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July 10, 2009

Planning and Land Use Management Committee  
City of Los Angeles  
Room 395, City Hall  
Los Angeles, CA 90012

Case No. ZA-2005-6616(ZV)(ZAA)(ZAD)(SPR)  
Council File No. 07-4099-S2  
Council District No. 14  
Central City North Community Plan Area

Dear Honorable Members:

**TRANSMITTAL OF CORRECTIVE ACTION OF THE CITY COUNCIL FOR THE PROPERTY  
LOCATED AT 695 SOUTH SANTA FE AVENUE WITHIN THE CENTRAL CITY NORTH  
COMMUNITY PLAN AREA**

The attached report is in response the directive by the Planning and Land Use Management Committee of the City Council at its meeting held on June 16, 2009, instructing the Department of City Planning to prepare a draft action to correct the determinations related to the live-work project located at 695 Santa Fe Avenue in downtown Los Angeles to reflect the correct description in the grant clauses, Conditions of Approval and findings

S. GAIL GOLDBERG, AICP  
Director of Planning

  
JIM TOKUNAGA  
Senior City Planner

## History

The history of the determinations of Vesting Tentative Tract Map 63403 and Zoning Administrator Case No ZA 2005-6616(ZV)ZAA)(ZAD)(SPR) for the subject property is as follows:

- April 26, 2006                      The Deputy Advisory Agency disapproved the vesting tentative tract map for 182 Joint Living and Working Quarters Condominiums. The Zoning Administrator's Office denied the proposed new construction of 182 joint living and work quarters project for artists and artisans in the M3-1 Zone, a variance a to permit the buildable lot area to include the area for highway dedications and the area for yard setbacks, a variance from Section 12.21.1 A 1 to permit a 1.8 to 1 Floor Area Ratio (FAR) in lieu of the maximum allowable FAR of 1.5:1, an adjustment for a reduction in the required side yard setback to permit a five feet setback in lieu of the required 10 feet setback and a reduction in the required rear yard setback to permit a zero feet setback in lieu of the required 15 feet setback.
- December 13, 2007                The City Planning Commission held a hearing on the appeal of the Vesting Tentative Tract and Zoning Administrator's determination. The City Planning Commission failed to reach a consensus with a vote of 3-3. The Commissioners failure to act resulted in the automatic reaffirmation of the Deputy Advisory Agency's and Zoning Administrator's Determinations dated April 26, 2006.
- December 18, 2007                Pursuant to Charter Section 245, the Council District 14 entered a motion asserting jurisdiction over the 12-13-07 CPC's failure to act relative to the Zoning Administrator's determination.
- December 28, 2007                The applicant filed an appeal of the City Planning Commission failure to act relative to the Vesting Tentative Tract determination.
- January 8, 2008                    City Council adopted the motion asserting jurisdiction over the December 13, 2007 City Planning Commission's failure to act.
- January 18, 2008                    City Council granted the appeal of the Vesting Tentative Tract Map 63403 and Zoning Administrator Case No. ZA 2005-6616(ZV)(ZAA)(ZAD)(SPR) with modified conditions.
- May 2008                            The applicant's representative made an inquiry to the Planning Department staff relative to corrections that should be made to the City Council determinations.
- November 5, 2008                The Planning and Land Use Management (PLUM) Committee of the City Council introduced a motion instructing (Motion by Huizar - Reyes) the Department of City Planning to prepare a draft action to correct the determinations related to the live-work project located at 695 Santa Fe Avenue in downtown Los Angeles to reflect the correct description in the grant clauses, Conditions of Approval and findings.
- June 16, 2009                    The Planning and Land Use Management (PLUM) Committee of the City Council adopted the motion instructing (Motion by Huizar - Reyes) the Department of City Planning to prepare a draft action

to correct the determinations related to the live-work project located at 695 Santa Fe Avenue in downtown Los Angeles to reflect the correct description in the grant clauses, Conditions of Approval and findings.

**Staff Recommendations:**

Staff recommends the corrected determinations be adopted and approved.

Staff recommends that the effective date of the approval be amended to match the date the action is adopted by the City Council.

**City Council Adopted Findings  
ZA-2005-6615 ZV-ZAA-ZAD-SPR**

Pursuant to Los Angeles Municipal Code Section 12.24 X.13, I hereby APPROVE:

A proposed new construction of 180 joint living and work quarters project for artists and artisans in the M3-1 Zone, with 5% Low Income units and 10% Workforce units as volunteer by the applicant and 5,000 square feet of commercial floor area;

A reduction in the required side yard setback to permit a five feet setback in lieu of the required 10 feet setback;

A reduction in the required rear yard setback to permit a zero feet setback in lieu of the required 15 feet setback.

Pursuant to Charter Section 562 and Los Angeles Municipal Code Section 12.27, I hereby APPROVE:

A variance from Section 12.21.1 A to permit the buildable lot area to include the area for highway dedications and the area for yard setbacks;

A variance from Section 12.21.1 A 1 to permit a 1.8 to 1 Floor Area Ratio (FAR) in lieu of the maximum allowable FAR of 1.5:1;

Pursuant to Los Angeles Municipal Code Section 16.05, I hereby APPROVE:

site plan review.

upon the following additional terms and conditions:

1. All other use, height and area regulations of the Municipal Code and all other applicable government/regulatory agencies shall be strictly complied with in the development and use of the property, except as such regulations are herein specifically varied or required.
2. The use and development of the property shall be in substantial conformance with the plot plan submitted with the application and marked Exhibit "A," except as may be revised as a result of this action.
3. The authorized use shall be conducted at all times with due regard for the character of the surrounding district, and the right is reserved to the Zoning Administrator to impose additional corrective Conditions, if in the Administrator's opinion, such Conditions are proven necessary for the protection of persons in the neighborhood or occupants of adjacent property.
4. All graffiti on the site shall be removed or painted over to match the color of the surface to which it is applied within 24 hours of its occurrence.
5. A copy of the first page of this grant and all Conditions and/or any subsequent appeal of this grant and its resultant Conditions and/or letters of clarification shall be printed on the

building plans submitted to the Zoning Administrator and the Department of Building and Safety for purposes of having a building permit issued.

6. Prior to the issuance of any permits relative to this matter, a covenant acknowledging and agreeing to comply with all the terms and conditions established herein shall be recorded in the County Recorder's Office. The agreement (standard master and covenant agreement for CP-6770) shall run with the land and shall be binding on any subsequent owners, heirs or assigns. The agreement with the conditions attached must be submitted to the Zoning Administrator for approval before being recorded. After recordation, a certified copy bearing the Recorder's number and date shall be provided to the Zoning Administrator for attachment to the subject case file.
7. Any and all outside trash containers on the subject property shall be enclosed and shall be located so as not to result in noise or smell impacts on any adjacent use.
8. This approval is tied to Vesting Tentative Tract Map No. 63403 (ENV-2005-6596-MND), which was heard at a concurrent hearing on January 18, 2008. The applicant shall comply with all mitigation measures and conditions of approval identified in that case.
9. The authorized use shall be of no force and effect unless and until satisfactory evidence is presented to the Zoning Administrator for review and attachment to the file that a business tax registration certificate has been issued to each tenant by Office of Finance pursuant to Los Angeles Administrative Code Section 21.03 permitting those persons to engage in business as artists or artisans.
10. One or more signs or symbols of a size and design approved by the Fire Department shall be placed and maintained by the applicant at designated locations on the exterior of the building approved as Joint Living and Work Quarters units to indicate that the building is used for residential purposes.
11. Any lease for the Joint Living and Work Quarters units shall contain a provision prohibiting any use which results in any noise, vibrations, or odors beyond the unit.
12. Tenant or Buyer is aware, acknowledges, and accepts that the premises subject to the lease or sale are located in an industrial area, are immediately adjacent to properties with industrial uses, and that industrial uses may continue in the area. Tenant or Buyer is aware, acknowledges, and accepts that there may exist in this industrial area activities and uses with noise, odors, dust, debris and other disturbances at greater levels than usually associated with residential uses.
13. Prior to the issuance of any permit, the applicant shall show proof that all fees have been paid to the Department of City Planning, Expedited Processing Section.
14. Prior to the issuance of the Building Permit, the Applicant shall designate and reserve 15% of units at a below market income level consisting of 5% low income and 10% workforce (as defined by Ordinance 179076). Prior to the Issuance of any Certificate of Occupancy for any dwelling units on the subject property, the applicant shall execute and record a purchase and rental agreement running with the land to the satisfaction of the Los Angeles Housing Department ("LAHD"), binding the applicant and/or any

subsequent property owner to reserve 15% of the units (5%-low income and 10%-workforce income) as affordable dwellings at a purchase price to be determined by LAHD to be affordable to LOW Income and WORKFORCE Income households.

**OBSERVANCE OF CONDITIONS - TIME LIMIT - LAPSE OF PRIVILEGES - TIME EXTENSION**

All terms and Conditions of the approval shall be fulfilled before the use may be established. The instant authorization is further conditional upon the privileges being utilized within two years after the effective date of approval and, if such privileges are not utilized or substantial physical construction work is not begun within said time and carried on diligently to completion, the authorization shall terminate and become void. A Zoning Administrator may extend the termination date for one additional period not to exceed one year, if a written request on appropriate forms, accompanied by the applicable fee is filed therefore with a public Office of the Department of City Planning setting forth the reasons for said request and a Zoning Administrator determines that good and reasonable cause exists therefore.

**TRANSFERABILITY**

This authorization runs with the land. In the event the property is to be sold, leased, rented or occupied by any person or corporation other than yourself, it is incumbent upon you to advise them regarding the conditions of this grant.

**VIOLATIONS OF THESE CONDITIONS, A MISDEMEANOR**

Section 12.29 of the Los Angeles Municipal Code provides:

“A variance, conditional use, adjustment, public benefit or other quasi-judicial approval, or any conditional approval granted by the Director, pursuant to the authority of this chapter shall become effective upon utilization of any portion of the privilege, and the owner and applicant shall immediately comply with its Conditions. The violation of any valid Condition imposed by the Director, Zoning Administrator, Area Planning Commission, City Planning Commission or City Council in connection with the granting of any action taken pursuant to the authority of this chapter, shall constitute a violation of this chapter and shall be subject to the same penalties as any other violation of this Code.”

Every violation of this determination is punishable as a misdemeanor and shall be punishable by a fine of not more than \$1,000 or by imprisonment in the county jail for a period of not more than six months, or by both such fine and imprisonment.

**NOTICE**

The applicant is further advised that all subsequent contact with this office regarding this determination must be with the Zoning Administrator who acted on the case. This would include clarification, verification of condition compliance and plans or building permit applications, etc., and shall be accomplished **BY APPOINTMENT ONLY**, in order to assure that you receive

service with a minimum amount of waiting. You should advise any consultant representing you of this requirement as well.

**Indemnification.** The applicant shall defend, indemnify and hold harmless the City, its agents, officers, or employees from any claim, action, or proceeding against the City or its agents, officers, or employees to attack, set aside, void or annul this approval which action is brought within the applicable limitation period. The City shall promptly notify the applicant of any claim, action, or proceeding and the City shall cooperate fully in the defense. If the City fails to promptly notify the applicant of any claim action or proceeding, or if the City fails to cooperate fully in the defense, the applicant shall not thereafter be responsible to defend, indemnify, or hold harmless the City.

### FINDINGS OF FACT

After thorough consideration of the statements contained in the application, the plans submitted therewith, the statements made at the public hearing on August 22, 2007, all of which are by reference made a part hereof, as well as knowledge of the property and surrounding district, I find as follows:

#### **Project Description:**

ATP, LLC ("the Applicant") is seeking entitlements for a mixed-use development consisting of 180 Joint Live and Work Quarters for Artist-In-Residence ("AIR") condominium units and two commercial condominiums. **The revised project will set aside 15% of units at an affordable level: 10% workforce<sup>1</sup> and 5% at a low income level.** This project is the first of its kind in the Arts District to commit to providing workforce housing. A three level parking structure containing 361 parking spaces is hidden within the project design which presents the residential units on its three street frontages. Residential amenities are located on three courtyards conveniently placed throughout the development. The project will also include 5,000 square feet of ground floor retail, which is programmed for two locations. At the corner of Imperial Street and East 7<sup>th</sup> Street, a 3,000 square-foot space of retail will face onto 7<sup>th</sup> Street. The second retail space, consisting of 2,000 square feet and fronting on Imperial Street, is located to the north of 7<sup>th</sup> Street and is incorporated into the ground floor of the 8-story building, adjacent to the residential lobby.

