



Planning Commission Report

Planning Commission Meeting: May 20, 2020

Agenda Item: 9-A

To: Planning Commission
From: Jing Yeo, AICP, City Planning Division Manager
Subject: Recommendation to amend the Downtown Community Plan (DCP) authorizing Tier 3 housing projects greater than 90,000 square feet within the Downtown to be reviewed through a Development Review Permit, text revisions to the definition of a “housing project”, and to amend Section 9.10.070 of the Zoning Ordinance to establish project requirements for Tier 3 Downtown housing projects greater than 90,000 square feet.

Recommended Actions

Staff recommends that the Planning Commission adopt a resolution recommending to the City Council that the Council amend the text of the Downtown Community Plan (Sections 9.10.050 and 9.10.050(A)) to authorize:

1. Tier 3 housing projects greater than 90,000 square feet to be reviewed through a Development Review Permit;
2. Text revisions to the definition of a “housing project”;
3. Clerical amendments to Chapter 2A.4 DCP Entitlement and Tier System.

Accordingly, staff further recommends that the Planning Commission adopt a resolution recommending to the City Council that the City Council amend Section 9.10.070 of the Zoning Ordinance to ensure consistency with these proposed changes to the DCP:

4. Establish project requirements for Tier 3 Downtown housing projects greater than 90,000 square feet.

Background

On December 10, 2019, City Council held a study session regarding housing policy in response to State and Regional directives regarding housing production. Among other things, Council directed staff to proceed with efforts to support housing production, particularly 100% affordable housing.

On January 15, 2020, the Planning Commission adopted a Resolution of Intention to consider amending the text of the Downtown Community Plan to amend the definition of “housing project” for the purposes of determining application thresholds.

On February 5, 2020, the Planning Commission adopted a Resolution of Intention to consider amendments to the LUCE, BAP, and DCP to amend application process thresholds for 100% affordable housing projects and all other housing projects compliant with the Housing Accountability Act.

On March 10, 2020, City Council held a public hearing and adopted an Emergency Interim Zoning Ordinance thereby authorizing 100% Affordable Housing projects and housing projects compliant with the Housing Accountability Act to be reviewed through an Administrative Approval process. During the Council's discussion, it was suggested that the requirement of a Development Agreement be eliminated for Tier 3 housing projects in the Downtown in efforts to help streamline the review of housing projects and maximize opportunities for housing production.

On May 13, 2020, the Planning Commission adopted a Resolution of Intention to consider amending the text of the Downtown Community Plan to authorize Tier 3 housing projects greater than 90,000 square feet to be reviewed through a Development Review Permit and amend Section 9.10.070 of the Zoning Ordinance to establish project requirements for Tier 3 Downtown housing projects greater than 90,000 square feet.

Discussion

The Downtown Community Plan (DCP) was adopted by City Council on July 25, 2017. The DCP establishes three application review procedures for projects consisting of Administrative Approvals, Development Review Permits, and Development Agreements. Application review thresholds are based on the project type (housing or all other), Tier level (Tier 1, 2, or 3), and the amount of proposed square footage in a project. Pursuant to Section 9.10.050, Tier 3 housing projects greater than 90,000 square feet require the approval of a Development Agreement, as shown below:

9.10.050 Application Thresholds Table

	Housing Project	All Other Projects
<i>Administrative Approval</i>	Projects up to 75,000 sf	Less than 10,000 sf
<i>Development Review Permit</i>	Tier 2 greater than 75,000 sf	10,000 – 30,000 sf
	Tier 3: between 75,000 - 90,000 sf	
<i>Development Agreement</i>	Tier 3 greater than 90,000 sf	Greater than 30,000 sf

Tier 3 housing projects are only permitted within the Transit Adjacent (TA) District. This district is intended to support increased activity near the Downtown Expo Station which includes large properties that can accommodate a mix of convenient goods and services in proximity to transit-serving residents and visitors. The Transit Adjacent

district is where housing density is encouraged in the Downtown as provided in LUCE Policy LU11.2 which seeks to expand housing opportunities near transit-rich districts including near Expo Light Rail stations.

Development Agreements

The City has historically processed Development Agreements to negotiate various aspects of projects, including community benefits, on a project-by-project basis. The City has negotiated community benefits consistent with the LUCE in previously-approved Development Agreements, including, but not limited to additional affordable housing units (for housing projects), enhanced impact fees and monetary contributions, physical site plan improvements, transportation demand management measures, and sustainable project features such as LEED Certification, solar infrastructure, energy and water conservation.

Development Agreements have been successful in implementing the goals of the LUCE. However, Development Agreement review is a costly and time-consuming process involving specific negotiations for each project. Development agreements provide the City tremendous flexibility in negotiating for unique contributions, improvements, and programs that are not required by Code but have historically been used for larger commercial projects where the community may benefit due to the size and available space for amenities. For housing projects, the scale and range of benefits is likely limited with the primary benefit likely being affordable housing. The Downtown project requirements already contain the most aggressive affordable housing requirements in the city and therefore, the value and necessity of the development agreement process is questionable particularly given that this would only apply to housing projects in the Transit Adjacent zone. Further, since the adoption of the DCP, the City has not approved any proposed housing projects that have been subject to the higher affordable housing requirements of the DCP. The intent of the amendment would be to provide a process incentive for housing projects as a trade-off from the affordable housing requirements, which would have the potential effect of more deed-restricted affordable housing units. In comparison, review through a Development Review Permit offers greater predictability in both review process and requirements for applicants while decreasing overall project costs.

Proposed Amendments

Consistent with Council's efforts to maximize opportunities for housing production, it would be appropriate to consider changes to requirements that would help incentivize housing development by streamlining the review of housing projects the Downtown. The proposed amendments are intended to support housing production through process incentives and design flexibility for Tier 3 housing projects that are consistent with the DCP and project requirements pursuant to the Zoning Ordinance.

