

# Agenda Report

May 9, 2022

**TO:** Honorable Mayor and City Council

**FROM:** Planning & Community Development Department

**SUBJECT: PREDEVELOPMENT PLAN REVIEW OF AN 81-UNIT MICRO-UNITS PROJECT AT 1501-1525 E. WALNUT STREET**

## **RECOMMENDATION:**

This report is intended to provide information to the City Council; no action is required.

## **BACKGROUND:**

The applicant, Tajen Lee for 1501 Walnut LLC, has submitted a Predevelopment Plan Review (PPR) application to develop the site at 1501-1525 E. Walnut Street with a four-story, 81-unit single-room occupancy project, which would include 80 single-room occupancy (SRO) units and one resident-manager unit. The site is located on the north side of E. Walnut Street, east of N. Hill Avenue, is 32,267 square feet (0.74 acre), and zoned CG (Commercial, General). The site is currently developed with four one-story commercial buildings.

The purpose of the PPR is to achieve better projects through early consultation between City staff and applicants. The intent is to coordinate the review of projects among City staff and City departments, familiarize applicants with regulations and procedures that apply to the project, and avoid significant investment in the design of a project without preliminary input from City staff. In addition, the purpose is to identify issues that may arise during review of the project and provide opportunities for discussion about the project and an exchange of information on potential issues between the City staff and applicants.

Further, projects that qualify as a 'project of community-wide significance' are presented to the City Council in order to inform the public of proposed development. A project is categorized as a project of communitywide significance if it consists of: 1) more than 50,000 square feet of gross floor area with one discretionary action; or 2) 50 or more housing units; or 3) any project determined by the Planning Director to be of major importance to the City. Projects of communitywide significance are presented to the City Council for informational purposes.

This report provides a project description, identifies the anticipated entitlement and environmental review processes, and summarizes key areas of concern regarding Zoning Code and General Plan compliance.

### **PREDEVELOPMENT PLAN REVIEW ANALYSIS:**

The proposed project would demolish all four existing buildings and construct a four-story, 45-foot tall, 81-unit Single-Room Occupancy building. The rent for 30 of the units would be at an affordable rate (very-low-income, low-income, or moderate-income), and 50 would be rented at a market-rate.

Applicable City departments reviewed the project as part of the PPR process and provided comments that are included in Attachment A. The City's Design Commission also conducted Preliminary Consultation on January 11, 2022, (these comments are included in Attachment B). Notable Planning-related comments are discussed below.

#### **Context and Compatibility**

The proposed project is four stories and 45 feet in height, with the building located at the front (south) of the site, adjacent to E. Walnut Street, with a surface parking lot to the rear (north) of the site. The ground floor would be occupied by a combination of two driveways, covered parking, the caretaker's unit, and lobby and amenity spaces. Subterranean parking is not proposed.

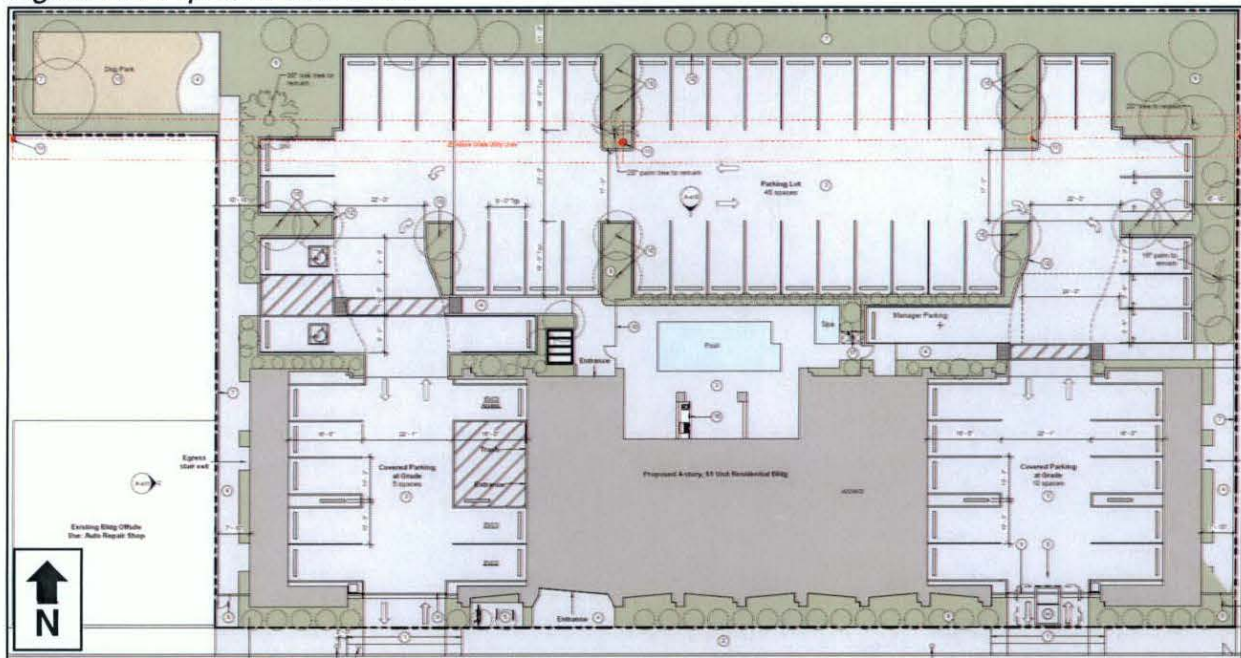
Surrounding properties are developed with a number of one- and two-story buildings, where the majority are vehicle repair businesses, including those on the project site. To the north of the project site is a multi-family zoned (RM-16) neighborhood with a variety of lower density residential properties.