The scale, massing and location of the buildings will respond to the unique shape of the site, and the surrounding urban context. Building A's "L" shape fronts along the western edge of the site where its eight story frame interacts with the nearby Nabisco and Toy Loft buildings, and it also steps down and wraps around the 7<sup>th</sup> Street frontage of the site. The unit location also promotes an active street scene by constructing an architecturally interesting building with substantial landscape enhancements. The smaller building (Building B) is located along Santa Fe Avenue and responds in scale to the adjacent buildings of Santa Fe Avenue. Their facades and landscape treatments create an attractive street frontage not typical in the area. Additionally, the smaller building is designed with ground level townhouse (two-story) units which include the ability to have work areas at the ground level, directly accessible to the street. As these buildings surround the site activating the street frontages, they also conceal the project's three story parking structure.

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<sup>1</sup> Defined in the Downtown Housing Ordinance 179076 as 150% of the area median.

The development will consist of two-story town house units, as well as smaller single story units. Building A, oriented toward Imperial and 7<sup>th</sup> Streets, will be eight (8) stories in height (approximately 87 feet). Building B will be four (4) stories in height (approximately 47 feet). All units will have high ceilings (9-12 feet) and exterior glass walls. The buildings will have a façade constructed of modern materials affording the residences large windows to take advantage of the downtown views.

The upper level courtyards will accommodate the residents of the buildings by providing ample sitting areas, along with astonishing views of the downtown skyline as well as the surrounding area (roof top courtyard). Trees, shrubs and other plants native to the region will be chosen to establish scale, provide sheltered spaces and privacy screening. The combined features of these courtyards come together to provide a tranquil oasis in an urbanized setting.

The parking structure will be accessible from Imperial Street, and located on the first three floors (all above grade). Retail parking will be provided on ground level for easy access.

The three buildings take advantage of ground-up construction in order to respond both to the site and to market conditions by providing larger floors at the top of the building. The height of the buildings and the large glass windows provide beautiful views of the downtown skyline or the eastern view over the LA River towards the San Bernardino Mountains. The ground floor corner of Building A is anchored by retail and open space which is properly scaled for the street and serves as an introduction, to those facing the southeast corner, of the beautiful architecture above. A second ground floor retail space is also conveniently located on Imperial Street adjacent to the residential lobby.

While the project is primarily residential, the design recognizes that by providing 180 live/work residences as well as 5,000 square feet of street level retail, and approximately 29,050 square feet of open space, the quality of life for the residents and the neighbors will be enhanced. The corner plaza at East 7<sup>th</sup> Street and Imperial Street, immediately abutting the retail area, provides a landscape aesthetic desired by area residents.

Project Data

LOT AREA

Pre Dedicated	101,952
Area lost to dedications	7,697
Post Dedicated	94,255
Area Lost to Setbacks	13,383
Post dedication minus Setbacks	80,872
Total lost to Dedications and Setbacks	21,080



FLOOR AREA

Floor area (assuming 1.5 FAR)	1.5	
Pre Dedicated		152,928
Post Dedicated		141,383
Post dedication minus Setbacks		121,308
Total lost to Dedications and Setbacks		31,620

Floor area (assuming 1.8 FAR)	1.8	
<b>Pre Dedicated (REQUESTED)</b>		<b>183,514</b>
Post Dedicated		169,659
Post dedication minus Setbacks		145,570
Total lost to Dedications and Setbacks		37,944

Difference between 1.8 and 1.5 FAR		
Pre Dedicated		30,586
Post Dedicated		28,277
Post dedication minus Setbacks		24,262

By Use		
Residential	178,514	
Commercial	5,000	

DENSITY

Permitted	NA
Requested	180
5% of 180 as Low Income	9
10% of 180 as Workforce Income	18

OPEN SPACE

Required	18,000
Provided	29,050

PARKING

Code Required		
LAMC 12.22 A 25 Affordable Housing		
Incentives	1 per unit	9
Exception for the Central City Area	1 per unit	171
LAMC – Commercial	2 per 1000	<u>10</u>
		190
Provided		
LAMC 12.22 A 25 Affordable Housing		
Incentives	1 per unit	9
Market Rate Units	2 per unit	342

LAMC - Commercial	2 per 1000	<u>10</u>
Total Provided		361

## **PARKING**

The Applicant is proposing 2 parking spaces per unit for each market rate unit (171 units or 342 parking spaces), one space for each affordable unit (9spaces) and then commercial parking (10) based on the Eastside Enterprise Zone for a total of 361 spaces.

### **Transit Options in the Area**

The proposed development is located in close proximity to a number of bus lines such as the MTA Number 60, 360, and 362 bus lines, which run along 7<sup>th</sup> Street. These bus lines connect with the Metro Blue and Red Lines at the 7<sup>th</sup>/Metro Center transportation terminal which is located only one and two-thirds miles from the site. Additionally, the Metro Rapid Wilshire Bus (720 Metro Rapid) runs along 6th street, a block north of the subject site, with designated stops at Commerce Center, 6th Street and Main (Downtown LA), Wilshire and Western, Wilshire and La Cienega, Wilshire and Westwood, and completes its route at 6th and Colorado in the City of Santa Monica. The Number 720 Metro Rapid bus line connects to the MTA rail system, Red Line, Gold Line and Blue Line at Union Station. In addition to available public transit, residents of AIR units both live and work at their quarters, thereby eliminating many vehicular trips that are job-related.

## **CONSISTENCY WITH PLANNING GOALS**

Promoting the ideals of inspired, principled land use planning concepts at a citywide level, the Los Angeles City Planning Commission has fostered new visions with its proposed "Do Real Planning." The proposed project fulfills several of these important objectives and goals.

The City Planning Commission proposes to "demand" a walkable city. This concept poses the question of whether a project actively welcomes its own users, its neighbors and its passersby. The project proposes a walkable concept normally not envisioned for an industrial area. To invite its own residents as well as the neighborhood, there are two retail spaces that activate the street frontages on 7<sup>th</sup> Street and Imperial Street. These retail spaces will encourage people living and working in the area to walk to these neighborhood-serving uses. The project will also hold appeal to pedestrian traffic by creating attractive architecture and providing more green space than is required in an industrial zone. The storefronts and sidewalks will prove to be inviting and will help activate the streets.

Basic design standards are sought by the Commission to eliminate the sea of stucco boxes, blank walls, street-front parking lots and other inhospitable streetscapes. The scale, massing and location of the buildings will respond to the unique shape of the site, and the surrounding urban context. Building A's "L" shape fronts along the western edge of the site where its eight story frame interacts with the nearby Nabisco and Toy Loft buildings, and it also steps down and

wraps around the 7<sup>th</sup> Street frontage of the site. The unit location also promotes an active street scene by constructing an architecturally interesting building with substantial landscape enhancements. The two smaller buildings (Buildings B & C) are located on Santa Fe Avenue and respond in scale to the adjacent buildings of Santa Fe Avenue. Their facades and landscape treatments create an attractive street frontage not typical in the area. As these buildings surround the site activating the street frontages, they also conceal the project's three story parking structure. Given the pleasing architectural design elements, the project avoids the unattractive blank walls and stucco boxes, while concealing its parking from street view. Moreover, the project creates hospitable streetscapes with its extensive landscaping that is usually not provided in an industrial area. The project's architectural firm, Koning Eizenberg Architecture, was the recipient of a "Citation" award in 2007 for the design of this project's buildings during an awards program sponsored by the LA AIA chapter.

The Commission recognizes the need to require density around transit. The project is located in close proximity to a number of bus lines such as the MTA Number 60, 360, and 362 bus lines, which run along 7<sup>th</sup> Street. These bus lines connect with the Metro Blue and Red Lines at the 7<sup>th</sup>/Metro Center transportation terminal which is located only one and two-thirds miles from the site. Additionally, the Metro Rapid Wilshire Bus (720 Metro Rapid) runs along 6th street, a block north of the subject site, with designated stops at Commerce Center, 6th Street and Main (Downtown LA), Wilshire and Western, Wilshire and La Cienega, Wilshire and Westwood, and completes its route at 6th and Colorado in the City of Santa Monica. The Number 720 Metro Rapid bus line connects to the MTA rail system, Red Line, Gold Line and Blue Line at Union Station. In addition to available public transit, residents of joint living and working quarters both live and work at their units, thereby eliminating many vehicular trips that are job-related. This project congregates additional density in an area with easy and close access to rapid bus stops and the rail system. Thus, new density is encouraged where a mass transit relief valve is already in place.

Locating jobs near housing is a principle advocated by the Commission, as it notes that "the time for segregating jobs from housing in Los Angeles has passed." The Commission seeks a new mix of both jobs and housing to deal with intolerable commute times. The project achieves this objective by creating housing opportunities for the live/work residents who are most likely to work where they live and in any event will be close to the jobs-rich environment of downtown Los Angeles. Residents of joint living and working quarters seek out the unique ability to live in an urban environment, allowing themselves to reduce dependence on the personal automobile by easy access to mass transit options, which are numerous in this area. Creating live/work units in the downtown area goes far in addressing unrelenting sprawl and the attendant nightmare of intolerable commutes.

Green buildings, whether necessarily LEED certified or not, are encouraged by the Commission, as it contemplates benefits that would to developers committed to this approach. The project's architectural firm of Koning Eizenberg Architecture (KEA) is dedicated to fully leveraging efficient energy and material resources in its projects. KEA continues to lead the effort integrating sustainable ideas into quality design. The firm's principal, a member of the US Green Building Council, strives to incorporate the most efficient sustainable systems and materials that result in healthy and environmentally friendly buildings.

Following upon the Mayor's challenge to plant a million trees, the Commission advocates that landscaping in abundance should be achieved with mitigation measures which will add shrubs,

vines and trees. While the concept of an urban forest environment is not easily accomplished in an industrial area, the project proposes a courtyard entrance with trees, along with open space and landscaping that dramatically exceeds the Code requirements for open space as the result of the project's 180 units. The project has an extensive open space between the buildings fronting on Santa Fe Avenue and the building fronting on Imperial Street. Additionally, a landscaped plaza at the corner of Imperial and 7<sup>th</sup> Street adds an attractive outdoor feature to that portion of the building adjacent to one of the retail spaces. Landscaped spaces will front on Santa Fe Avenue and Imperial Street, in addition to the double row of trees planted along Santa Fe Avenue. Furthermore, trees will be planted in the public right-of-way along Santa Fe Avenue and Imperial and 7<sup>th</sup> Streets.

The project is located within the proposed boundaries of the River Improvement Overlay (RIO) District, which includes neighborhoods generally within one-half mile of the Los Angeles River. In connection with the Los Angeles River Revitalization Master Plan which focuses on the creation of parks, paths and open spaces in the vicinity of the River, the RIO District proposes the establishment of a distinct sustainable environment in the surrounding neighborhoods in order to promote concepts developed in the River's Master Plan. The Los Angeles City Council Ad Hoc Committee on the LA River proposes in its guiding principles a renewed Los Angeles River with a continuous greenway of interconnected parks and amenities connecting the communities along the River. The Ad Hoc Committee recognizes that the LA River presents opportunities to revitalize neighborhoods and to enhance the quality of life. The proposed project, in close proximity to the LA River, helps to achieve the objective of river revitalization by bringing housing to an area where residents may enjoy the benefits of the emerging green spaces, the bike trails and the mix of recreational activities.

Arresting visual blight is a concern to the Commission, as it seeks to find visual calm on our streets. The project is unique in the sense that it creates attractive live/work units while maintaining the area's industrial aesthetic. As discussed under the design standards above, the buildings are being constructed in such a way as to respond to the surrounding urban context. The project's buildings will be appropriate in size and massing to other industrial buildings, and furthermore, these buildings will be attractive and respectful of the historic resources in the area, including the nearby Nabisco and Toy Lofts buildings.