1. Tier 3 housing projects greater than 90,000 square feet to be reviewed through a Development Review Permit.

The proposed amendments to the DCP include reviewing Tier 3 housing projects through a Development Review Permit instead of a Development Agreement by expanding the DRP application threshold to include all Tier 3 housing projects greater than 75,000 square feet. This change in the application processing threshold intends to encourage the development of larger housing projects as the current requirement of a Development Agreement for projects greater than 90,000 square feet may disincentivize maximum housing developments. This change is highlighted below:

9.10.050 Application Thresholds Table

	Housing Project	All Other Projects
<i>Administrative Approval</i>	Projects up to 75,000 sf	Less than 10,000 sf
<i>Development Review Permit</i>	Tier 2 greater than 75,000 sf	10,000 – 30,000 sf
	Tier 3 <u>greater than 75,000 sf</u> between 75,000 sf – 90,000 sf	
<i>Development Agreement</i>	Tier 3 greater than 90,000 sf N/A	Greater than 30,000 sf

This amendment would only affect properties within the Transit Adjacent (TA) District in the DCP area since Tier 3 housing projects are only permissible in the TA District. This would not result in any changes to the TA District or any other DCP District development standards such as building height and floor area ratio and would only change the review procedures for Tier 3 housing projects. Further, the Established Large Sites requirements identified in the DCP would not be affected.

Figure 1 below identifies the boundaries of the Transit Adjacent District including 27 parcels of 22,500 square feet or greater that could achieve a project size greater than 90,000 square feet. Also shown are properties with recent entitlements, properties under current construction, and newly constructed properties that will likely not be seeking to develop housing projects. This includes properties such as 500 Broadway, Hampton Inn & Suites, Courtyard Marriott, 420 5th Street (former Fred Segal), and the Sears property.

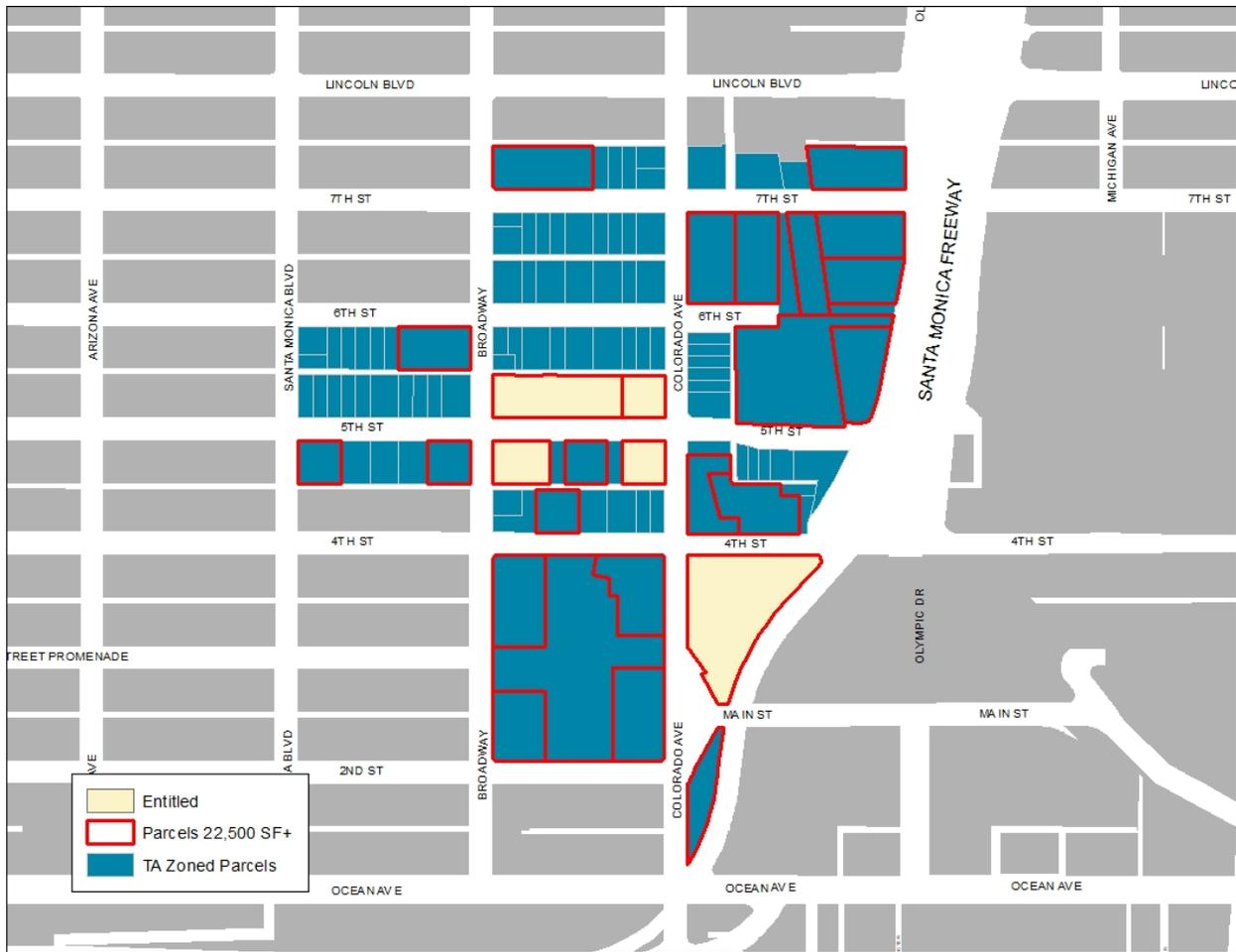


Figure 1: Transit Adjacent (TA) District

The following table includes information on the 27 parcels that would be affected by the proposed amendment:

Property Address	# of Parcels	Existing On-Site
710 Broadway	1	Vons Retail Store
1653 7 th Street	1	US Postal Service
525 Broadway	1	Mixed-Use Residential (2015)
612 Colorado Ave	7	Santa Monica Big Blue Bus Yards
1410 5 th Street	1	Mixed-Use Residential (2007)
1448 5 th Street	1	Mixed-Use Residential (2001)
420 Broadway	1	Former Fred Segal
500 Broadway	1	Mixed-Use Residential (under construction)
1528 5 th Street	1	Residential (Salvation Army)
501 Colorado Ave	1	Hampton Inn & Suites (2016)
425 Colorado Ave	1	Courtyard Marriott (2016)
402 Colorado Ave	2	Metro Expo Station- Downtown Santa Monica
1527 5 th Street	1	Ken Edwards Center
395 Santa Monica Place	5	Santa Monica Place
302 Colorado Ave	1	Former Sears Building (City Landmark)
120 Colorado Ave	1	Wyndham Hotel
	27 total	

The following amendment would incentivize and provide additional flexibility in developing mixed-use housing projects:

2. Text revisions to the definition of a “housing project”.

Pursuant to DCP Section 9.10.050 (A), a housing project is defined as follows, with proposed text revisions:

A. “Housing Project” means a use consisting of any of the following:

1. Residential units only

2. Mixed-use developments consisting of residential and nonresidential uses in which nonresidential uses that do not exceed ~~25%~~^{33%} of the total building square footage and are limited to neighborhood commercial uses ~~and to the first floor of buildings that are two or more stories.~~

3. Transitional or Supportive Housing

Currently, the definition limits the amount of nonresidential uses to 25% of the total building square footage and limits the location of the commercial use to the first floor of the building. In comparison, the Housing Accountability Act (HAA) definition of a housing project allows nonresidential uses up to 33% of the total building square footage and does not regulate the location of the commercial uses within the project.

