

# Agenda Report

September 30, 2024

**TO:** Honorable Mayor and City Council

**FROM:** Planning & Community Development Department

**SUBJECT: ZONING CODE AMENDMENTS RELATED TO THE ADAPTIVE REUSE OF EXISTING NONRESIDENTIAL BUILDINGS, INCLUDING CHANGES RELATED TO PARKING AND VARIANCES FOR HISTORIC RESOURCES**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the the Addendum to the 2015 Pasadena General Plan Environmental Impact Report (State Clearinghouse No. 2013091009) to address the potential environmental impacts associated with the proposed amendments have been prepared in accordance with the California Environmental Quality Act of 1970 (CEQA) (Cal. Public Resources Code Section 21000, et. seq., as amended) and its implementing guidelines (Cal. Code Regs., Title 14, Section 15000 et. seq., 2016). This Addendum has been prepared and will be processed consistent with CEQA Guidelines (Cal. Code Regs., Title 14, Sections 15162 and 15164). The addendum found that the proposed amendments will not result in any potentially significant impacts that were not already analyzed;
2. Adopt the Findings for the Zoning Code Text Amendments (Attachment A); and
3. Direct the City Attorney to prepare an ordinance for the Zoning Code Amendments within 90 days consistent with the provisions set forth in the agenda report.

## **PLANNING COMMISSION RECOMMENDATION:**

On July 10, 2024, the Planning Commission considered the proposed Zoning Code Amendments at a publicly noticed hearing and recommended that the City Council approve the Amendments as presented by staff, with the following changes:

1. Remove the maximum density limits for existing buildings. However, density limits would apply to new construction with units;
2. Require an average unit size of 450 square feet for projects with 10 or more units. However, 100% affordable housing projects would be exempt;
3. Reduce parking requirements when on-site car/vehicle sharing is provided; and

4. Reduce open space requirements for properties in proximity to public parks.

The Planning Commission made two additional recommendations that the City Council direct staff to study at a future time:

1. Whether adaptive reuse to housing should be allowed in zones that do not currently allow housing (e.g., Industrial General and Commercial General zones); and
2. Financial incentives to facilitate adaptive reuse projects.

**BACKGROUND:**

Adaptive reuse is the process of converting an existing building from one use to another, and is most commonly associated with historic buildings. The COVID pandemic significantly impacted retail and office markets, leaving millions of square feet across the United States as vacant, as people shifted to online shopping and remote working. As the demand for nonresidential spaces has diminished, there is a need to reevaluate the City of Pasadena's (the "City's") building stock, specifically vacant or under-utilized nonresidential buildings. At the same time, the need to construct additional housing continues to grow. The proposed Zoning Code Amendments (the "Amendments") would reduce regulatory barriers to incentivize the conversion of nonresidential buildings to multifamily and mixed-use with housing; thereby accelerating the production of housing units, and encouraging the productive use of underutilized buildings.

The City's 2021-2029 General Plan Housing Element includes Program 6 (Housing Sites), which calls to incentivize the adaptive reuse of nonresidential buildings for residential uses and to establish an ordinance to allow the adaptive reuse of nonresidential buildings for residential uses, including eliminating requirements in Title 17 of the Pasadena Municipal Code (the "Zoning Code") that are not related to building and/or fire safety codes. Program 6 also includes an objective to facilitate additional and diverse housing opportunities in Northwest Pasadena, either through alternative housing types and/or acquisition/rehabilitation/adaptive reuse. The City's 2015 General Plan Land Use Element includes Policies 8.4 and 10.6 (Adaptive Reuse), which call for the adaptive reuse of structures to promote historic preservation, support environmental sustainability and improve economic development.

Adaptive Reuse Trends:

*Tri-Cities Office Market*

Pasadena currently has 13.9 million square feet of office space, compared to 12.6 million in Burbank and 10.2 million in Glendale (collectively known as the Tri-Cities Area). Vacancy rates for Pasadena have gone from 11.8 percent in 2019 (pre-COVID) to 26.8 percent in 2021 (COVID peak) to 19.8 percent in 2024 (post-COVID). The City's vacancy rates have been consistently higher than the rates for Burbank, but lower than the rates for Glendale. In addition, the City's office stock is older than that for Burbank and Glendale (with 50 percent of the City's office stock constructed before 1980, compared to less than 30 percent for the other cities). Overall, the statistics place Pasadena in the "middle of the

pack” compared to the Los Angeles Region. While vacancy rates have declined since the COVID peak, industry professionals predict they will remain high in the foreseeable future.