The Commission seeks to identify smart parking requirements in order to revisit the "one size fits all" suburban parking standards. The project proposes to strike a balance between the requirements of the Central City Parking Exception District and those of the Deputy Advisory Agency as it proposes parking standards that exceed those required for apartment units, but is not as excessive as the one size fits all standard of the Advisory Agency parking policy. The parking proposed will be contained within the project's interior and concealed from street view, thereby eliminating the Commission's concern with parking lots that occupy prime street frontage. With reduced parking, the project realizes that many of its residents are not consumed with the longstanding love affair with the automobile, since most live/work dwellers are often attracted to this type of development by the easy access to multiple public transit options.

Recognizing that road widenings are the most overused mitigation measure, the Commission proposes to "categorically reject nonsensical road widenings." The Commission believes that the road widening requirement undermines the walkability goals. Street dedications are required for 7<sup>th</sup> and Imperial Streets and Santa Fe Avenue. These widenings serve no useful

purpose for the project. Eliminating the road widening could allow for an expanded sidewalk where trees in the right-of-way enhance the pedestrian appeal that is sought by the project's introduction of retail spaces. Eliminating the road widening portion along Santa Fe Street would afford the opportunity for a "pull out" to allow street parking that does not impede traffic flow and would be readily accessible to the ground floor two-story townhouse live/work units.

## **SUSTAINABILITY**

As noted in the discussion above about consistency with the City's planning goals, the architectural firm of Koning Eizenberg Architecture (KEA) does not believe that sustainable design is an afterthought. KEA understands sustainable design and LEED criteria and knows how to manage and employ green design strategies. KEA believes that incorporating sustainable design starts early by laying out building components and housing units to maximize the potential for natural light and passive ventilation. Once passive systems have been fully employed, design can focus on additional systems and methodologies appropriate to a given project. Some of the systems that may be applicable are:

- Open space larger than required by code – real dirt for mature trees, shade and water infiltration.
- Natural lighting and ventilation from two sides in most units.
- Dual glazed, low emissivity windows systems.
- Energy star ratings for appliances and HVAC (air conditioning) systems.
- Exterior shading devices
- Lighting occupancy sensors.
- Low wattage efficient light sources for both indoor and outdoor applications.
- Low flow water usage devices in toilets (dual flush) and shower heads.
- Drip irrigation.
- Timed water heating and/or instantaneous systems.
- Storm water retention and mitigation systems.
- Recycled and renewable building materials (fly ash, steel, OSB sheathing, fiber cement siding, and certified wood).
- Exposed concrete floors and natural linoleum.
- Low VOC paints and low emissivity products.
- Use of recycling areas and systems.
- Recycle demolition and job site waste.
- Cool roofs – high reflectivity coatings and roofing materials.
- Landscape/tree material to shade, cool and reduce carbon dioxide emissions.
- Bike parking and storage
- Passive solar heating.
- Pre-plan layout for solar water heating and pre-wire conduit for future photovoltaic installation.

## **PROJECT SITE**

The subject site is currently comprised of thirteen parcels totaling 101,952 square feet (2.3 acres) and is zoned M3-1 in its entirety. The site is currently improved with a series of old

industrial and warehouse buildings, mostly varying in height of one to two stories, though there are a few multi-story concrete buildings in the immediate area. The site also includes surface parking areas.

The project site is irregularly shaped and relatively flat. The length of the property along Santa Fe Street, the eastern boundary, measures approximately 417 feet, while the western boundary of the site along Imperial Street measures approximately 396 feet. The southern boundary runs along 7<sup>th</sup> Street and measures approximately 273 feet, while the northern boundary is adjacent to an existing warehouse building measures approximately 280 feet.

The subject site is within the Central City North Community Plan area of the City of Los Angeles and is designated Heavy Manufacturing by the Community Plan. The designated height district for the site is "1". The total floor area contained in all the main buildings on a lot in this zone is limited to one-and-one-half times the buildable area.

The site is located in a State sponsored Enterprise Zone, which according to the California Association of Enterprises Zones website, "targets economically distressed areas throughout California.

The project site consists of thirteen (13) Assessor Parcels. According to Los Angeles County Tax records they are:

Assessor Parcel Number	Property Addresses	Parcel Sq Foot
	672 S Imperial St. & 672 1/2 S Imperial St	
5164-019-005	St	11,195
5164-019-006	680 S Imperial St	11,195
5164-019-007	688 S Imperial St	11,195
5164-019-008	2029 E 7th St	12,981
5164-019-015	2047 E 7th St	1,917
5164-019-016	2051 E 7th St	3,964
5164-019-017	None	2,091
5164-019-019	695 S Santa Fe Ave	15,028
5164-019-022	675 S Santa Fe Ave	11,195
5164-019-026	2043 E 7th Street	8,102
5164-019-027	None	1,873
5164-019-020	681 S Santa Fe	5,600
5164-019-021	679 S Santa Fe Ave	5600

### SURROUNDING USES

The entire site is surrounded by M3 zoned properties. However, none of the surrounding uses are manufacturing ones. East across Santa Fe there is a warehouse, an art gallery and residential lofts. To the south across 7<sup>th</sup> is a toy warehouse and distribution facility. To the west across Imperial are warehouse, restaurant and surface parking uses. To the north of the site is a toy distribution facility. Within a few blocks of this site, there are numerous industrial buildings that have been or are being converted to residential uses.

## **STREETS AND CIRCULATION**

Imperial Street: adjoining the subject property to the west is a designated Collector Street, requiring a width dedication of approximately 64 feet.

7<sup>th</sup> Street: adjoining the subject property to the south is a designated Secondary Highway Street, requiring a width dedication of approximately 90 feet.

Santa Fe: adjoining the subject property to the east is a designated Secondary Highway Street, requiring a width dedication of approximately 90 feet.

## **PREVIOUS CASES**

CPC-2001-4642-CRA – Redevelopment Plan for the Central Industrial Redevelopment Project. See reference above to ZI-2317.

CPC-1997-423- Preliminary plan for the proposed downtown riverfront industrial project in cooperation with the Community Redevelopment Agency of the City of Los Angeles.

CPC-1995-352-CPU- Central City North Community Plan Update Program (CPU) – The Central City North Community Plan is one of ten Community Plans that is part of the Community Update Program Phase II (7-1-95 to 12-31-96).

CPC-1986-607- AB-283 Program – General Plan/Zone Consistency – Central City North Area – Community Wide Zone changes and Community Plan changes to bring the zoning into consistency with the community plan. Includes changes of height as needed. (Circa 1986)

ORD-164855-SA2200- This is the Ordinance, effective May 10, 1989, which enacted the zone changes and height district changes in the Central City North Community Plan Area.

ENV-1995-328-CPU-MND- Mitigated Negative Declaration - Central City North Community Plan Up-date Program (CPU) – The Central City North Community Plan is one of ten community plans that are part of the Community Plan Update Phase II (7-1-95 to 12-31-96).

AFF-27806 – (695 s. Santa Fe Avenue only) – To hold parcels as one

## **SURROUNDING PROPERTY**

ZA 2004-7083: On April 13, 2005, the Zoning Administrator conditionally approved a request to permit conversions of two warehouse buildings (22,409 square feet) into 22 Artist-In-Residence Joint Live/Work quarters; elimination of all yard setbacks; and elimination of all on-site parking requirements and provision of 22 parking spaces on adjacent lots, on property located at 800 South Santa Fe Avenue in the M3-1 Zone. Some conditions include: Applicant shall provide 22 off-site parking located either under the 7<sup>th</sup> Street Bridge via a revocable permit or on the adjacent railroad property via a long term lease.

ZA-2004-7206: On March 11, 2005, Zoning Administrator conditionally approved a determination to permit 21 Artist-In-Residence Joint Live/Work quarters; elimination of all yard setbacks; the reduction of on-site parking, and providing 21 parking spaces on a site located across the street; all on a property located at 652 South Mateo Street, in the M3-1 Zone.

ZA 2003-6888 (ZAD) & Tract 60507: On May 27, 2004, the Zoning Administrator approved 95 units within a building located at 437 & 500 Molino Street. The approval permitted the AIR use in the M3-1 zone and eliminated all yard requirements for the existing building. The project was conditioned to provide one parking space per unit.

ZA 2002-4041 (ZAD) (ZV) (YV): On April 14, 2003, the Zoning Administrator permitted the construction of 130 units of joint living and work quarters, with zero yards, in a vacant manufacturing building located at 1855 Industrial Street in the M3-1 zone. Related to this project, the Deputy Advisory Agency approved Tract Number 54050 on December 19, 2002, to convert these units to for-sale condominiums. Both approvals were appealed to the CAPC, where the Commission unanimously upheld them both.

ZA 2002-4302 (ZAD): On January 10, 2003, the Zoning Administrator approved the conversion of a 33,696 square foot (three floors of 11,232 square feet each) warehouse building into 18 joint living and work quarters having zero foot side and rear yards, and no on-site parking and providing 18 off-site commercial parking spaces on a lot located directly across Jesse Street. The site address is 652 South Mateo Street and is zoned M3-1. This project was appealed to the CAPC, where the Commission upheld the decision

ZA 2001-2828 ZAD: On November 7, 2001, the Zoning Administrator approved a conditional use permit to convert 6 vacant industrial buildings into 43 AIR units with zero lot line and offsite parking. The address is 2117 East 7<sup>th</sup> Place and is zoned M3-1.

ZA 89-1138 (CUZ): On January 24, 1990, the Zoning Administrator approved a conditional use permit at 712 South Santa Fe Avenue, authorizing the conversion and use of the first, second, and third floors of an existing vacant commercial building into 10 units of joint living and work quarters for artists and artisans without providing parking. The property is zoned M3-1.

ZA 99-2644 (ZV): On July 26, 2000, the Zoning Administrator approved variances required for the construction of a 20 unit artisan-in-residence condominium and one commercial air space lot located at 956 East 2<sup>nd</sup> Street in the M3-1 zone.

ZA 86-0902 (CUZ): On November 13, 1986, the Zoning Administrator approved a conditional use permit at 710 South Santa Fe Avenue, authorizing the conversion of the second floor of a vacant fire station building for joint living and work quarters in the M3 zone.



ZA 86-0332 (CUZ): On July 10, 1986, the Zoning Administrator approved a conditional use permit at 2030 East 7<sup>th</sup> Street, authorizing the use of the second floor of an existing two-story building as 12 joint living and work quarters for artists with 12 parking spaces in the M3 zone.

ZA 84-086: On April 24, 1984, the Zoning Administrator approved a conditional use permit at 2101 East 7<sup>th</sup> Street, authorizing the conversion of an existing three-story industrial building to 39 joint living and work quarters for artists in the M3 zone.

#### **RELATED CASE**

VTT 60977 & ZA 2004-1626 (ZV) (CU) (ZAA): On July 2, 2004, the Zoning Administrator approved the construction of a 43 unit joint live and work quarters at 1176 Myra Avenue. The ZA approved a series of variance to permit the construction of the project on a split zone site. Included in the approvals was permission to utilize the site pre-dedicated lot area to calculate its density.

CPC 2003-9340 SPE-SPP-CU-ZV-ZAA-CDP-SPR-MEL, & VESTING TENTATIVE TRACT 060403: On January 18, 2005, the City Planning Commission approved a 75 unit mixed use project in at 512 Rose Avenue. The approvals included a series of exceptions from the Specific Plan including permission to calculate its density on it pre-dedicated lot area.

## ZONE VARIANCE FINDINGS

- 1. That the strict application of the provisions of the zoning ordinance would result in practical difficulties or unnecessary hardships inconsistent with the general purpose of the zoning regulations.**

The strict application of the Zoning Ordinance results in practical difficulties that prohibit the conversion of this industrial site into 180 Artist-in-Residences ("AIR") condominium units. The approval of these requests will turn an economically challenged property into one that creates more jobs than exist on the site today, benefits the City's tax base and provides desperately needed housing units. The general purpose of the zoning regulations is to create compatible development. By granting the requested variances, the proposed project will be compatible with the surrounding community. Conversely, the denial of this request will result in practical difficulties and unnecessary hardships that limit the development potential of the site.