Amending the housing project definition in the DCP consistent with the HAA definition would provide additional flexibility in developing mixed-use housing projects. Increasing the allowable amount of commercial square footage may assist with the overall feasibility of larger-scaled projects, while allowing commercial uses to expand into spaces above the first floor whether on upper floors immediately above the first floor or on intermediate mezzanine levels would provide flexibility for future commercial tenants attempting to occupy the building. The proposed amendments are reflected in the revised definition above.

3. Clerical Amendments to the Downtown Community Plan: Chapter 2A.4 DCP Entitlement and Tier System (DCP Pages 29-30)

Consistent with proposed amendment 1 above, clerical amendments to the language within Chapter 2A.4 outlining the Development Agreement review procedures is needed for document consistency. These amendments are highlighted in Attachment C.

4. Zoning Ordinance SMMC Section 9.10.070: Establish project requirements for Tier 3 Downtown housing projects greater than 90,000 square feet.

Amendments to SMMC Chapter 9.10 Downtown Districts are required concurrent with the proposed elimination of Development Agreements for Tier 3 housing projects in the DCP. Specifically, Section 9.10.070 of the Zoning Ordinance establishes the

requirements under which additional floor area and height may be allowed up to the Tier 2 or Tier 3 maximum standards established in the Downtown Community Plan. Currently, all Tier 2 and Tier 3 (up to 90,000 SF) housing and mixed-use residential projects are required to provide community benefits in each of the following categories:

1. Affordable housing and unit mix;
2. Additional developer impact fees related to transportation, open space, and affordable housing mitigation fee for commercial;
3. Transportation demand management measures.

These requirements are applicable to projects that are subject to a Development Review Permit according to the current application thresholds of the DCP. The DCP further provides that for Tier 3 housing projects greater than 90,000 square feet, these community benefits would be negotiated on a project-to-project basis through the review of a Development Agreement.

Proposed amendments to this section include revising the applicability of these requirements to all Tier 2 and Tier 3 projects. This change would provide consistency in community benefits for all housing projects exceeding Tier 1 thresholds. Further, it would incentivize the development of Tier 3 housing projects in that these community benefit requirements would be prescriptive and no longer determined through DA negotiations, providing greater predictability in project requirements while decreasing overall project costs.

Design Review Process

At the Planning Commission's May 13, 2020 meeting, the Commission requested further information regarding the Architectural Review Board's role with respect to new housing projects. As part of the City's plan for restructuring services presented to the City Council on May 5, 2020, the Architectural Review Board in its current form is proposed to be replaced with an alternative design review process. While decisions have not been made nor authorized by Council, staff anticipates that a restructured design review process will still retain an opportunity for public notification, comment, and design review for larger new development.

Environmental Analysis

The proposed amendments to the Downtown Community Plan (DCP) authorizing Tier 3 housing projects greater than 90,000 square feet within the Downtown to be reviewed through a Development Review Permit, text revisions to the definition of a "housing project", and proposed amendments to Section 9.10.070 of the Zoning Ordinance to establish project requirements for Tier 3 Downtown housing projects greater than 90,000 square feet are categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the State Implementation Guidelines (common sense exemption). Based on the evidence in the record, it can be seen with certainty that there is no possibility that the proposed changes may have a significant effect on the environment. The recommended amendments represent procedural changes in how projects are reviewed and changes

to definition and applicability of project requirements that do not would not result in increased mass, floor area, or density. The amendments do not substantively affect policy decisions made with the City Council's adoption of the DCP and Zoning Ordinance. Therefore, no further environmental review under CEQA is required.

Alternative Actions:

In addition to the recommended action, the Planning Commission could consider the following with respect to the proposed amendments:

- A1. Revise the proposed amendments and recommend adoption to City Council.
- A2. Recommend that the City Council not adopt the proposed amendments

Specific Plan Amendment Finding

1. The proposed amendments to the text of the Downtown Community Plan (DCP) are consistent with the General Plan in that the amendments implement the LUCE policies to create and support additional housing opportunities through incentives for process and development potential. Specifically, Policy LU11.2 states to expand housing opportunities near transit-rich districts including near Expo Light Rail stations such as within the Transit Adjacent (TA) district and Policy LU11.3 seeks to provide incentives for housing/affordable housing. Further, the proposed amendments support housing production through process incentives and design flexibility for Tier 3 housing projects that are consistent with the DCP and project requirements pursuant to the Zoning Ordinance.

Text Amendment Findings

1. The proposed amendments to the text of the Zoning Ordinance are consistent with the General Plan in that the amendments implement the LUCE policies to create and support additional housing opportunities through incentives for process and development potential. Specifically, Policy LU11.2 states to expand housing opportunities near transit-rich districts including near Expo Light Rail stations such as within the Transit Adjacent (TA) district and Policy LU11.3 seeks to provide incentives for housing/affordable housing. Further, the proposed amendments support housing production through process incentives and design flexibility for Tier 3 housing projects that are consistent with the DCP and project requirements pursuant to the Zoning Ordinance.
2. The proposed amendments to the text of the Zoning Ordinance are consistent with the purpose of the Zoning Ordinance to promote the growth of the City in an orderly manner and to promote and protect the public health, safety, and general welfare in that proposed amendments will establish prescribed community benefit requirements for Tier 3 downtown housing projects greater than 90,000 square

feet and thereby incentivize the development of Tier 3 housing projects within the Downtown Community Plan area.