### *Existing Ordinances*

Cities across the United States are adopting adaptive reuse ordinances to streamline the process to convert vacant retail and office space to housing and other uses. Staff researched existing ordinances from throughout California, including those for the cities of Los Angeles, San Francisco, Long Beach and Santa Ana. The Los Angeles Ordinance, first adopted in 1999, has resulted in over 12,000 new housing units in the downtown area. The ordinance is currently being updated to expand the program citywide, reduce the minimum age of structures to be eligible and provide more flexibility in meeting zoning requirements.

While Pasadena does not have an existing ordinance, it has a long history of adaptively reusing historic structures, including for housing. Examples include the Raymond Theatre (Perkins Palace), the Stuart at Sierra Madre Villa (Stuart Pharmaceutical) and the Del Mar Station (Santa Fe Depot). The most recent example is the project at 380-388 Cordova Street, where a 7-story office building was converted into ground level office space and 57 upper-level residential units. Project challenges included complying with appurtenance height on a building already over height, meeting open space requirements, and meeting current ingress/egress standards. In addition, since the existing building exceeded FAR there were limited opportunities to construct additions. Staff studied this project and discussed the challenges with the applicant to understand what updates could benefit future projects.

### Recent City and State Efforts:

#### *Nonresidential to Nonresidential*

Over the past several years, the City has studied conversions from nonresidential uses into other nonresidential uses. In December 2023, the City Council approved Zoning Code updates to streamline the process for establishing and expanding Research and Development (R&D) facilities in the City. This included simplified definitions for office and non-office uses, eased restrictions on floor area, open space, and parking requirements, and greater allowances for building heights and rooftop equipment. The newly adopted specific plans also include regulations that make it easier for nonresidential buildings to be reused by other nonresidential uses. Parking requirements were standardized for all office, retail, restaurant, and service uses – allowing the transition from one use to another without the need for new parking. In addition, the specific plans do not require new parking for projects within designated historic resources and buildings built before 1970..

#### *Nonresidential to Multifamily and Mixed-use with Housing*

The City’s current regulations do not prohibit the adaptive reuse of buildings where housing is already permitted; however, it can be challenging for older buildings to conform to current Zoning Code development standards, including floor area ratio (FAR), setbacks, open space, height and parking.

### *Recent Code Changes*

The City has recently adopted the following incentives and exceptions in the Zoning Code that encourage the adaptive reuse of buildings:

- New Specific Plans – Removes the requirement to increase parking due to a change of use for historic resources and structures built prior to 1970;
- Zoning Code Section 17.50.230 (Religious Facilities) – Removes common open space requirements and reduces parking requirements for existing religious structures reused as affordable housing;
- Zoning Code Section 17.62.130 (Incentives for Preserving Historic Resources) – Reduces parking requirements and permit fees for designated historic resources;
- Zoning Code Section 17.61.080.H (Variances for Historic Resources) – Provides relief from the Zoning Code for historic resources; and
- Zoning Code Section 17.50.075 (Conversion of a Hotel or Motel) – Allows for the conversion of an existing hotel or motel with 80 guest rooms or less into affordable housing, including supportive housing, transitional housing, and single-room occupancy (SROs). This Section also allows for the modification of development standards including FAR, setbacks, common area requirements, landscaping, and parking.

### *Stakeholder Outreach*

Staff met with industry professionals to discuss existing regulations and barriers to adaptive reuse, and obtain feedback on potential amendments. Staff also partnered with Pasadena Heritage on a symposium to discuss adaptive reuse with groups including architects, developers, planners and preservationists. The following feedback is incorporated in the proposed amendments:

- Apply the updates citywide, rather than just one geographic area;
- Allow for flexibility in current regulations, including parking requirements;
- Consider by-right approvals for adaptive reuse projects to streamline the development process and reduce delays; design review is seen as too cumbersome;
- Consider reduced requirements for ADA or only require the minimum to meet state code;
- Reduce or consolidate the number of required City inspections.