### Use of the Dedicated and Yard areas in Floor Area Calculations

The Applicant is requesting utilization of the lot area based on the existing 101,952 square foot site prior to the removal of the lot area reduced by highway dedications (approximately 7,697 square feet) and lost to setbacks (approximately 13,383 square feet assuming the yards requested under the Zoning Administrator's Determination are granted). Approval to utilize this lot area permits approximately 21,080 square feet (7,697 + 13,383) of lot area to be included in the floor area calculation. According to the Municipal Code, lot area lost to dedications in conjunction with a subdivision can not be applied to a project's floor area calculation; however, if the project were to be built as a rental apartment project, this area could be counted in the density calculation. No reason exists for this distinction and consequently it creates an unnecessary hardship on an applicant proposing to generate as many market rate condominium units as possible in order to address the current housing crisis and to create homeownership opportunities.

### Floor Area Increase

The Applicant also requests the construction of a project that exceeds the 1.5 to 1 floor area ratio (approximately 152,928 square feet of floor area) permitted on the site. The request is to permit a project with a floor area ratio (FAR) of 1.8 to 1, which generates a total of 183,514 square feet of floor area based on the lot area of 101,952 square feet discussed above. The success of the proposed project requires approximately 30,586 square feet more floor area than generated by applying the 1.5 to 1 FAR against the 101,952 square foot lot.

This request to modestly increase the floor area allows for the construction of new buildings that are consistent with the surrounding community in terms of their bulk and efficiency. The 1.8 to 1 floor area ratio would provide buildings closer to the size of the adjacent buildings, thereby creating the larger units needed for residents utilizing their space for joint working and living quarters.

As evidenced by the nearby Toy Factory Lofts and the Nabisco Building and the other buildings in the vicinity of the project, this request permits the construction of a new project that is still substantially smaller than its surrounding community. The Toy Factory Loft building contains approximately 251,031 square feet of floor area on a 42,000 square foot lot, which is a result of a floor area ratio of 5.9 to 1. Meanwhile, the Biscuit Lofts Building's 167,745 square feet of floor area on a 35,988 square foot lot generates a floor area ratio of 4.7 to 1. The request to increase the permitted floor area by approximately 30,586 square feet to an approximate FAR of 1.8 to 1 still leaves the new construction at a level substantially below that of some notable joint living and working quarter projects in the surrounding community.

The project Applicant intends to build new residential buildings in order to create AIR units, including low income units and workforce housing which heretofore has not been provided in live/work projects within the Arts District. The intent of the Code is to create compatible development and granting this request meets the spirit of that code. All of the adjacent buildings were built prior to the advent of a 3 to 1 floor area ratio and the approval of Proposition U. Proposition U imposed a 1.5 to 1 floor area ratio on all non-residential zones in Height District 1. The intent of the proposition was to limit the floor areas of commercial districts near strictly residential uses. The area's recently approved Central Industrial Redevelopment Plan acknowledges that a floor area ratio of 3 to 1 is appropriate in the area. The request to permit an increase in the floor area by approximately 30,586 square feet to achieve a total floor area for the project of 183,514 square feet, remains considerably less than the 3 to 1 FAR deemed appropriate by the Redevelopment Plan. The imposition of this limitation on M Zones and this specific project creates an unnecessary hardship.

Disallowing the calculation of the entire lot area and restricting the FAR to 1.5 to 1 would result in practical difficulties and unnecessary hardships inconsistent with the general purpose and intent of the zoning regulations. The site's industrial zoning makes strict application of provisions of the zoning ordinance impractical. Granting the variance to deviate from the buildable area calculation allows for the construction of a development that is compatible with the area. The vast majority of buildings in this area have units that exceed the 1.5 to 1 FAR ratio and are built from property line to property line.

**2. That there are special circumstances applicable to the subject property such as size, shape, topography, location or surroundings that do not apply generally to other property in the same zone and vicinity.**

The size of the site and the nature of the existing development in the community create a special circumstance. At over 100,000 square feet, the lot area is greater than most of the ownerships in the surrounding area, where numerous structures exceed the 1.5 to 1 FAR permitted by the applicable height district.

Lot Size

The redevelopment of a site comprised of approximately 2.3 acres provides a unique opportunity in that it contributes to the building of a high density Artist-in-Residences ("AIR") community and can become a node of activity for creative artists. The large site size permits the project to provide the larger units with work spaces that are needed by resident artists, while allowing the type of open space elements that will benefit not only the residents, but

also improve the aesthetic appearance of the community. It also permits the inclusion of a corner retail component that will become a center of commercial activity for the surrounding community which includes the Federal Industrial lofts, Toy Factory Lofts and the soon to be completed Nabisco Lofts.

#### Surrounding Development

The project site is located in an area dominated by buildings exceeding the 1.5 to 1 floor area ratio limitation. Examples of these buildings include the Biscuit Lofts building developed to a 4.7 to 1 (167,000 square feet of building on 31,000 square foot lot) floor area ratio, the Toy Factory Loft built to 5.9 to 1 FAR (approximately 251,031 square feet of floor area on a 42,000 square foot lot), the 652 Mateo Loft project includes approximately 33,000 square feet of floor area on an 11,000 square foot lot producing a FAR of 3 to 1 and the Molino Lofts building contains over 188,000 square feet of floor area on a 97,000 square foot lot generating an FAR of 2 to 1. Numerous two and three story buildings built from property line to property line exist in the area. All of which by virtue of building placement and the number of stories include an FAR of greater than 1.5 to 1. While these other live-work projects that exceed the permitted FAR within the industrial area have not provided workforce housing, this project will be the first in the Arts District to provide this type of affordable housing. The sizes of these surrounding projects create a special circumstance not applicable to other projects in the area.

As referenced above, special circumstances are applicable to this site.

- 3. That such variance is necessary for the preservation and enjoyment of a substantial property right or use generally possessed by other property in the same zone and vicinity but which, because of special circumstances and practical difficulties or unnecessary hardships is denied to the property in question.**

The variance is necessary for the preservation and enjoyment of a substantial property right generally possessed by other property in the vicinity. The site's location in a declining industrial area creates a special circumstance, practical difficulties and unnecessary hardships that are not applicable to other developed properties in the area. While the project will never achieve the floor area maintained by many existing buildings in the area, it requires additional floor area to construct a successful and competitive project.

#### Calculation of the Buildable Area to Include Street Dedication and Yard Areas:

Variance from the calculation of the buildable area to include street dedication areas is necessary for the preservation and enjoyment of a substantial property right generally possessed by other property in the vicinity. The vast majority of the buildings in the area were not subjected to floor area ratios nor did the definition of buildable area exist when they were constructed. The granting of these variances will allow the applicant to build a structure that is compatible with the surrounding community, create jobs, increase City tax revenues and provide urgently needed ownership housing. Currently, there is a greater incentive to build apartments in the City than there is to build for-sale condominiums because the Code does not require rental projects to exclude dedicated lot area from its buildable area. However, this does not improve Los Angeles low homeownership rate, which stands at 40%, far below the national average of 66%. This project is one of the first new construction mixed-use developments in many years to be located in the Central City

North Community Plan area, which because of strict Zoning Code requirements relating to FAR and residential uses have made it financially infeasible for properties in the area east of Alameda Street to be redeveloped with an economically successful use. Buildings with higher FAR, some up to 6 to 1 FAR, are the result of conversion of existing buildings that were constructed long before constraints were imposed by the existing Height District limitations. Denying the calculation of the buildable area to include street dedication areas would result in practical difficulties and unnecessary hardships to the property in question.

	<b>Condominiums (Subdivision)</b>	<b>Apartments (No Subdivision)</b>
Lot Area	94,255s.f. See Note (1)	101,952s.f. See Note (2)
Buildable Area	94,255 s.f.	101,952 s.f.
Maximum Allowable Floor Area	<b>141,383 s.f.</b> (94,255 s.f. x 1.5 FAR)	<b>152,928 s.f.</b> ( 101,952 s.f. x 1.5 FAR)

*Note 1: The street dedication is subtracted from the lot area for subdivisions.*

*Note 2: The street dedication is included in the lot area for apartments.*

If the proposed project were to be developed without a Vesting Tentative Tract Map, the maximum allowable buildable area would be increased by 7,697 square feet. As shown in the table above, the allowable floor area for apartments is much greater without an accompanying subdivision than for apartments with a subdivision. The applicant requests that the calculation of buildable area to be the same for both condominiums and apartments, particularly for an urban site in downtown Los Angeles. The Planning Department is currently promoting an ordinance change that would revise the definition of "buildable area" in the Central City area to make it consistent with the definition of "lot area," thereby eliminating the distinction between condominiums and apartments in the calculation of allowable floor area. While it is true that this project is not located in the Central City Community Plan area, there are many similarities between the two Plan areas that justify this request. Both Plans are located proximate to numerous jobs and transportation alternatives that help to improve the City's job to housing balance and reduce traffic congestion. Both areas are striving to redevelop themselves into vibrant neighborhoods and the suburban based Zoning Code inhibits this goal.

The Planning Department has acknowledged that this deviation is appropriate in other areas of the City such as Silverlake and the Venice communities of Los Angeles. In 2004, ZA 2004-1626 (ZV) (CU) (ZAA) permit the use of the pre-dedicated lot area to calculate density for 43-unit joint live and work quarters project on Myra in the Silverlake community. In that same year CPC 2003-9340 SPE-SPP-CU-ZV-ZAA-CDP-SPR-MEL also gained approval to utilize its pre-dedicated lot area to calculate its 75 units.

Along with providing for the same buildable area afforded to apartment units, the request is to exclude the setbacks imposed by the zoning code. Existing industrial buildings have zero foot front, side and rear yard setbacks. In keeping with the industrial character of the area, the Applicant proposes to build to zero foot setbacks in the front and rear and to five foot

setbacks in the side yards. This allows the property to maintain its industrial character, while enhancing its appearance with landscaping in the side yards that front along Imperial Street and Santa Fe Avenue. The proposed Code revisions discussed above would also eliminate the loss of floor area based on the setbacks for a single story building.

To deny this project the ability to calculate lot area upon the same buildable area as apartment units and to build to the same setback standards enjoyed by other property owners in the area results in practical difficulties and unnecessary hardships to the property in question. The variance is necessary for the preservation and enjoyment of a substantial property right or use generally possessed by other properties in the same industrial zone.

#### Floor Area Increase

The project site is located in an area dominated by buildings exceeding the 1.5 to 1 floor area ratio limitation. In addition to the nearby Biscuit Lofts building and Toy Factory Lofts, buildings with floor area ratios greater than 1.5 to 1 dominate the area. The vast majority of the buildings in the area, including the Biscuit Lofts and Toy Factory Lofts, exceed the 1.5 to 1 floor area ratio provided by the zoning code. For example, the 21-unit project located at 652 Mateo, approved in 2004, has a floor area ratio of 3 to 1. Just west of the subject site, at 1800 Industrial Street, is a 13,170 square foot AIR project on a 6,490 square foot lot generating a floor area ratio of 2 to 1. All of these surrounding property owners enjoy the benefit of floor areas in excess of the 1.5 to 1 limitation, with some as high as the range of 5 or 6 to 1 FAR. The Applicant is only requesting permission to construct a building that is comparable to the surrounding neighborhood and that does not create additional impacts that would adversely affect the neighborhood.

The request is to allow an approximately 30,586 square feet of additional floor area in order to build an 183,514 square foot project. This will result in an FAR of 1.8 to 1, which is still substantially less than many neighboring sites. As discussed above, special circumstances exist that justifies the approval of the requested variances. Furthermore, the granting of these approvals provides the applicant with many of the rights possessed by other property owners in the area. Additionally, this project will provide affordable housing and it will be the first in the Arts District to provide workforce housing.

As described in the previous finding, the project site is subject to a series of special circumstances not applicable to other area sites. These circumstances justify the approval of the requested variances to preserve the applicant's property rights.

- 4. That the granting of such variance will not be materially detrimental to the public welfare or injurious to the property or improvements in the same zone or vicinity in which the property is located.**

Granting the variances will not be materially detrimental to the public welfare or injurious to the property or improvements in the same zone or vicinity in which the property is located. As proposed the project promotes the public welfare by redeveloping the site with uses that eliminate blight, create jobs, and bolsters the financial viability of the City. As indicated in the list of related cases referenced above, numerous properties in the surrounding area have been converted to live/work type units, either via a conditional use permit process or

under the Adaptive Re-Use Ordinance. These projects have introduced a new economic vitality to the area by combining live and work uses together. The construction of new buildings to house 180 joint living and working quarters and 5,000 square feet of retail space will foster this development direction which is a healthy evolution for this economically challenged neighborhood.