Prepared by: Steve Mizokami, Principal Planner

Attachments

- A. Resolution 20-012 (Downtown Community Plan)
- B. Resolution: 20-013 (Zoning Ordinance)
- C. Proposed Redline Modifications

ATTACHMENT A

Resolution

RESOLUTION NUMBER 20-0012 (PCS)

(Planning Commission Series)

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF SANTA MONICA RECOMMENDING TO THE CITY COUNCIL THAT THE COUNCIL AMEND THE DOWNTOWN COMMUNITY PLAN TO REVISE THE DEFINITION OF HOUSING PROJECT AND TO ALLOW TIER 3 HOUSING PROJECTS GREATER THAN 90,000 SQUARE FEET TO BE PROCESSED BY DEVELOPMENT REVIEW PERMIT

WHEREAS, on July 25, 2017, the City Council adopted the Downtown Community Plan (“DCP”) which sets forth the City’s vision of the Downtown as a high quality, mixed-use district offering opportunities for housing for people across the income spectrum, jobs, arts and culture, local serving retail, and community and visitor gathering places; and

WHEREAS, the DCP encourages the development of uses that support a 17 hours a day/7 days a week environment that meets the needs of businesses and residents, including retail goods and services, food stores, restaurants and cafés, hotels, health clubs, entertainment, and comparable uses; and

WHEREAS, in the DCP, Downtown housing projects are encouraged to support a strong and economically diverse residential neighborhood component; and

WHEREAS, the DCP supports that encouragement by differentiating between housing projects and commercial projects and provides for various incentives for housing projects including increased process thresholds; and

WHEREAS, the DCP's project requirements for housing projects are further intended to incentivize and place a priority on the development of housing in Downtown, implement affordable housing requirements that result in a greater number and more diverse unit mix, and ensure greater discretionary review for commercial projects; and

WHEREAS, the DCP establishes three application review procedures for housing projects: Administrative Approvals, Development Review Permits, and Development Agreements based on Tier level (1, 2, or 3) and the amount of proposed square footage in a project; and

WHEREAS, the DCP requires Tier 3 housing projects greater than 90,000 square feet require to be processed by a Development Agreement; and

WHEREAS, on December 10, 2019, the City Council conducted a study session on housing policy in part to discuss options for increasing housing production throughout the City with a particular emphasis on incentivizing one hundred percent affordable housing projects, and considered whether increasing the thresholds for ministerial review of certain housing projects would further stimulate housing production; and

WHEREAS, during its December 10, 2019 study session, the City Council further considered whether increased flexibility in the definition of "Housing Project" for purposes

of the incentives and priorities in the DCP would further encourage housing production over commercial development in the Downtown; and

WHEREAS, on January 15, 2020, the Planning Commission adopted a Resolution of Intention, Resolution Number 20-001 (PCS), declaring its intention to consider recommending to the City Council that the City Council amend the text of the DCP to revise to the definition of “Housing Project”; and

WHEREAS, on March 10, 2020, the City Council held a public hearing and adopted an Emergency Interim Zoning Ordinance Number 2633 (CCS), authorizing 100% Affordable Housing projects and housing projects compliant with the Housing Accountability Act to be processed by an Administrative Approval; and

WHEREAS, during its March 10, 2020 discussion, the City Council received testimony requesting that the City consider allowing Tier 3 housing projects located in the DCP area that exceed 90,000 square feet to be processed by Development Review Permit as a further means of stimulating housing production and streamlining the housing project approval process; and.

WHEREAS, approval of Tier 3 housing projects greater than 90,000 square feet by Development Review Permit offers greater predictability in both the review process and the requirements for applicants and is likely to decrease overall project costs; and

WHEREAS, amending the text of the DCP to allow for the processing of Tier 3 housing projects greater than 90,000 square feet by Development Review permit will

encourage the development of larger housing projects and maximization of housing opportunity, thereby increasing housing production in the Downtown; and

WHEREAS, on May 13, 2020, the Planning Commission adopted a Resolution of Intention, Resolution Number 20-010 (PCS), declaring its intention to consider recommending to the City Council that the City Council amend the text of the DCP to allow for Tier 3 housing projects greater than 90,000 square feet to be processed by Development Review Permit; and

WHEREAS, on May 20, 2020, the Planning Commission conducted a public hearing to consider its recommendations to the City Council.

NOW, THEREFORE, THE PLANNING COMMISSION OF THE CITY OF SANTA MONICA DOES RESOLVE AS FOLLOWS:

SECTION 1. Proposed amendments to the text of the Downtown Community Plan. Pursuant to Santa Monica Municipal Code Section 9.45.070(A), the Planning Commission does hereby recommend to the City Council that the City Council amend the text of the Downtown Community Plan, as set forth in Exhibit A, attached to this Resolution. In making this recommendation, the Planning Commission hereby finds and declares that, for the reasons articulated above, in the staff report dated May 20, 2020, and below:

The proposed amendments to the text of the Downtown Community Plan (DCP) are consistent with the General Plan in that the amendments implement the LUCE policies to

create and support additional housing opportunities through incentives for process and development potential. Specifically, Policy LU11.2 states to expand housing opportunities near transit-rich districts including near Expo Light Rail stations such as within the Transit Adjacent (TA) district and Policy LU11.3 seeks to provide incentives for housing/affordable housing. Further, the proposed amendments support housing production through process incentives and design flexibility for Tier 3 housing projects that are consistent with the DCP and project requirements pursuant to the Zoning Ordinance.

SECTION 2. The Director of Planning and Community Development shall certify to the adoption of this Resolution, and thenceforth and thereafter the same shall be in full force and effect.

APPROVED AS TO FORM:

GEORGE S. CARDONA
Interim City Attorney

Adopted this 20th day of May, 2020.

Chair, Planning Commission

I hereby certify that the foregoing Resolution of Intention was duly and regularly introduced and approved at a meeting of the Planning Commission on the 20th day of May, 2020 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest:

Director of Planning and Community Development

EXHIBIT A

PROPOSED AMENDMENTS TO THE TEXT OF THE DOWNTOWN COMMUNITY PLAN TO REVISE THE DEFINITION OF HOUSING PROJECT AND ALLOW FOR TIER 3 HOUSING PROJECTS GREATER THAN 90,000 SQUARE FEET TO BE REVIEWED BY DEVELOPMENT REVIEW PERMIT