### *Building and Fire Safety Codes*

Buildings that are proposed to be converted to residential uses may have been built to different code requirements and must be updated to meet current residential building and/or fire safety codes. This has been identified as a constraint for adaptive reuse. In response, the state legislature will appoint a working group to identify building and fire safety challenges regarding adaptive reuse. However, it is anticipated to take several years to implement any formal changes. Staff will monitor changes to Building and Fire Codes and where future amendments could address constraints. These Amendments focus on updates to the Zoning Code.

### Proposed Zoning Code Amendments

Below are staff's recommended Amendments, which also incorporate the Planning Commission's additional recommendations. Most would apply to existing buildings and may allow limited new construction for residential amenities and emergency access. However, the incentives for car-sharing, open space and Design Review would apply to existing buildings and new construction, provided that new construction did not increase the number of units by more than 50 percent or up to the density limit specified by the General Plan, whichever is less.

1. **Eligibility.** Adaptive reuse projects would be defined as any change of use of nonresidential buildings to multifamily or mixed-use with housing, where multifamily housing is currently permitted. Housing would continue to be prohibited on properties where residential is not allowed. To discourage speculative projects and truly incentivize re-use, buildings would become eligible five-years after a certificate of occupancy is issued.
2. **Density (dwelling units/acre).** Currently, a residential project that does not include a density bonus cannot exceed the density limits of the Zoning Code. As recommended by the Planning Commission, there would be no density maximum limits for adaptive reuse projects within an existing building. An average unit size of 450 square feet per unit would be required, however, projects that are 100 percent affordable or less than 10 units would be exempt from the average size requirement. However, density maximums would continue to apply for projects that include new construction with residential units.
3. **Setbacks.** The Zoning Code does not require an existing building to meet current setback requirements when there is a change in use only. As part of the Amendments, additions required for the purpose of complying with building and/or fire safety codes would be exempt from setback requirements (e.g. new area for ADA or exiting). However, all other new construction would be required to meet setback standards.
4. **Floor Area Ratio (FAR).** The Zoning Code does not require an existing building to meet FAR requirements when there is a change from one use to another. As part of the Amendments, the building's existing square footage or maximum FAR (whichever is greater) could be increased by 10 percent to provide residential amenities. Floor area added solely for the purpose of complying with building and/or fire safety codes (e.g., new stairways and/or elevator shafts) or to create mezzanines would also not count toward FAR. However, all other new construction would be required to meet FAR requirements.
5. **Height and Appurtenances.** The Zoning Code does not require an existing building to meet current height requirements when there is a change in use. As part of the Amendments, the building's existing height or maximum height permitted (whichever is greater) could be increased by 15 feet for appurtenances (e.g., roof mounted equipment) and residential amenities (e.g., community rooms, trellises). However, all other new construction would be required to meet maximum height standards.

- 6. Off-Street Parking.** Recent updates to the City’s specific plans do not require new parking for projects within designated historic resources and buildings built before 1970. All other changes of use are required to meet the current parking standards of the Zoning Code. As part of the Amendments, new parking for adaptive reuse multifamily or mixed-use projects would not be required, regardless of where the project is located or when the building was constructed. However, all other new construction would be required to meet current parking requirements.

As recommended by the Planning Commission, code-required parking requirements could be further reduced for residential uses when on-site car/vehicle sharing is provided. This is where a third party provides vehicles that are parked on-site for use by residents. Staff recommends that one car-share space would count as five required parking spaces, with a maximum parking reduction of 20 percent and no more than 10 car-share spaces eligible for the reduction. For example, if 100 parking spaces are required, a project could reduce the required spaces to 80 (with four of those spaces dedicated to a car sharing program).

Staff recommends car-sharing incentives apply to existing buildings and new construction, provided the new construction does not increase the number of units by more than 50 percent. Staff also proposes to study allowing car-sharing for all new residential projects, which could be incorporated as part of a future code amendment.

- 7. Open Space.** Currently, multifamily open space regulations vary by zoning district and residential land use type and can include common open space (e.g., pool areas, recreation rooms, etc.), private open space (e.g., balconies, porches, etc.) and publicly accessible open space (e.g., public plazas, paseos, etc.).