No further evidence is required of the areas blighted conditions than a drive through its streets or its inclusion in a State sponsored Enterprises Zone. According to the California Association of Enterprises Zones website, "Enterprises zones targets economically distressed areas throughout California. Special state and local incentives encourage business investment and promote the creation of new jobs. The purpose of the Zone program is to provide tax incentives to businesses and allow private sector market forces to revive the local economy." This project is an example of private sector market forces reviving the area and fostering a stronger economy. In order to develop the project the applicant will pour hundreds of thousand of dollars of private capital into the area. Redeveloping the site with an Artist-in-Residence use with a small amount of neighborhood serving retail creates multiple benefits to the community including desperately needed housing, fosters the growth of small business, creates jobs and increases City revenue sources (property, business, sales, utility taxes) and most importantly it reinvigorates a blighted area with private investment.

This project maintains the aesthetic character of the area while at the same time enhancing the economics and livability of the area. Granting of the variance will allow the project to retain the industrial character of the neighborhood while being consistent with the surrounding area in terms of mass and scale. The project will enhance the quality of the neighborhood and it will blend with some of the recent residential conversions that have taken place at such neighboring properties as the Federal Industrial Lofts, Biscuit Lofts, 652 Mateo Lofts and the Toy Factory Lofts.

The project rejuvenates the area by introducing new live/work owners to the area who will help to build a sense of community and will have a vested interest in maintaining and improving the neighborhood. Many of these new residents will open small business that will increase commerce in the area and locate a population in the area 24 hours a day. Not only will the area benefit from the creation of new jobs and services offered, these individuals will increase the security of the area. Residents will embrace the industrial nature of the area helping to breathe vitality back to the community long since abandoned. By providing two separate commercial spaces, the project rejuvenates the surrounding area with retail operations that serve the neighborhood as well as residents of the project.

The residents of the project will be seeking a unique urban living experience and will be aware of the nearby industrial uses. The applicant will ensure this by incorporating a clause in its sale contract notifying potential buyers that they are moving into a manufacturing zone with noises, sounds, activities and odors not typical of a residential zone, therefore, the location of live/work artisan units near existing industrial uses will not result create any unanticipated conflicts or complaints.

The granting of this variance permits the creation of a residential development, with a retail component, that will not be materially detrimental to the public welfare or injurious to the property or improvements in the same zone or vicinity in which the property is located

because the proposed project is similar to many of the recently approved and proposed projects that convert outdated industrial buildings to residential use. Numerous properties in the surrounding area have been converted to live/work residential units. The character of the neighborhood has been changing to include a more dynamic mix of commercial, residential and warehousing use. The construction of 180 new AIR units, along with 5,000 square feet of retail space, will promote the economic rejuvenation of the area. Another important consideration is that this project will provide affordable housing units and it will be the first project in the Artists-In-Residence District to provide workforce housing.

**5. That the granting of the variance will not adversely affect any element of the General Plan.**

The project is in harmony with the various elements and objectives of the General Plan. The project is consistent with the General Plan, Central City North Community Plan ("Community Plan"), the Housing Element, the Redevelopment Plan for the Central Industrial Redevelopment Plan and the Planning and Zoning Code.

General Plan

Chapter III of the General Plan ("Plan") promotes industrial growth that provides job opportunities for the City's residents and maintains the City's fiscal viability. The creation of 180 artist-in-residences units at this site not only creates jobs it also promotes the fiscal viability of the City. The Plan also calls for flexible zoning to promote clustering of industries and discusses permitting additional uses in marginal industrial lands. This project achieves the Plan by fostering the growth of jobs within the Artist-in-Residences District, while at the same time promoting the City's financial viability all without public subsidies.

The construction of 180 new units in the area will foster the growth of new businesses, including artistic endeavors that provide high quality jobs and wages to City residents, in excess of the 35 jobs existing on the site today. For reasons discussed below the existing parts distribution company, American Moving Parts ("AMP"), is required to relocate to a new site in order to be competitive. It is important to note, that AMP is working with the Mayor's business team to relocate within the City of Los Angeles, who also happens to be one of AMP's best clients. If only ½ of the new occupants of the 180 artist-in-residence units open the own company, the proposed use will create substantially more jobs than exist today on the site. Projects such as this foster the growth of small businesses, not to mention that these residents will generate a demand for additional services in the area expanding the breath of commerce in the area. Not only does the area benefit from the creation of new jobs, it also gains from new revenue sources to the City. While it is difficult to estimate the number of new jobs, it is clear that it will exceed the 35 that exist today. It is conservatively estimated that the proposed project's work component will double the existing number of existing jobs providing tangible economic benefits to the area and the City. This does not take in to account the jobs/revenues generated by the site's 5,000 square foot retail component.

Section 3.14.2 of the General Plan discusses the need for flexible zoning to facilitate the clustering of industries. This project proposes to strengthen the art related industries, which includes architects, designers and graphic designers, within the Artist-in-Residences District, by providing 180 new ownership opportunities. By clustering the AIR development near the Artist-in-Residence District a synergy of idea and economic benefit is realized. The project is



utilizing provisions of the zoning Code that provides the flexibility to cluster artists within proximity of the Artist-in-Residences District by approving new residential uses.

Section 3.14.6 of the General Plan discusses the appropriateness of converting existing marginal industrial lands in certain circumstances. Per subsection (d.), one of those circumstances is "where infrastructure is inadequate and improvements are economically infeasible". According to the Community Plan, the area is "characterized by smaller parcels, piecemeal development, and substandard streets, restricting the potential for site expansion required by newer industries"<sup>2</sup>. Substandard streets and other critical infrastructure elements are a major impediment to doing business in the area. Delivery trucks are forced to circumvent narrow streets that are poorly maintained to access area businesses, such as this one, that rarely provide on-site loading. This inability to efficiently load and unload goods on-site exasperates traffic congestion in the area. AMP was also forced to install on-site emergency power generation equipment in order to compensate for the faulty distribution lines in the area. Finally, the site's existing facilities are also inadequate to permit the efficient operation of the AMP's business. AMP's business focus is on distribution of parts for all vehicles types. One of the key challenges of this business is to efficiently maintain its inventory so that it can easily locate and distribute parts. Unfortunately, the site consists of a series of small derelict buildings spreading out the inventory over the entire site. These existing conditions have forced the owners of AMP to begin a search for a site with a single approximately 35,000 square foot facility in order to locate the entire inventory under one roof.

The redevelopment of this site utilizes the flexible provisions of the L.A.M.C to strengthen the Artist-In-Residence District, while at the same time creating jobs and increasing tax revenues to the City. This project provides another innovation in that it will be the first in the Artists-In-Residence District to provide the affordable component of workforce housing.

The proposed project is also consistent with the Land Use/Transportation Policies from the Transportation Element of the General Plan, which include objectives such as, 1) Focus on future growth of the City around transit stations, 2) Increase land use intensity in transit station areas, where appropriate, 3) Provide for places of employment, and 4) Reduce reliance on the automobile. (Transportation Element, Objectives Page 3.) This type of proposed development, located in proximity to downtown and to a number of bus lines, will reduce the demand for automobile vehicles and will reduce the number of trips to and from the site, especially since AIR unit residents both live and work at their quarters.

#### Community Plan

The site falls within the Central City North ("CCN") Community Plan area.

**OBJECTIVE 1-1** of the Community Plan, states, "To provide for the preservation of existing housing and for the development of new housing to meet the diverse economic and physical needs of the existing residents and projected population of the Central City North Plan area to the year 2010."

The Applicant proposes to construct 180 joint living and work quarters, along with some commercial retail space. These units will provide shelter and a working space for aspiring

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<sup>2</sup> Chapter III of the Central City North Community Plan within the discussion of Industrial land.

artists, artisans and designers. In response to a need in the industrial area, the project is volunteering to set aside 15% of its units for affordable housing, including 5% low income units and 10% workforce housing, thereby permitting a more diverse income population. The area has become a magnet for artists, artisans, and designers as demonstrated by the relocation of the Southern California Institute of Architecture (Sci-ARC) to the historic Santa Fe Freight Depot located at Santa Fe and 3rd Street and FIDM on the corner of 9<sup>th</sup> Street and Grand Avenue. Student, Teachers, Staff and other artist need to have a place to live, create and refine their work. Joint living and working quarters have been developed in numerous projects in the area, including the Toy Factory Lofts, Biscuit Lofts, Federal Industrial Lofts, 6<sup>th</sup> Street Lofts and 652 Mateo Lofts, which strive to fulfill this objective of the Community Plan.

The Applicant recognizes that the existing site is no longer viable for traditional industrial uses and recognizes that providing live work opportunities at the site generate economic value for the property owner, the area, and the City. In addition to replacing blighted underutilized and outdated manufacturing buildings, the Applicant proposes to increase Los Angeles' housing stock and types of jobs. The project directly satisfies this objective.

**OBJECTIVE 1-2** of the Community Plan, states, "To locate new housing in a manner which reduces vehicular trips and makes it accessible to services and facilities."

By their nature live work units reduce traffic congestion because they allow owners to live and work in the same place. This site is also proximately located to numerous transit alternatives such as the MTA Number 60, 360, and 362 bus lines, which run along 7<sup>th</sup> Street. These bus lines connect with the Metro Blue and Red Lines at the 7<sup>th</sup>/Metro Center transportation terminal which is located only one and two-thirds miles from the site. Additionally, the Metro Rapid Wilshire Bus (720 Metro Rapid) runs along 6th street, a block north of the subject site, with designated stops at Commerce Center, 6th Street and Main (Downtown LA), Wilshire and Western, Wilshire and La Cienega, Wilshire and Westwood, and completes its route at 6th and Colorado in the City of Santa Monica. The Number 720 Metro Rapid bus line connects to the MTA rail system, Red Line, Gold Line and Blue Line at Union Station.

**OBJECTIVE 1-4** of the Community Plan, states, "To promote and insure the provision of adequate housing for all persons regardless of income, age, or ethnic background."

The applicant proposes to construct 180 joint living and working quarters which will provide shelter and working space for aspiring artists, artisans and designers. These artists are part of a diverse community with varying income and ages, and they need a place to live and to create and display their art. The project offers an effective counterbalanced to the more gentrified rental housing being developed around most of downtown Los Angeles. In response to the downtown workforce population's need for affordable housing, the Applicant has volunteered to a **15% set-aside of the residential units for affordable housing** including 5% low income and 10% workforce housing. The Applicant intends to work cooperatively with area industrial employers to target provision of affordable workforce housing to downtown industrial workers. This project would be the first Arts District project committed to provide on-site affordable workforce housing.

**OBJECTIVE 3-2** "Encourage the continued development and maintenance of the Artists-in-Residence community in industrial areas of the proposed redevelopment plan areas and of the plan, as appropriate."

The project is carefully replacing outdated manufacturing buildings with new live/work uses that respect the industrial character of the area, providing a much needed use for residents in the area, and meeting goals and objectives of the Community Plan by adding AIR units to this particular area. The project is constructing not only new buildings with 180 AIR units, including low income and affordable workforce housing, but also needed retail space to serve the needs of the community. The project will be designed in a manner that enhances and preserves the distinctive character of the community. This development directly satisfies this objective.

**OBJECTIVE 8-2** of the Community Plan, states, "To increase the community's... ability to minimize crime and provide adequate security."

The proposed project will replace warehouse buildings that have been neglected and underutilized by constructing new Joint Living and Working apartments. The project's 24-hour population will help to deter criminal activity in the area with more "eyes on the street."

#### Housing Element

The Housing Element of the General Plan encourages the production of housing and the proposed project does not conflict with such policies. The City's Housing Element (adopted by the City Council on December 18, 2001 and approved by the State of California Department of Housing and Redevelopment on February 27, 2002) states that the population of Los Angeles will grow by 821,165 persons between 1993 and 2010. The amount of housing needed to accommodate Citywide growth is estimated to be 60,280 dwelling units (from 1998-2005) or an annual need of 8,037 dwelling units.