CHAPTER AND PAGE(S)	PROPOSED AMENDMENTS TO THE DOWNTOWN SPECIFIC PLAN
<p>Chapter 2A.4, Entitlement and Tier System, p. 29-30</p>	<p>Development Agreement Projects Development Agreements are used to process specific properties where special conditions of size, shape, geography or existing or desired development require particular attention and additional analysis. This approach allows the city to address the specific physical conditions and challenges posed by these sites and negotiate for significant benefits from larger individual development projects. In the Downtown district, several project types will require a negotiated development agreement, regardless of proposed height and tier, with negotiated community benefits approved by the City Council. Guidelines for on-site benefits that are aligned with the community benefit priorities for Downtown are listed in Table 2A.4.</p> <p>1. Housing Projects within Transit Adjacent District. Tier 3. Residential projects greater than 90,000 square feet that conform to Tier 3 height and FAR standards shall be required to be processed through a development agreement.</p> <p>2. Commercial Projects. All Tiers. Non-residential commercial projects greater than 30,000 square feet of floor area shall be required to be processed through a development agreement. Under no circumstances shall projects be considered for increases beyond height or FAR standards set forth in this Plan.</p> <p>All development agreement projects are expected to provide community benefits that contribute to Downtown’s priorities and fees in excess of Tier 3 fee requirements. Table 2A.3 provides guidelines to priority areas that should guide development agreement negotiations. These priority areas are a baseline for further negotiation.</p>

<p>Chapter 4, Standards and Regulations, p. 177</p>	<p>Section 9.10.050 Application Thresholds Table</p> <table border="1"> <thead> <tr> <th></th> <th><i>Housing Project</i></th> <th><i>All Other Projects</i></th> </tr> </thead> <tbody> <tr> <td><i>Administrative Approval</i></td> <td>Projects up to 75,000 sf</td> <td></td> </tr> <tr> <td rowspan="2"><i>Development Review Permit</i></td> <td>Tier 2 greater than 75,000 sf</td> <td rowspan="2">10,000 – 30,000 sf</td> </tr> <tr> <td>Tier 3 greater than: between 75,000 and 90,000 sf</td> </tr> <tr> <td><i>Development Agreement</i></td> <td>Tier 3 greater than 90,000 sf</td> <td>Greater than 30,000 sf</td> </tr> </tbody> </table>		<i>Housing Project</i>	<i>All Other Projects</i>	<i>Administrative Approval</i>	Projects up to 75,000 sf		<i>Development Review Permit</i>	Tier 2 greater than 75,000 sf	10,000 – 30,000 sf	Tier 3 greater than: between 75,000 and 90,000 sf	<i>Development Agreement</i>	Tier 3 greater than 90,000 sf	Greater than 30,000 sf
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<p>Chapter 4, Standards and Regulations, p. 177</p>	<p>Section 9.10.050 Application Thresholds Table</p> <p>A. “Housing Project” means a use consisting of any of the following:</p> <ol style="list-style-type: none"> 1. Residential units only 2. Mixed-use developments consisting of residential and nonresidential uses in which nonresidential uses that do not exceed 33<u>25</u>% of the total building square footage and are limited to neighborhood commercial uses and to the first floor of buildings that are two or more stories 3. Transitional or supportive housing 													
<p>Chapter 4, Standards and Regulations, p. 177</p>	<p>Section 9.10.050 Application Thresholds Table</p> <p>C. Housing Exemptions. The following types of projects are exempt from Development Review Permit requirements:</p> <ol style="list-style-type: none"> 1. 100% Affordable Housing Projects 2. <u>Tier 2</u> Housing Projects that meet the definition of “housing development project” under the Housing Accountability Act, Government Code Section 65589.5, (“Housing Accountability Act”) and that, consistent with the Housing Accountability Act, comply with all applicable, objective general plan, zoning, and subdivision standards and criteria, including design review standards, in effect at the time that the project application is deemed complete, up to the thresholds established by the Zoning Ordinance. 													

ATTACHMENT B

Resolution

RESOLUTION NUMBER 20-013 (PCS)

(Planning Commission Series)

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF SANTA MONICA RECOMMENDING TO THE CITY COUNCIL THAT THE COUNCIL AMEND THE TEXT OF THE ZONING ORDINANCE TO ESTABLISH PROJECT REQUIREMENTS FOR TIER 3 HOUSING PROJECTS GREATER THAN 90,000 SQUARE FEET LOCATED IN THE CITY'S TRANSIT ADJACENT DISTRICT

WHEREAS, on July 25, 2017, the City Council adopted the Downtown Community Plan ("DCP") which sets forth the City's vision of the Downtown as a high quality, mixed-use district offering opportunities for housing for people across the income spectrum, jobs, arts and culture, local serving retail, and community and visitor gathering places; and

WHEREAS, the DCP encourages the development of uses that support a 17 hours a day/7 days a week environment that meets the needs of businesses and residents, including retail goods and services, food stores, restaurants and cafés, hotels, health clubs, entertainment, and comparable uses; and

WHEREAS, in the DCP, Downtown housing projects are encouraged to support a strong and economically diverse residential neighborhood component; and

WHEREAS, the DCP supports that encouragement by differentiating between housing projects and commercial projects and provides for various incentives for housing projects including increased process thresholds; and

WHEREAS, the DCP's project requirements for housing projects are further intended to incentivize and place a priority on the development of housing in Downtown, implement affordable housing requirements that result in a greater number and more diverse unit mix, and ensure greater discretionary review for commercial projects; and

WHEREAS, the DCP establishes three application review procedures for housing projects: Administrative Approvals, Development Review Permits, and Development Agreements based on Tier level (1, 2, or 3) and the amount of proposed square footage in a project; and

WHEREAS, the DCP requires Tier 3 housing projects greater than 90,000 square feet require to be processed by a Development Agreement; and

WHEREAS, Santa Monica Municipal Code Section 9.10.070 sets forth project requirements for all Tier 2 and Tier 3 projects up to 90,000 square feet; and

WHEREAS, on December 10, 2019, the City Council conducted a study session on housing policy in part to discuss options for increasing housing production throughout the City with a particular emphasis on incentivizing one hundred percent affordable housing projects, and considered whether increasing the thresholds for ministerial review of certain housing projects would further stimulate housing production; and

WHEREAS, on March 10, 2020, the City Council held a public hearing and adopted an Emergency Interim Zoning Ordinance Number 2633 (CCS), authorizing 100% Affordable Housing projects and housing projects compliant with the Housing Accountability Act to be processed by an Administrative Approval; and

WHEREAS, during its March 10, 2020 discussion, the City Council received testimony requesting that the City consider allowing Tier 3 housing projects located in the DCP area that exceed 90,000 square feet to be processed by Development Review Permit as a further means of stimulating housing production and streamlining the housing project approval process; and.