*Figure 1: Aerial View Project Site*





*Figure 2: Proposed Site Plan*



## Massing and Scale

The maximum permitted floor area ratio, pursuant to 17.24.040 (Commercial and Industrial District General Development Standards), Table 2-6 (Commercial and Industrial District General Development Standards) of the Zoning Code, is 0.80, or 31,413 square feet. The project proposes a floor area ratio of 1.06, or 41,756 square feet, and exceeds the maximum by 24.5 percent. A density bonus is required to achieve the proposed floor area ratio.

### Density Bonus

As the project is considered a residential project under the affordable housing definitions in Section 17.80 of the Zoning Code, it is eligible for the density bonus provisions in Section 17.43. The number of units (density) of a single-room occupancy facility is regulated by the floor area ratio. Accordingly, a density bonus offers an increase in floor area ratio for single-room occupancy projects above the otherwise maximum allowable floor area ratio. The amount of the density bonus to which the applicant is entitled shall vary according to the amount of affordable dwelling units proposed in the project. As proposed, with five percent of the base number of units (60 units) set aside as rentals for very-low income households, the project is allowed a 20 percent density bonus.



*Table 1: Summary of Standards*

| Standard   | Requirement/Allowed  | Proposed                   |
|--|--|----------------------------|
| <b>Floor Area Ratio</b>                          | 0.80 (31,413 square feet)  | 1.06 (41,756 square feet)* |
| <b>Height</b>                                    | 45 feet  | 45 feet                    |
| <b>Common Area</b>                               | 10 square feet per unit or 250 square feet, whichever is greater (800 square feet)                                 | 2,884 square feet          |
| <b>Setbacks</b>                                  |  |                            |
| E. Walnut Street (front)                         | Five feet minimum  | Five feet                  |
| Northern property line (rear)                    | 15 feet minimum  | 86'-10"                    |
| All other property lines (side)                  | No setback required  | 7'-10"                     |
| <b>Parking</b>                                   |  |                            |
| Single-Room Occupancy<br>(Affordable: 30 units)  | One parking space for every four single-room occupancy units, plus two spaces for the resident manager. (8 spaces) | 60 parking spaces          |
| Single-Room Occupancy<br>(Market Rate: 50 units) | One parking space for every one single-room occupancy unit, plus two spaces for the resident manager. (52 spaces)  |                            |

\*With Density Bonus

*Figure 3: Perspective (looking northeast)*



*Figure 4: Elevation (looking north)*



### Inclusionary Housing

The City's Inclusionary Housing regulations apply to the construction of a project consisting of 10 or more dwelling units, and require that a minimum of 20 percent of the base number of dwelling units in a residential project be offered to households of very-low-, low-, and moderate-income levels, at an affordable housing cost.

For a rental project such as this, Table 2 below shows the requirements and how the proposed project will meet the minimum requirements for very-low- and low-income units, while exceeding the minimum requirement for moderate-income units.

*Table 2: Inclusionary Housing*

|                              | Minimum Requirement |                 | Number of Affordable Units Proposed |
|------------------------------|---------------------|-----------------|-------------------------------------|
|                              | Percentage of units | Number of units |                                     |
| <b>Very-Low-Income Units</b> | 5                   | 3               | 3                                   |
| <b>Low-Income Units</b>      | 5                   | 3               | 3                                   |
| <b>Moderate-Income Units</b> | 10                  | 12              | 24                                  |
| <b>Total</b>                 | <b>20</b>           | <b>18</b>       | <b>30</b>                           |

### **ENTITLEMENT PROCESS:**

The project as proposed does not include any uses that would require discretionary review (e.g. Conditional Use Permit) and based on discussions with the applicant team it is expected that the project would be fully compliant with the applicable Zoning Code regulations. Therefore, the only required discretionary review would be Design Review before the Design Commission. The project is subject to three stages of review: 1) Preliminary Consultation; 2) Concept (schematic-level) Design; and 3) Final Design. The project completed Preliminary Consultation on January 11, 2022 (Attachment B).

### **Environmental Review**

Environmental review will be conducted in compliance with the California Environmental Quality Act (CEQA) during Concept Design Review. Technical studies (e.g. traffic, noise, air quality) may be necessary to determine the type of CEQA clearance required for the project.

### **NEXT STEPS:**

Public hearings before the Design Commission are necessary in order to carry out the proposed project. Environmental review of this project will occur with the Design Review process, consistent with the requirements of CEQA. The following identifies the steps in the review process:

- Design Commission review: Preliminary Consultation (completed January 11, 2022);
- Conduct environmental review per CEQA; and
- Design Commission review: Concept and Final Design Review.

**FISCAL IMPACT:**

This report is for information only and will not result in any fiscal impact.

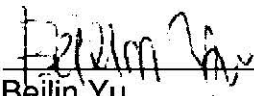
Respectfully submitted,

  
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DAVID M. REYES  
Director of Planning & Community  
Development

Prepared by:

  
\_\_\_\_\_  
David Sinclair  
Senior Planner

Concurred by:

  
\_\_\_\_\_  
Beilin Yu  
Zoning Administrator

Approved by:

  
\_\_\_\_\_  
CYNTHIA J. KURTZ  
Interim City Manager

Attachments: (4)

Attachment A – Predevelopment Plan Review Comments to Applicant  
Attachment B – Preliminary Consultation Design Review Comments (January 11, 2022)  
Attachment C – Project Summary Table of Development Standards  
Attachment D – Predevelopment Plan Review Plans