Far from achieving this, according to the report by the City Council's Housing Crisis Task Force, Recommendations to Facilitate Housing Production (September 2000), there is a downward trend in terms of housing production (3,140 fewer units were built in 2000 than in 1999). Specifically, in the project area, Central LA, the population will grow by 41,245 during that same time. Combine the projected population growth of the Housing Element with the existing overcrowding in Los Angeles County and the construction of housing becomes a major public benefit.

The 180 new residential units help to address the housing shortage described in the Housing Element. In addition, as an AIR development, the project not only provides housing for people but also a convenient and unique opportunity to work at home. Another important consideration is that the project is setting aside 15% of its units for affordable housing, including 5% low income units and 10% workforce housing.

#### Central Industrial Redevelopment Project

As implied by its title, the goal of this redevelopment plan is to redevelop the Plan area. The proposed project is consistent with many of the goals and policies which try to reduce blight, increase property values and tax revenues, and provide a sound housing. The following will

discuss where the vision of the project overlaps with goals stated in the Redevelopment project plan.

*Goal 2: Elimination of conditions of blight and deterioration within the Project Area...*

The project will convert an underutilized project site into a node of activity that includes a 24 hour a day population, generates more jobs and increase tax revenues for the City. The re-utilization of the site requires the investment of substantial amounts of money into constructing new buildings with superior design quality, while reconstructing deteriorated infrastructure such as streets, curbs, sidewalks and street lighting. The project will also enhance the area's aesthetics by providing extensive landscaping. Illicit activity common in the area today will be deterred by the 24-hour population. The net affect of this project will be to eliminate blight from this site and the surrounding area.

*Goal 2: A healthy industrial environment which generates and attracts new private investment and increase job opportunities, property values and tax revenues.*

While this project is not a traditional manufacturing use, it will achieve the intent of many of the objectives of this proposed goal. The conversion to desperately needed housing is galvanizing private investment in the area that will have dramatic positive effect on the site's property value and will substantially increase the revenues generated from the site. For example, the conversion of the adjacent Toy Factory Lofts building increased its property taxes by approximately \$600,000 per year, from \$28,000 to over \$600,000. While it can be argued that the City sees little of the property tax increase, the public still benefits from the distribution of State and County services. It is also important to note that these small business owners and homeowners provide a substantial financial benefit to the City from sales, utilities, business licenses and other similar revenue sources. Artist-in-Residence units promote the growth of small start up businesses that are increasingly becoming critical players in the economic landscape of Southern California. Overall, this project facilitates the productive use of this marginal industrial area that industry abandoned long ago.

*Goal 4: Sound housing stock, conserved through rehabilitation and affordable housing with supportive services where necessary and appropriate for residents of all income levels, including artist-in-residence and live-work residents.*

The creation of 180 units in a range of sizes and prices helps to create a stock of housing that will serve the diverse needs of the area and the City's population. To fulfill this goal, the project is volunteering to set aside 15% of its units as affordable housing, including 5% low income units and 10% workforce housing. These units will be constructed in three new structures that will rehabilitate the subject site with significant improvements. The project is well-designed to enhance the buildings' aesthetic qualities without altering the traditional industrial make up of the area. The project also includes a small amount of retail space that will provide services to the project's and area's residents.

Planning and Zoning Code

The Planning and Zoning Code recognizes the viability of converting existing manufacturing buildings into joint living and work quarters. Municipal Code Section 12.24 X 13 grants the

Zoning Administrator permission to approve this type of use once certain findings are made. This type of residential project is also consistent with the M3 zones list of conditionally permitted uses.

Although the project site is not an adaptive reuse project, the intent is identical to the policy fostered citywide by the City's live/work ordinance and the adaptive reuse ordinance—promoting the conversion of obsolete commercial and industrial structures to provide housing opportunities in unique urban areas of the City.

For the reasons explained above, the project is consistent with the elements and objectives of the General Plan.

**ARTISTS AND ARTISANS JOINT LIVING/WORKING QUARTERS  
ADDITIONAL INFORMATION/FINDINGS**

- 1) **How many units are proposed?:** The project will consist of no more than 180 joint living and working quarters AIR units, of which 15% will be set aside for affordable housing, including 5% low income and 10% workforce housing.
- 2) **What is the approximate size (sq. ft.) of each unit?:** The average size is approximately 1,000 square feet.
- 3) **Is the building now being used as artist and artisan living and working quarters? If it is, has an Order to Comply been issued by the Department of Building and Safety? If it was, attach a copy.** No, the buildings are not currently being used for artist and artisan living and working quarters.
- 4) **What is the total number of parking spaces on the site? Will each unit be assigned a parking space?** There will be 361 parking spaces on site. The project provides 351 parking spaces for use by the live/work residents. Live/work residents will be assigned specific parking locations. The applicant is requesting that the Zoning Administrator waive the Advisory Agency residential parking requirement of 2.25 spaces per unit. The applicant requests 2 parking spaces per unit for the 171 market rate and workforce units and 1 space per unit for the 9 affordable units, which include 5% low income units. The project is located in the Central City Parking Exception District, which permits one parking space per unit for projects with less than three habitable rooms. Joint live/work AIR units are considered less than three habitable room units. The Eastside Enterprise Zone requires 2 parking spaces per 1,000 square feet of commercial/retail floor area. The project provides 10 parking spaces for the retail space of 5,000 square feet located in two separate commercial units.
- 5) **Will each unit have a bathroom? If no, how many units will have bathrooms?** Yes, each unit will have a bathroom.
- 6) **Will each unit have a kitchen? If no, how many units will have kitchens?** Yes, each unit will have a kitchen.
- 7) **Approximately how many people will be living in each unit?** Between one and two.
- 8) **Will families with minor children live in any units? If yes, how many?** It is not anticipated that minor children will be living in the units.
- 9) **Will artist and artisans work at this site and not live on the site? If yes, how many?** No, it is anticipated that all residents of the project will both work and live at the site.
- 10) **Will art products be sold at the site?** Possibly, in the building designated for retail use. Some loft owner may elect to provide private and limited gallery showings for their art works.

- 11) **What hours and days will artwork be produced and/or sold on site?** Production will take place on the site seven days a week, twenty-four hours per day. The retail component will be open during normal business hours.
- 12) **What types of art will be produced (paints, sculptures, ceramics, etc) on the site? Will the type of artwork be restricted?** The artwork will include but not be limited to graphic artwork, animation, painting, photography, design and sculpting on the site.
  - a. **What special material will be used?** None
  - b. **Where will the materials be stored? Inside or Outside?**
    - i. Material will be stored inside a covered area.
  - c. **Will kilns, furnaces, hammers, power tools, acetylene torches or fire be used? No. Kilns, furnaces, power tools, acetylene torches or fire will not be used. If yes, how many? Where will they be located?**
  - d. **Will any work on art projects create any of the following? Noise; dust; vibrations; light; smoke; odor: No**
- 13) **Will the building also be used for commercial and manufacturing uses? No. If yes, what types? What portions (floors) of the building will be used for what types of uses?** The project does include a 5,000 square-foot neighborhood serving retail component that is located in two separate commercial units, both in ground floor areas.
- 14) **Is the building determined to be within the scope of the earthquake ordinance? No. If yes, explain in detail.**
- 15) **Explain how the proposed use will not displace viable industrial uses or lessen the likelihood that such property will be used for industrial uses.** The proposed project will not displace viable industrial uses, nor will it substantially lessen the likelihood that the property will be available in the future for industrial uses. The City of Los Angeles has experienced an exodus of manufacturing jobs out of the Central part of the City. Inefficient, underutilized and/or vacant buildings now characterize this area of Downtown Los Angeles, with a few exceptions. For various reasons, manufacturing businesses with jobs are relocating away from Downtown Los Angeles. Consequently, many of the buildings in the area are being occupied by non-traditional manufacturing uses, such as warehousing or clod storage, if they are occupied at all. As an example, this site is currently developed with a parts distribution company and other nearby buildings recently converted to Artists-in-Residence (AIR) projects warehoused rags and cloth prior to conversion to AIR units. The vast majority of the converted buildings used as storage facilities, providing few jobs and revenue opportunities to the City, demonstrates the underutilization of the area and confirms that the proposed use is not displacing industrial uses. Proposed to be demolished, the existing buildings on the subject site are inefficient for industrial purposes. Manufacturing uses have changed in the past 80 years in this area, and existing industrial site, with its multiple small buildings are no longer useful for manufacturing purposes. The site's existing facilities are inadequate to permit the efficient operation of the AMP's business. AMP's business focus is on distribution of vehicle parts. One of the key challenges of this business is to

efficiently maintain its inventory so that it can easily locate and distribute parts. Unfortunately, the site consists of a series of small derelict buildings spreading out the inventory over the entire site. These existing conditions have forced the owners of AMP to begin a search for a site with a single approximately 35,000 square foot facility in order to locate the entire inventory under one roof. Loading dock requirements for today's uses cannot be met under the existing building configurations, and many of the surrounding streets are Collector Streets that are not conducive to heavy truck traffic. For the reasons discussed above, the construction of the artist lofts at the site will not displace viable industrial uses at the site.

Several adjacent and neighboring properties have been converted to similar artists and artisans joint living/working quarters, because this transitional area is conducive to an arrangement where artists work and live. Furthermore, the construction of the artist lofts at the site will not displace any other nearby industrial uses in the area. The live/work residents of the artist loft project will be seeking a unique urban living experience and will be made aware of the nearby industrial uses, some of which produce noise, use chemicals, have heavy 24 hour truck traffic and may produce some odors. However, the live/work residents of this project will willingly seek out the unique industrial live/work environment, and many will be doing their own manufacturing artisan work on site. Therefore, the location of live/work artisan units near existing industrial uses will not result in conflicts or complaints.

- 16) **What measures will be taken to upgrade the building site and units?** The existing buildings are dilapidated and outmoded warehouse structures. These buildings will be demolished and replaced with new buildings with an attractive design that is appealing to artists wishing to live and work in the community. One design element will create extensive landscaped courtyards to enhance the visual appeal of the building site. Construction of entirely new buildings with appealing architectural design elements ensures that the site is upgraded.

#### **FINDINGS FOR JOINT LIVING AND WORK QUARTERS**

- 1) **That the proposed location will be desirable to the public convenience or welfare.**

As proposed the project promotes the public welfare by redeveloping the site with uses that eliminate blight, create jobs, and bolsters the financial viability of the City. As indicated in the list of related cases referenced above, numerous properties in the surrounding area have been converted to live/work type units, either via a conditional use permit process or under the Adaptive Re-Use Ordinance. These projects have introduced a new economic vitality to the area by combining live and work uses together. The construction of new buildings to house 180 joint living and working quarters and 5,000 square feet of retail space will foster this development direction which is a healthy evolution for this economically challenged neighborhood. In response to the downtown workforce population's need for affordable housing, the Applicant has volunteered to a **15% set-aside of the residential units for affordable housing** including 5% low income and 10% workforce housing. The Applicant intends to work cooperatively with area industrial employers to target provision of affordable workforce housing to downtown industrial workers. This project would be the first Arts District project committed to provide on-site affordable workforce housing.



No further evidence is required of the areas blighted conditions than a drive through its streets or its inclusion in a State sponsored Enterprises Zone. According to the California Association of Enterprises Zones website, "Enterprises zones targets economically distressed areas throughout California. Special state and local incentives encourage business investment and promote the creation of new jobs. The purpose of the Zone program is to provide tax incentives to businesses and allow private sector market forces to revive the local economy." This project is an example of private sector market forces reviving the area and fostering a stronger economy. In order to develop the project the Applicant will pour hundreds of thousand of dollars of private capital into the area. Redeveloping the site with an Artist-in-Residence use with a small amount of neighborhood serving retail creates multiple benefits to the community including desperately needed housing, fosters the growth of small business, creates jobs and increases City revenue sources (property, business, sales, utility taxes) and most importantly it reinvigorates a blighted area with private investment.

This project maintains the aesthetic character of the area while at the same time enhancing the economics and livability of the area. Granting of the Zoning Administrator's Determination will allow the project to retain the industrial character of the neighborhood while constructing a project that is consistent with the surrounding area in terms of mass and scale. The project will enhance the quality of the neighborhood and it will blend with some of the recent residential conversions that have taken place at such neighboring properties as the Federal Industrial Lofts, Biscuit Lofts, 652 Mateo Lofts and the Toy Factory Lofts.