WHEREAS, approval of Tier 3 housing projects greater than 90,000 square feet by Development Review Permit offers greater predictability in both the review process and the requirements for applicants and is likely to decrease overall project costs; and

WHEREAS, amending the text of the DCP to allow for the processing of Tier 3 housing projects greater than 90,000 square feet by Development Review permit will encourage the development of larger housing projects and maximization of housing opportunity, thereby increasing housing production in the Downtown; and

WHEREAS, establishing project requirements for Tier 3 housing projects greater than 90,000 square feet will increase the certainty for applicants while implementing Land Use and Circulation Element policies which require that as development is approved above the base floor area ratio and height, it must be accompanied by a range of community benefits that provide incentives for the production of affordable housing and reduce the additional burdens more intense development allowed by the General Plan will impose on the City; and

WHEREAS, on May 13, 2020, the Planning Commission adopted a Resolution of Intention, Resolution Number 20-011 (PCS), declaring its intention consider recommending to the City Council that the City Council amend the Zoning Ordinance to

establish project requirements for Tier 3 housing projects greater than 90,000 square feet;
and

WHEREAS, on May 20, 2020, the Planning Commission conducted a public hearing to consider its recommendations to the City Council.

NOW, THEREFORE, THE PLANNING COMMISSION OF THE CITY OF SANTA MONICA DOES RESOLVE AS FOLLOWS:

SECTION 1. Proposed amendments to the text of the Zoning Ordinance.

Pursuant to Santa Monica Municipal Code Section 9.46.060(B), the Planning Commission does hereby recommend to the City Council that the City Council amend the text of the Zoning Ordinance, as set forth in Exhibit A, attached to this Resolution. In making this recommendation, the Planning Commission hereby finds and declares that, for the reasons articulated above, in the staff report dated May 20, 2020, and below:

1. The proposed amendments to the text of the Zoning Ordinance are consistent with the General Plan in that the amendments implement the LUCE policies to create and support additional housing opportunities through incentives for process and development potential. Specifically, Policy LU11.2 states to expand housing opportunities near transit-rich districts including near Expo Light Rail stations such as within the Transit Adjacent (TA) district and Policy LU11.3 seeks to provide incentives for housing/affordable housing. Further, the proposed amendments support housing production through process incentives and design flexibility for Tier

3 housing projects that are consistent with the DCP and project requirements pursuant to the Zoning Ordinance.

2. The proposed amendments to the text of the Zoning Ordinance are consistent with the purpose of the Zoning Ordinance to promote the growth of the City in an orderly manner and to promote and protect the public health, safety, and general welfare in that proposed amendments will establish prescribed community benefit requirements for Tier 3 downtown housing projects greater than 90,000 square feet and thereby incentivize the development of Tier 3 housing projects within the Downtown Community Plan area.

SECTION 2. The Director of Planning and Community Development shall certify to the adoption of this Resolution, and thenceforth and thereafter the same shall be in full force and effect.

APPROVED AS TO FORM:

GEORGE S. CARDONA
Interim City Attorney

Adopted this 20th day of May, 2020.

Chair, Planning Commission

I hereby certify that the foregoing Resolution of Intention was duly and regularly introduced and approved at a meeting of the Planning Commission on the 20th day of May, 2020 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest:

Director of Planning and Community Development

EXHIBIT A

PROPOSED AMENDMENTS TO SECTION 9.10.070 TO ESTABLISH PROJECT REQUIREMENTS FOR TIER 3 HOUSING PROJECTS OVER 90,000 SQUARE FEET

Modify the following language in SMMC Section 9.10.070(C):

9.10.070 Project Requirements

C. **Housing and Mixed-Use Residential Projects Qualifying Benefits.** An applicant seeking approval for a housing or mixed-use residential project that exceeds the base floor area ratio or height allowed in the district where the project is located shall provide community benefits in each of the following categories.

1. **Housing.** All Tier 2 projects and Tier 3 projects ~~up to 90,000 square feet~~ must meet the following requirements:

a. *Affordable Housing.* Subject to the modifications contained in this Section, all of the affordable units shall comply with the provisions of Chapter 9.64. As set forth in Table 9.10.070.A, applicants proposing residential and mixed-use residential projects shall incorporate the following:

i. A percentage of the total number of units in the project, corresponding with the height or FAR of the project, shall be deed-restricted as on-site affordable housing units. Any fractional affordable housing unit that results from this formula shall be provided as a whole affordable housing unit (i.e., any resulting fraction shall be rounded up to be the next larger integer).

Table 9.10.070.A. On-Site and Off-Site Affordable Housing Requirements

Height (Feet)	On-Site Affordable Housing %	Off-Site Affordable Housing %	On-Site Affordable Housing % for Development Agreements and Planning Applications Complete on or before 11/11/16	Off-Site Affordable Housing % for Development Agreements and Planning Applications Complete on or before 11/11/16
40-50	20%	25%	20%	25%
52	21%	26%	20%	25%
54	22%	27%	20%	25%
56	23%	28%	20%	25%
58	24%	29%	20%	25%
60	25%	30%	20%	25%
62	26%	31%	20%	25%
64	27%	32%	20%	25%
66	28%	33%	20%	25%
68	29%	34%	20%	25%
70-84	30%	35%	20%	25%

ii. Affordable housing units may be provided off site pursuant to Section 9.64.060 except that the total number of affordable housing units shall be increased to the percentage of the total number of units in the project as set forth in Table 9.10.070.A. The off-site affordable housing units shall meet the following conditions:

- (1) The affordable housing units are owned in whole or part and operated by a non-profit housing provider for the life of the project;

(2) The final construction permit sign off or certificate of occupancy for the affordable units is issued prior to or concurrently with the Tier 2 or qualifying Tier 3 project; and

(3) The location of the off-site location shall be within the boundaries of the Downtown or within a one-quarter mile radius of the market rate units.

iii. The total number of affordable housing units shall incorporate the affordability mix specified in Table 9.10.070.B. Any fractional affordable housing units that result from the percentage mix of total affordable housing units shall be aggregated into whole affordable housing units (i.e. any resulting fraction shall be added to other resulting fractions). The resulting whole units may be provided at 30%, 50%, 80%, or moderate-income household affordability levels.