As part of the Amendments, staff proposes to utilize the existing mixed-use with housing standard of a minimum of 150 square feet of open space per unit. Staff also recommends incorporating the following to provide additional flexibility:

- Allow open space to be common, private or any combination of both (i.e., no minimums or maximums for either);
- Remove maximum percentages for indoor common open space;
- Reduce minimum dimensions for common open space;
- Allow lobby areas to qualify as common open space (provided they include amenities like workstations, seating, meeting areas, etc.);
- Allow rooftop common open space be calculated at a rate of 1.5 to 1.0 (e.g., a roof deck of 1,000 square feet would count as 1,500 square feet); and
- Allow street setbacks and publicly accessible open space to qualify as common open space (provided they include amenities like seating, fountains, etc.).

As recommended by the Planning Commission, open space requirements could be further reduced for adaptive reuse in proximity to public parks. Staff recommends a maximum reduction of 25 percent if the project is located within a one-half mile walking distance of a public park.



Staff recommends open space incentives apply to existing buildings and new construction, provided the new construction does not increase the number of units by more than 50 percent.

- 8. Design Review.** Existing structures undergoing exterior alterations require design review if the changes are visible from the public right-of-way. Currently, design review consists of the following steps: 1) Preliminary Consultation; 2) Concept Design Review; and 3) Final Design Review. The Director of Planning and Community Development (the “Director”) may authorize Consolidated Design Review (combining Concept and Final Design Review into one step). Depending on the size of the building, the review authority is either the Director or the Design Commission. Director decisions can be appealed to the Design Commission or called for review by a member of the City Council or Design Commission.

As part of the Amendments, the design review process would be streamlined to include the following steps: 1) Preliminary Consultation; and 2) Consolidated Design Review. The review authority would also be the Director for all adaptive reuse projects. Decisions could still be appealed to the Design Commission or called for review by a member of the City Council or Design Commission. If the project includes new construction the new square footage would be required to comply with the design review thresholds outlined in the Zoning Code.

Staff recommends Design Review incentives apply to existing buildings and new construction, provided the new construction does not increase the number of units by more than 50 percent.

#### Other Zoning Code Updates

In addition to the specific incentives outlined above, the Amendments include other changes to remove barriers related to parking and historic resources. These updates would not be limited to adaptive reuse projects; rather, they would apply to projects citywide.

#### *Shared Parking*

Currently, Zoning Code Section 17.46.050 (Shared Parking) allows the reduction of parking spaces where the hours of operation for different nonresidential uses allow the shared use of parking spaces without conflict. The parking spaces can be on the same or contiguous parcels, or on separate parcels. Shared parking requires Hearing Officer approval of a Minor Conditional Use Permit (MCUP) at a public hearing. If the parking is on separate parcels, it must also be located within an allowable walking distance.

Assembly Bill (AB) 894 went into effect January 1, 2024. It requires cities to approve shared parking when 20 percent or more of the off-site parking is underutilized during peak periods, is located within 2,000 feet walking distance and is substantiated by a parking study. As part of the Amendments, the Zoning Code would be updated to comply with AB 894. In addition, the review authority would change from the Hearing Officer to the Director (as an Administrative MCUP). Decisions could still be appealed to the Board of Zoning Appeals (BZA) or called for review by a member of the City Council or Planning Commission.

### *Tandem Parking*

Currently, Zoning Code Section 17.46.080 (Tandem Parking) requires an MCUP for certain nonresidential uses, allowing up to 75 percent of the total off-street parking spaces as “double” tandem parking and up to 50 percent as “triple” tandem parking. Tandem parking is already permitted by-right for residential uses, provided the tandem spaces are for the same unit. As part of the Amendments, the review authority would change from the Hearing Officer to the Director (as an Administrative MCUP). Decisions could still be appealed to the BZA or called for review by a member of the City Council or Planning Commission.