This project rejuvenates the area by introducing new live/work owners to the area who will help to build a sense of community in the area and will have a vested interest in maintaining and improving the neighborhood. Many of these new residents will open small business that will increase commerce in the area and locate a population in the area 24 hours a day. Not only will the area benefit from the creation of new jobs and services offered, these individuals will increase the security of the area. Residents will embrace the industrial nature of the area helping to breath vitality back to the community long since abandoned.

The residents of the project will be seeking a unique urban living experience and will be aware of the nearby industrial uses. The applicant will ensure this by incorporating a clause in it sale contract notifying potential buyers that they are moving into a manufacturing zone with noises, sounds, activities and odors not typical of a residential zone, Therefore, the location of live/work artisan units near existing industrial uses will not result create any unanticipated conflicts or complaints.

The granting of this Zoning Administrator's Determination permits the creation of a residential development, with a retail component, that will not be materially detrimental to the public welfare or injurious to the property or improvements in the same zone or vicinity in which the property is located because the proposed project is similar to many of the recently approved and proposed projects that convert outdated industrial buildings to residential use. Numerous properties in the surrounding area have been converted to live/work residential units. The character of the neighborhood has been changing to include a more dynamic mix of commercial, residential and warehousing use. The construction of 180 new AIR units will promote the economic rejuvenation of the area.

**2) That the project is in proper relation to adjacent uses or development of the community.**

The project is in proper relation to adjacent uses and development in the area. It is proper because residential and live/work uses already exist in the area, the existing buildings on the site are too small, scattered and inefficient for manufacturing uses, there are few traditional manufacturing uses in the area and there is limited likelihood that manufacturing uses can return to the site without substantial on-site and off-site improvements. The site is located in the Eastside Enterprise Zone and the Alameda East Redevelopment Study Area, which have both identified the area as economically distressed and less than desirable for modern industrial activity, and the Community Plan recognizes that AIR units occupy a larger area than the defined boundaries of the AIR District, and the project's location within two blocks of the defined AIR District is an area already populated by artists and artisans.

Residential loft projects have existed in the area for over 25 years. The approval of prior similar projects demonstrates that the Applicant's current request is proper in relation to the adjacent uses and development in the area. In May, 2004, the City of Los Angeles in ZA 2003-6888-ZAD approved the creation of 95 AIR condominiums in the M3-1 Zone at site located at 530 Molino Street. That same year the Nabisco Lofts ((ZA 2004-3332 (ZV)(ZAD)(SPR)) 229 condominium units were approved at 673 Mateo Street. The Nabisco Lofts is directly across the street from the 130 condominium units approved at 1855 Industrial Street (ZA 2002-4041 (ZAD)(ZV)(YV)) in 2003 and one block from the proposed project. The inclusion of residential in the area demonstrates that this project is in proper relationship to the existing development. These units and their residents have become a part of the community's fabric.

This proposal allows inefficient buildings to be converted in a use that is a benefit for the area and the City. It does not help the redevelopment of the area by maintaining underutilized sites as their ability to provide economic value is restricted. The creation of a 24-hour community increases the tax base in the area, provides discretionary income to support small businesses and helps to increase security in the area. The new live/work residents will be there 24 hours a day to report crime and act as a crime deterrent.

The loss of traditional manufacturing has substantially reduced the industrial viability and economic vitality of the area. There are few traditional manufacturing uses in the area that could negatively impact the residents of the area. Those manufacturing uses that remain are not of a hazardous nature. Due to the economic trends that force manufacturing out of Downtown, it is very unlikely that traditional manufacturing jobs will return to the area. Bringing live/work quarters to this area revitalizes an area that would otherwise descend into irreversible decline.

This proposal seeks to remove currently underutilized inefficient industrial and warehouse buildings and create an Artist-In-Residence community that energizes the area by increasing property values, creating housing, creating jobs, generating new revenue sources and promoting a green environment with extensive landscaping and trees. There is no benefit to the City or the community if land remains underutilized. The City and community benefit by the project's proposed affordable housing component, which includes 5% low income units and 10% workforce housing. The City ordinance ensures that the types of

units in this project will be designed for artists and artisans who will willingly live in an area with an industrial character. Some of the future AIR residents will require industrial zoning for their craft or art. Many residents are entrepreneurial and they leverage the community of like-minded others to network and grow their businesses, contributing to the City's economy. The project's 5,000 square foot neighborhood serving retail use will serve the proposed residents as well as the existing Artists-In-Residence community.

The request is to permit a reduction in the yard requirements for the 180 joint living and working quarters. The Zoning Code requires a zero foot (0') front yard, a 10-foot side yard and a 15-foot rear yard. The request seeks a zero foot front yard along 7<sup>th</sup> Street, zero along the property line abutting the hotel and along the rear property line. The granting of the yard reductions is being requested to provide consistency with the existing uses in the area, while at the same time increasing the landscaping in the area. The arrangement of the proposed development is consistent with existing and future development on the neighboring industrial properties.

The use of these vacant manufacturing buildings for a residential use is in proper relation to the development in the area.

**3) Will not be materially detrimental to the character of development in the immediate neighborhood.**

This proposed project will not be materially detrimental to the character of the development in the neighborhood. In fact, this project fosters the character of the neighborhood by creating 180 live work condominium units and a small amount of neighborhood serving retail. As exemplified by the approvals of the approximately 425 units within the Nabisco, Toy Factory and Industrial Federal Loft projects, all within one block of the site, AIR uses are an integral part of the area.

The granting of the yard reduction permits development consistent with the surrounding area. No other buildings in the area were required to be constructed with setbacks. Consistent with this standard the new buildings are built to the property line along 7<sup>th</sup> Street and the northern property line, while five foot landscaped side yards are offered along Imperial Street and Santa Fe Avenue. All new construction will be sensitive to the industrial setting, with clean, modern design using compatible materials including brick, concrete, metal siding and industrial-style windows. Open space being developed between each building in excess of the Code requirement enhances the green environment. The complex is designed to fit into and enhance the existing Artists-in-Residence District.

This project rejuvenates the area by introducing people to the area 24 hours a day seven days a week. These live/work residents will help to build a sense of community in the area whose members will have a vested interest in maintaining and improving it. Not only will these individuals increase the security of the area they will also spend time and money in the area. Unit entries at street level, street trees, landscaping and retail uses will be incorporated into the project to further enhance the vitality of the street experience and which will serve as amenities to the entire neighborhood.

Live/work residents of the project will be seeking a unique urban living experience and will be aware of the nearby industrial uses. Therefore, the location of live/work artisan units near existing industrial uses will not result in conflicts or complaints.

This project maintains the aesthetic character of the area while at the same time enhancing the economics and livability of the area. For these reasons and the reasons set forth in response to finding number 2 above, the project is not materially detrimental to the character of development in the immediate neighborhood.

**4) Will be in harmony with various elements and objectives of the General Plan.**

The project is in harmony with the various elements and objectives of the General Plan. The project is consistent with the General Plan, Central City North Community Plan ("Community Plan"), the Housing Element, the Redevelopment Plan for the Central Industrial Redevelopment Plan and the Planning and Zoning Code.

General Plan

Chapter III of the General Plan ("Plan") promotes industrial growth that provides job opportunities for the City's residents and maintains the City's fiscal viability. The creation of 180 Artist-In-Residences units at this site not only creates jobs it also promotes the fiscal viability of the City. The Plan also calls for flexible zoning to promote clustering of industries and discusses permitting additional uses in marginal industrial lands. This project achieves the Plan by fostering the growth of jobs with the Artist-In-Residences District, while at the same time promoting the City's financial viability all without public subsidies.

The creation of 180 new units in the area will foster the growth of new businesses, including artistic endeavors that provide high quality jobs and wages to City residents, in excess of the 35 jobs existing on the site today. For reasons discussed below the existing parts distribution company, American Moving Parts ("AMP"), is required to relocate to a new site in order to be competitive. It is important to note, that AMP is working with the Mayor's business team to relocate within the City of Los Angeles, who also happens to be one of AMP's best clients. If only ½ of the new occupants of the 180 artist-in-residence units open the own company, the proposed use will create substantially more jobs than exist today on the site. Projects such as this foster the growth of small businesses, not to mention that these residents will generate a demand for additional services in the area expanding the breath of commerce in the area. Not only dose the area benefit from the creation of new jobs, it also gains from new revenue sources to the City. While it is difficult to estimate the number of new jobs, it is clear that it will exceed the 35 that exist today. It is conservatively estimated by the applicant that the proposed project's work component will double the existing number of existing jobs providing tangible economic benefits to the area and the City. This does not even take in to account the jobs/revenues generated by the site's 5,000 square foot retail component.

Section 3.14.2 of the General Plan discusses the need for flexible zoning to facilitate the clustering of industries. This project proposes to strengthen the art related industries, which includes architects, designers and graphic designers, within the Artist-in-Residences District, by providing 180 new ownership opportunities. By clustering the AIR development near the Artist-in-Residence District a synergy of idea and economic benefit is realized. The

Applicant is utilizing provisions of the zoning Code that provides the flexibility to cluster artists with in the Artist-in-Residences District by approving new residential uses.

Section 3.14.6 of the General Plan discusses the appropriateness of converting existing marginal industrial lands in certain circumstances. Per subsection (d.), one of those circumstances is “where infrastructure is inadequate and improvements are economically infeasible”. According to the Community Plan, the area is “characterized by smaller parcels, piecemeal development, and substandard streets, restricting the potential for site expansion required by newer industries”<sup>3</sup>. Substandard streets and other critical infrastructure elements are a major impediment to doing business in the area. Delivery trucks are forced to circumvent narrow streets that are poorly maintained to access area businesses, such as this one, that rarely provide on-site loading. This inability to efficiently load and unload goods on-site exasperates traffic congestion in the area. AMP was also forced to install on-site emergency power generation equipment in order to compensate for the faulty distribution lines in the area. Finally, the site’s existing facilities are also inadequate to permit the efficient operation of the AMP’s business. AMP’s business focus is on distribution of parts for all vehicles types. One of the key challenges of this business is to efficiently maintain its inventory so that it can easily locate and distribute parts. Unfortunately, the site consists of a series of small derelict buildings spreading out the inventory over the entire site. These existing conditions have forced the owners of AMP to begin a search for a site with a single approximately 35,000 square foot facility in order to locate the entire inventory under one roof.

The redevelopment of this site utilizes the flexible provisions of the L.A.M.C to strengthen the Arts District, while at the same time creating jobs and increasing tax revenues to the City. This project provides another innovation in that it will be the first in the Arts District to provide the affordable component of workforce housing.

The proposed project is also consistent with the Land Use/Transportation Policies from the Transportation Element of the General Plan, which include objectives such as, 1) Focus on future growth of the City around transit stations, 2) Increase land use intensity in transit station areas, where appropriate, 3) Provide for places of employment, and 4) Reduce reliance on the automobile. (Transportation Element, Objectives Page 3.) This type of proposed development, located in proximity to downtown and to a number of bus lines, will reduce the demand for automobile vehicles and will reduce the number of trips to and from the site, especially since AIR unit residents both live and work at their quarters.

Community Plan

The site falls within the Central City North ("CCN") Community Plan area.

**OBJECTIVE 1-1** of the Community Plan, states, “To provide for the preservation of existing housing and for the development of new housing to meet the diverse economic and physical needs of the existing residents and projected population of the Central City North Plan area to the year 2010.”

The Applicant proposes to construct 180 joint living and work quarters, along with some commercial retail space. These units will provide shelter and a working space for aspiring

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<sup>3</sup> Chapter III of the Central City North Community Plan within the discussion of Industrial land.

artists, artisans and designers. In response to a need in the industrial area, the project is volunteering to set aside 15% of its units for affordable housing, including 5% low income units and 10% workforce housing, thereby permitting a more diverse income population. The area has become a magnet for artists, artisans, and designers as demonstrated by the relocation of the Southern California Institute of Architecture (Sci-ARC) to the historic Santa Fe Freight Depot located at Santa Fe and 3rd Street and FIDM on the corner of 9<sup>th</sup> Street and Grand Avenue. Student, Teachers, Staff and other artist need to have a place to live, create and refine their work. Joint living and working quarters have been developed in numerous projects in the area, including the Toy Factory Lofts, Biscuit Lofts, Federal Industrial Lofts, 6<sup>th</sup> Street Lofts and 652 Mateo Lofts, which strive to fulfill this objective of the Community Plan.