Table 9.10.070.B. Affordability

Affordability Level	Affordability Mix of Total Number of Affordable Housing Units
30% Income Household	20%
50% Income Household	20%
80% Income Household	30%
Moderate Income	30%

iv. An affordable housing unit shall have a minimum total floor area of no less than the average floor area of comparable market rate units in the project.

b. *Unit Mix.* Applicants proposing residential and mixed-use projects shall incorporate the following:

i. For market rate units:

(1) At least 15% of the units shall be three-bedroom units;

(2) At least 20% of the units shall be two-bedroom units;

(3) No more than 15% of the units shall be studio units;

(4) The average number of bedrooms for all of the market rate units combined shall be 1.2 or greater; and

(5) Notwithstanding subsections (C)(2)(a)(i) through (iii) above, any fractional housing unit less than 0.5 that results from this unit mix shall be rounded down to the next lower integer. Any fractional housing unit of 0.5 or more that results from this units mix shall be rounded up to the next larger integer.

ii. For affordable housing units:

(1) The average number of bedrooms for all of the affordable housing units combined shall be equal to or greater than the average number of bedrooms provided for all of the market rate units pursuant to subsection (C)(2)(a) of this Section.

(2) Affordable housing units shall be no smaller than the average size of comparable market rate units in the project.

iii. The Director may grant a waiver from this unit mix requirement pursuant to the requirements and procedures for Waivers in SMMC Chapter 9.43.

2. **Transportation Impact Fee.**

a. ~~All Tier 2 and Tier 3 up to 90,000 Square Feet.~~ Projects shall pay an additional Transportation Impact Fee (TIF) of 90% of the maximum allowable fee established in the Transportation Impact Fee nexus study, for that portion of the floor area above the maximum Tier 1 floor area allowed by the Downtown Community Plan.

3. **Open Space.**

a. ~~All Tier 2 and Tier 3 up to 90,000 Square Feet.~~ Projects shall pay an additional Parks and Recreation Development Impact Fee of 90% of the maximum allowable fee established in the Parks and Recreation Fee nexus study for that portion of the floor area above the maximum Tier 1 floor area allowed by the Downtown Community Plan.

4. **Affordable Housing Commercial Linkage Fee.**

a. ~~All Tier 2 and Tier 3 up to 90,000 Square Feet.~~ Commercial portions of mixed-use projects shall pay a housing mitigation fee 23% above the base fee as required by Chapter 9.68, Affordable Housing Commercial Linkage Fee Program for that portion of the floor area above the maximum Tier 1 floor area allowed by the Downtown Community Plan.

5. **Transportation Demand Management.** All Tier 2 and Tier 3 ~~up to 90,000 square feet~~ residential and mixed-use projects shall include the following Transportation Demand Management measures in addition to those required by Chapter 9.53, Transportation Demand Management;

a. For nonresidential components of projects, provide the following:

- i. Bike valet, free of charge, during all automobile valet operating hours.
- b. For residential components of projects, provide the following:
 - i. Free on-site shared bicycles intended for resident and guest use. This shall be optional if Citywide bikeshare is available within a 2-block radius of the project site.

ATTACHMENT C

Proposed Redline Modifications

Attachment C – Proposed Redline Modifications

Downtown Community Plan: Chapter 2A.4 DCP Entitlement and Tier System (DCP Pages 29-30)

Development Agreement Projects Development Agreements are used to process specific properties where special conditions of size, shape, geography or existing or desired development require particular attention and additional analysis. This approach allows the city to address the specific physical conditions and challenges posed by these sites and negotiate for significant benefits from larger individual development projects. In the Downtown district, several project types will require a negotiated development agreement, regardless of proposed height and tier, with negotiated community benefits approved by the City Council. Guidelines for on-site benefits that are aligned with the community benefit priorities for Downtown are listed in Table 2A.4.

~~1. Housing Projects within Transit Adjacent District. Tier 3. Residential projects greater than 90,000 square feet that conform to Tier 3 height and FAR standards shall be required to be processed through a development agreement.~~

~~2. Commercial Projects. All Tiers. Non-residential commercial projects greater than 30,000 square feet of floor area shall be required to be processed through a development agreement. Under no circumstances shall projects be considered for increases beyond height or FAR standards set forth in this Plan.~~

All development agreement projects are expected to provide community benefits that contribute to Downtown's priorities and fees in excess of Tier 3 fee requirements. Table 2A.3 provides guidelines to priority areas that should guide development agreement negotiations. These priority areas are a baseline for further negotiation.

Downtown Community Plan: Chapter 4 Standards and Regulations
 Section 9.10.050 & 9.10.050(A)

9.10.050 Application Thresholds Table

	Housing Project	All Other Projects
<i>Administrative Approval</i>	Projects up to 75,000 sf	Less than 10,000 sf
<i>Development Review Permit</i>	Tier 2 greater than 75,000 sf	10,000 – 30,000 sf
	Tier 3 greater than: between 75,000 sf – 90,000 sf	
<i>Development Agreement</i>	Tier 3 greater than 90,000 sf N/A	Greater than 30,000 sf

A. “Housing Project” means a use consisting of any of the following:

1. Residential units only
2. Mixed-use developments consisting of residential and nonresidential uses in which nonresidential uses that do not exceed ~~25%~~33% of the total building square footage and are limited to neighborhood commercial uses ~~and to the first floor of buildings that are two or more stories.~~
3. Transitional or Supportive Housing

Zoning Ordinance: SMMC Chapter 9.10 Downtown Districts
Section 9.10.070

9.10.070 Project Requirements

A. Purpose. The purpose of this Section is to implement LUCE policies which require that as development is approved above the base FAR and height, it must be accompanied by a range of community benefits from four priority categories: affordable housing, trip reduction and traffic management, community physical improvements, and social and cultural facilities. In addition to promoting the development of additional affordable housing and to maintaining existing City programs that provide incentives for the production of affordable housing, these requirements are intended to reduce the additional burdens more intense development allowed by the General Plan will impose on the City by requiring applicants to pay additional fees to mitigate project impacts or, in specific instances, allowing applicants to incorporate features into their projects.

B. Applicability. Except for 100% Affordable Housing Projects, the requirements of this Chapter apply to all projects involving new development and additions for which applicants propose to exceed the maximum base floor area or height allowed for Tier 1 projects. The provisions of this Chapter establish the requirements under which additional floor area and height may be allowed up to the Tier 2 or Tier 3 maximum standards established in the Downtown Community Plan.

C. Housing and Mixed-Use Residential Projects Qualifying Benefits. An applicant seeking approval for a housing or mixed-use residential project that exceeds the base floor area ratio or height allowed in the district where the project is located shall provide community benefits in each of the following categories.