### *Variance for Historic Resources (VHR)*

The purpose of Zoning Code Section 17.61.080.H (Variance for Historic Resources) is to provide relief from the development standards of the Zoning Code to accommodate historic resources that are undergoing adaptive reuse. Examples include reduced parking for the new use, reduced setbacks for a historic resource that is relocated, and modified development standards for new construction that may be needed to preserve an on-site historic resource. A VHR currently requires Hearing Officer approval at a public hearing, subject to making the following findings:

- 1. The variance for historic resource is necessary to facilitate the appropriate use of an existing historic structure;*
- 2. The variance for historic resource would not adversely impact property within the neighborhood or historic district; and*
- 3. Granting the variance for historic resource would be in conformance with the goals, policies, and objectives of the General Plan and the purpose and intent of any applicable specific plan.*

Staff had been directed to look at this code section to identify if the findings were consistent with the purpose. The overall purpose of the VHR is to encourage the retention and protection of historic resources on properties undergoing development. Staff found that finding #1 should be modified to respond more appropriately to the purpose of this Section. Currently, the finding only speaks to facilitating the appropriate *use* of a historic resource and the use of the structure is not typically affected by a development standard that would require a Variance. In order to more effectively evaluate a qualified project, the finding would be revised to the following:

*“The variance for historic resource is necessary to facilitate development on properties with historic resources, historic resources that are adaptively reused, and/or relocation of historic resources”.*

Updating finding one to align with the purpose of the Zoning Code Section would allow staff to more effectively evaluate if a project qualifies for the Variance and it would address challenges that often become a barrier for adaptive reuse of sites containing a historic resource. Findings two and three would remain unchanged. This revised finding does not change or lessen any existing regulations for the protection of historic resources.

Currently, a VHR is processed using the procedures for a Minor Variance, where the Hearing Officer is the review authority. As part of the Amendments, the review authority



would change from the Hearing Officer to the Director (and be processed like an Administrative MCUP). Decisions could still be appealed to the BZA or called for review by a member of the City Council or Planning Commission.

**COUNCIL POLICY CONSIDERATION:**

The Amendments are consistent with the City Council's strategic goals to increase conservation and sustainability and support and promote the quality of life and the local economy. The Amendments are intended to facilitate the adaptive reuse of existing buildings, provide additional housing opportunities, and streamline the development processes consistent with the General Plan, including Land Use Element Policies 2.1, 2.5, 6.1, 7.3, 8.4, 10.6, and 21.2 and Housing Element Policies 2.5, 2.8, and 2.9.

**ENVIRONMENTAL ANALYSIS:**

An Initial Study (IS) and Environmental Impact Report (EIR) was prepared for the Pasadena General Plan in compliance with the California Environmental Quality Act (CEQA) and certified by the City Council on August 17, 2015 (State Clearinghouse No. 201391009). An Addendum to the IS/EIR has been prepared analyzing the proposed Amendments pertaining to adaptive reuse projects in compliance with Section 15164 (Addendum to an EIR or Negative Declaration) of the CEQA guidelines (Title 14, Chapter 3, Article 11).

The Addendum found that the project revisions will not result in any potentially significant impacts that were not already analyzed in the IS/EIR. The analysis demonstrates that the proposed modifications evaluated in the Addendum would not result in conditions meeting the criteria set forth in CEQA Guidelines § 15162. Therefore, pursuant to PRC § 21166 and CEQA Guidelines § 15162, preparation of a subsequent EIR is not required. Refer to Attachment C for the Addendum to the General Plan EIR.


**CONCLUSION AND RECOMMENDATION:**

Staff recommends that the City Council make the required findings and adopt the proposed Amendments. The Amendments include changes to the Zoning Code to facilitate the conversion of nonresidential buildings to multifamily and mixed-use with housing. Staff has incorporated feedback from the Planning Commission and worked closely with stakeholders to identify and reduce regulatory barriers to the development of adaptive reuse projects. Staff supports the four recommendations of the Planning Commission and they are incorporated into the amendments. Two additional recommendations were made by the Planning Commission that are outside of the scope of the Zoning Code Amendments; staff will conduct this work if directed by the Council.

**FISCAL IMPACT:**

This action will not have a direct fiscal impact. The reuse of vacant buildings would have positive indirect benefits to the City.

Respectfully submitted,

  
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JENNIFER PAIGE, AICP  
Director of Planning & Community  
Development Department

Prepared by:

  
\_\_\_\_\_  
Melanie Hall  
Planner

Reviewed by:

  
\_\_\_\_\_  
Martin Potter  
Principal Planner

Approved by:

  
\_\_\_\_\_  
MIGUEL MÁRQUEZ  
City Manager

Attachments: (2)

Attachment A – Findings for Zoning Code Amendments

Attachment B – Planning Commission Hearing Staff Report (07/10/24 – without attachments)