IMPACT:**

There is no fiscal impact associated with the adoption of the proposed resolution.

### **ATTACHMENTS:**

- 1) Proposed City Council Resolution
- 2) Planning Commission Resolution No. 2017-P007 with Exhibit A - Conditions of Approval
- 3) March 22, 2017, Planning Commission Staff Report (without attachments)
- 4) Preliminary Development Plans Approved by the Planning Commission
- 5) March 22, 2017, Planning Commission Minutes (Draft)
- 6) Concessions Diagram

### **RECOMMENDED MOTION(S):**

That the City Council:

Adopt a resolution approving Density Bonuses and Other Bonus Incentives, P2016-0072-DOBI, subject to the Conditions of Approval contained in the proposed resolution in order to allow an increase in residential density for a mixed use project (the "Project") at 11281 Washington Place in return for two low income affordable units within the Project.