1. **Housing.** All Tier 2 projects and Tier 3 projects must meet the following requirements:
 - a. *Affordable Housing.* Subject to the modifications contained in this Section, all of the affordable units shall comply with the provisions of Chapter 9.64. As set forth in Table 9.10.070.A, applicants proposing residential and mixed-use residential projects shall incorporate the following:
 - i. A percentage of the total number of units in the project, corresponding with the height or FAR of the project, shall be deed-restricted as on-site affordable housing units. Any fractional affordable housing unit that results from this formula shall be provided as a whole affordable housing unit (i.e., any resulting fraction shall be rounded up to be the next larger integer).

Table 9.10.070.A. On-Site and Off-Site Affordable Housing Requirements

Height (Feet)	On-Site Affordable Housing %	Off-Site Affordable Housing %	On-Site Affordable Housing % for Planning Applications Complete on or before 11/11/16	Off-Site Affordable Housing % for Planning Applications Complete on or before 11/11/16
40-50	20%	25%	20%	25%
52	21%	26%	20%	25%
54	22%	27%	20%	25%
56	23%	28%	20%	25%
58	24%	29%	20%	25%
60	25%	30%	20%	25%
62	26%	31%	20%	25%
64	27%	32%	20%	25%
66	28%	33%	20%	25%
68	29%	34%	20%	25%
70-84	30%	35%	20%	25%

ii. Affordable housing units may be provided off site pursuant to Section 9.64.060 except that the total number of affordable housing units shall be increased to the percentage of the total number of units in the project as set forth in Table 9.10.070.A. The off-site affordable housing units shall meet the following conditions:

- (1) The affordable housing units are owned in whole or part and operated by a non-profit housing provider for the life of the project;
- (2) The final construction permit sign off or certificate of occupancy for the affordable units is issued prior to or concurrently with the Tier 2 or qualifying Tier 3 project; and
- (3) The location of the off-site location shall be within the boundaries of the Downtown or within a one-quarter mile radius of the market rate units.

iii. The total number of affordable housing units shall incorporate the affordability mix specified in Table 9.10.070.B. Any fractional affordable housing units that result from the percentage mix of total affordable housing units shall be aggregated into whole affordable housing units (i.e. any resulting fraction shall be added to other resulting fractions). The resulting whole units may be provided at 30%, 50%, 80%, or moderate-income household affordability levels.

Table 9.10.070.B. Affordability

Affordability Level	Affordability Mix of Total Number of Affordable Housing Units
30% Income Household	20%
50% Income Household	20%
80% Income Household	30%
Moderate Income	30%

iv. An affordable housing unit shall have a minimum total floor area of no less than the average floor area of comparable market rate units in the project.

b. *Unit Mix.* Applicants proposing residential and mixed-use projects shall incorporate the following:

i. For market rate units:

- (1) At least 15% of the units shall be three-bedroom units;
- (2) At least 20% of the units shall be two-bedroom units;
- (3) No more than 15% of the units shall be studio units;
- (4) The average number of bedrooms for all of the market rate units combined shall be 1.2 or greater; and
- (5) Notwithstanding subsections (C)(2)(a)(i) through (iii) above, any fractional housing unit less than 0.5 that results from this unit mix shall be rounded down to the next lower integer. Any fractional housing unit of 0.5 or more that results from this units mix shall be rounded up to the next larger integer.

ii. For affordable housing units:

- (1) The average number of bedrooms for all of the affordable housing units combined shall be equal to or greater than the average number of bedrooms provided for all of the market rate units pursuant to subsection (C)(2)(a) of this Section.
- (2) Affordable housing units shall be no smaller than the average size of comparable market rate units in the project.

iii. The Director may grant a waiver from this unit mix requirement pursuant to the requirements and procedures for Waivers in SMMC Chapter [9.43](#).

2. *Transportation Impact Fee.*

a. *All Tier 2 and Tier 3* . Projects shall pay an additional Transportation Impact Fee (TIF) of 90% of the maximum allowable fee established in the Transportation Impact Fee nexus study, for that portion of the floor area above the maximum Tier 1 floor area allowed by the Downtown Community Plan.

3. *Open Space.*

- a. *All Tier 2 and Tier 3.* Projects shall pay an additional Parks and Recreation Development Impact Fee of 90% of the maximum allowable fee established in the Parks and Recreation Fee nexus study for that portion of the floor area above the maximum Tier 1 floor area allowed by the Downtown Community Plan.
4. ***Affordable Housing Commercial Linkage Fee.***
 - a. *All Tier 2 and Tier 3.* Commercial portions of mixed-use projects shall pay a housing mitigation fee 23% above the base fee as required by Chapter 9.68, Affordable Housing Commercial Linkage Fee Program for that portion of the floor area above the maximum Tier 1 floor area allowed by the Downtown Community Plan.
5. ***Transportation Demand Management.*** All Tier 2 and Tier 3 residential and mixed-use projects shall include the following Transportation Demand Management measures in addition to those required by Chapter 9.53, Transportation Demand Management.

D. All Other Projects Qualifying Benefits. An applicant seeking approval for Tier 2 and Tier 3 projects up to 30,000 square feet that are not residential or mixed-use projects that exceed the base floor area or height allowed in the district where the project is located shall provide community benefits in each of the following categories:

1. ***Impact Fees.***
 - a. *Affordable Housing Commercial Linkage Fee.*
 - i. Tier 2 and Tier 3 up to 30,000 square feet. Projects shall pay a housing mitigation fee 23% above the base fee as required by Chapter 9.68, Affordable Housing Commercial Linkage Fee Program for that portion of the floor area above the maximum Tier 1 floor area allowed by the Downtown Community Plan
 - b. *Transportation Impact Fee.*
 - i. Tier 2 and Tier 3 up to 30,000 square feet. Projects shall pay an additional transportation impact fee (TIF) 23% above the base fee required by Chapter 9.66, Transportation Impact Fee Program, for that portion of the floor area above the maximum Tier 1 floor area allowed by the Downtown Community Plan.
 - c. *Open Space.*
 - i. Tier 2 and Tier 3 up to 30,000 square feet. Projects shall pay an additional parks and recreation development impact fee 23% above the base fee required by Chapter 9.67, Parks and Recreation Fee Program, for that portion of the floor area above the maximum Tier 1 floor area allowed by the Downtown Community Plan.
2. ***Transportation Demand Management.*** All Tier 2 and Tier 3 projects shall include the following transportation demand management measures in addition to those required by Chapter 9.53, Transportation Demand Management: bike valet, free of charge, during all automobile valet operating hours.

(Added by Ord. No. 2551CCS § 3, adopted August 8, 2017; amended by Ord. No. 2606CCS § 5, adopted April 9, 2019)