The Applicant recognizes that the existing site is no longer viable for traditional industrial uses and recognizes that providing live work opportunities at the site generate economic value for the property owner, the area, and the City. In addition to replacing blighted underutilized and outdated manufacturing buildings, the Applicant proposes to increase Los Angeles' housing stock and types of jobs. The project directly satisfies this objective.

**OBJECTIVE 1-2** of the Community Plan, states, "To locate new housing in a manner which reduces vehicular trips and makes it accessible to services and facilities."

By their nature live work units reduce traffic congestion because they allow owners to live and work in the same place. This site is also proximately located to numerous transit alternatives such as the MTA Number 60, 360, and 362 bus lines, which run along 7<sup>th</sup> Street. These bus lines connect with the Metro Blue and Red Lines at the 7<sup>th</sup>/Metro Center transportation terminal which is located only one and two-thirds miles from the site. Additionally, the Metro Rapid Wilshire Bus (720 Metro Rapid) runs along 6th street, a block north of the subject site, with designated stops at Commerce Center, 6th Street and Main (Downtown LA), Wilshire and Western, Wilshire and La Cienega, Wilshire and Westwood, and completes its route at 6th and Colorado in the City of Santa Monica. The Number 720 Metro Rapid bus line connects to the MTA rail system, Red Line, Gold Line and Blue Line at Union Station.

**OBJECTIVE 1-4** of the Community Plan, states, "To promote and insure the provision of adequate housing for all persons regardless of income, age, or ethnic background."

The project proposes to construct 180 joint living and working quarters which will provide shelter and working space for aspiring artists, artisans and designers. These artists are part of a diverse community with varying income and ages, and they need a place to live and to create and display their art. The project offers an effective counterbalanced to the more gentrified rental housing being developed around most of downtown Los Angeles. In response to the downtown workforce population's need for affordable housing, the Applicant has volunteered to a **15% set-aside of the residential units for affordable housing** including 5% low income and 10% workforce housing. The Applicant intends to work cooperatively with area industrial employers to target provision of affordable workforce housing to downtown industrial workers. This project would be the first Arts District project committed to provide on-site affordable workforce housing.

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The project is carefully replacing outdated manufacturing buildings with new live/work uses that respect the industrial character of the area, providing a much needed use for residents in the area, and meeting goals and objectives of the Community Plan by adding AIR units to this particular area. The project is constructing not only new buildings with 180 AIR units, including low income and affordable workforce housing, but also needed retail space to serve the needs of the community. The project will be designed in a manner that enhances and preserves the distinctive character of the community. This development directly satisfies this objective.

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#### Housing Element

The Housing Element of the General Plan encourages the production of housing and the proposed project does not conflict with such policies. The City's Housing Element (adopted by the City Council on December 18, 2001 and approved by the State of California Department of Housing and Redevelopment on February 27, 2002) states that the population of Los Angeles will grow by 821,165 persons between 1993 and 2010. The amount of housing needed to accommodate Citywide growth is estimated to be 60,280 dwelling units (from 1998-2005) or an annual need of 8,037 dwelling units.

Far from achieving this, according to the report by the City Council's Housing Crisis Task Force, Recommendations to Facilitate Housing Production (September 2000), there is a downward trend in terms of housing production (3,140 fewer units were built in 2000 than in 1999). Specifically, in the project area, Central LA, the population will grow by 41,245 during that same time. Combine the projected population growth of the Housing Element with the existing overcrowding in Los Angeles County and the construction of housing becomes a major public benefit.

The 180 new residential units help to address the housing shortage described in the Housing Element. In addition, as an AIR development, the project not only provides housing for people but also a convenient and unique opportunity to work at home. Another important consideration is that the project is setting aside 15% of its units for affordable housing, including 5% low income units and 10% workforce housing.

#### Central Industrial Redevelopment Project

As implied by its title, the goal of this redevelopment plan is to redevelop the Plan area. The proposed project is consistent with many of the goals and policies which try to reduce blight,

increase property values and tax revenues, and provide a sound housing. The following will discuss where the vision of the project overlaps with goals stated in the Redevelopment project plan.

*Goal 2: Elimination of conditions of blight and deterioration within the Project Area...*

The project will convert an underutilized project site into a node of activity that includes a 24 hour a day population, generates more jobs and increase tax revenues for the City. The reutilization of the site requires the investment of substantial amounts of money into constructing new buildings with superior design quality, while reconstructing deteriorated infrastructure such as streets, curbs, sidewalks and street lighting. The project will also enhance the area's aesthetics by providing extensive landscaping. Illicit activity common in the area today will be deterred by the 24-hour population. The net affect of this project will be to eliminate blight from this site and the surrounding area.

*Goal 2: A healthy industrial environment which generates and attracts new private investment and increase job opportunities, property values and tax revenues.*

While this project is not a traditional manufacturing use, it will achieve the intent of many of the objectives of this proposed goal. The conversion to desperately needed housing is galvanizing private investment in the area that will have dramatic positive effect on the site's property value and will substantially increase the revenues generated from the site. For example, the conversion of the adjacent Toy Factory Lofts building increased its property taxes by approximately \$600,000 per year, from \$28,000 to over \$600,000. While it can be argued that the City sees little of the property tax increase, the public still benefits from the distribution of State and County services. It is also important to note that these small business owners and homeowners provide a substantial financial benefit to the City from sales, utilities, business licenses and other similar revenue sources. Artist-in-Residence units promote the growth of small start up businesses that are increasingly becoming critical players in the economic landscape of Southern California. Overall, this project facilitates the productive use of this marginal industrial area that industry abandoned long ago.

*Goal 4: Sound housing stock, conserved through rehabilitation and affordable housing with supportive services where necessary and appropriate for residents of all income levels, including artist-in-residence and live-work residents.*

The creation of 180 units in a range of sizes and prices helps to create a stock of housing that will serve the diverse needs of the area and the City's population. To fulfill this goal, the project is volunteering to set aside 15% of its units as affordable housing, including 5% low income units and 10% workforce housing. These units will be constructed in three new structures that will rehabilitate the subject site with significant improvements. The project is well-designed to enhance the buildings' aesthetic qualities without altering the traditional industrial make up of the area. The project also includes a small amount of retail space that will provide services to the project's and area's residents.



Planning and Zoning Code

The Planning and Zoning Code recognizes the viability of converting existing manufacturing buildings into joint living and work quarters. Municipal Code Section 12.24 X 13 grants the Zoning Administrator permission to approve this type of use once certain findings are made. This type of residential project is also consistent with the M3 zones list of conditionally permitted uses.

Although the project site is not an adaptive reuse project, the intent is identical to the policy fostered citywide by the City's live/work ordinance and the adaptive reuse ordinance—promoting the conversion of obsolete commercial and industrial structures to provide housing opportunities in unique urban areas of the City.

For the reasons explained above, the project is consistent with the elements and objectives of the General Plan.

**5) That the uses of the property surrounding the proposed location of the joint living and work quarters and the use of the proposed location will not be detrimental to the health, safety and welfare of the prospective residents of the quarters:**

The proposed project will not be detrimental to the health, safety and welfare of the prospective residents of the newly constructed quarters because it will go through an environmental review and meet the current building code requirements, while being measured and evaluated by the empirical evidence offered by the existing joint living and work quarters that already exist in the immediate area.

As part of the application process, the City Planning's Environmental Review Section will analyze the impacts of the proposed project on the site and the impacts of the area on the inhabitants. If required by the Environmental Review Section, conditions will be placed on the project to insure that the health, safety and welfare of prospective residents are safeguarded.

The proposed project includes new construction that is required to submit plans to the Building and Safety Department that will confirm that the project attains the Building Code requirements imposed on a project of this nature. These requirements include accessibility, fire and life safety and seismic provisions designed to protect the residents of the units.

In January 1990, the City of Los Angeles in Case ZA 89-1138 (CUZ) approved the conversion of a neighboring (712 South Santa Fe Avenue) building into joint living and work quarters for artists and artisans. Tenants have safely occupied these 10 units ever since its first occupancy. As have the residents of 43 unit Phase I of the Federal Industrial Lofts project approved in November 2001 in Case ZA 2001-2828 (ZAD) and the residents of the Toy Factory Lofts building. These units, in addition to other live/work units in the vicinity are rarely vacant, attesting to their popularity. The long time existence of live/work units in the area demonstrates that the properties surrounding this site will not be detrimental to the health, safety or welfare of the live/work residents of this proposed development.

The proposed reduced yard setbacks are consistent with the industrial character of the neighborhood and are therefore not detrimental to the health, safety and welfare of prospective residents of the quarters, who are drawn to this type of project because of its affinity for an industrial atmosphere.

The City's review process and the empirical evidence that individuals are living in the area insures the health, safety and welfare of the future live/work residents of this project.

**6) That the proposed joint living and work quarters will not displace viable industrial uses and will not substantially lessen the likelihood that the property will be available in the future for industrial uses:**

The proposed project will not displace viable industrial uses, nor will it substantially lessen the likelihood that the property will be available in the future for industrial uses. Unfortunately for the City of Los Angeles, there has been an exodus of manufacturing jobs out of the City. This area is now characterized by underutilized and/or vacant buildings, many of which are being converted to AIR units.

While the exodus of manufacturing jobs is attributable to many factors, the City acknowledges that substandard roadways, reliance on aging utilities and small size of the lots are forcing manufacturing uses away from Downtown Los Angeles. The Central City North Community Plan (Page 1-4) states the area is "less than desirable for "modern" industrial activity. These deficiencies include the physical condition of the streets, loading and unloading activities, and parking conditions. Other difficulties include poor design of intersections, the presence of dead end streets, and the lack of continuous north/south corridors." Substantial public and private monies are required for the City to convert this area into a functioning manufacturing district. This area's small and narrow street grid requires substantial improvements to permit the transport of materials and to increase the power capacity required to run modern equipment. Even if these types of infrastructure improvement are completed, the City is faced with the problem created by a patchwork ownership pattern. This pattern prohibits the lot consolidation needed to build modern industrial facilities with ample and efficient loading and unloading access. Consequently, many of the buildings in the area are being occupied by warehousing and non-traditional manufacturing uses if they are occupied at all.

Consistent with the character of this area, the configuration of the existing site creates a burden on a manufacturing use. The site currently consists of a series of small stand alone structures that would force an industrial user to disperse a manufacturing operation lacking the efficiency of a consolidated operation. The small size of the buildings limits the company's ability to store sufficient amounts of goods and materials. This forces an increased number of deliveries to accommodate these needs, which become more complicated as these materials are now spread throughout 9 buildings. The area's power grid does not provide sufficient or consistent electricity to the site. The applicant has had to spend substantial amounts of money to install a back up generator that maintains his computer records, but can not power his machinery. Numerous infrastructure problems render this site unsuitable for a viable industrial use.

For the reasons discussed above the construction of the artist lofts at the site will not displace an industrial use at the site.

## **SITE PLAN REVIEW FINDINGS**

**1. That the project complies with all applicable provisions of the Los Angeles Municipal Code, Planning and Zoning Section and any applicable specific plan.**

The applicant is requesting approval for the project based on the applicable provisions of the LAMC. Although residential units are not permitted in the M3 zone, LAMC Section 12.24 X 13 conditionally permits the artist in residence use in the M3 zone. Under this Code provision, an applicant can also request yard and parking deviations. Deviations to the yard requirements have been requested for the proposed project. The project will exceed the residential parking standard specified in the Central City Parking District and be consistent with the commercial standard specified in the Eastside Enterprise Zone. The project will provide more open space than required by the Code. Finally the applicant will utilize Section 12.27 of the Code to increase the floor area of the project in excess of the 1.5 to 1 FAR prescribed to the site.

If approved, the decisions rendered for Tentative Tract No. 63403 and the requested Zoning Administrator's actions will bring the project into compliance with all of the applicable provisions of the Los Angeles Municipal Code and the Planning and Zoning Section.

The project site is not within a Specific Plan area.

**2. That the project is consistent with the General Plan.**

The project is in harmony with the various elements and objectives of the General Plan. The project is consistent with the General Plan, Central City North Community Plan ("Community Plan"), the Housing Element, the Redevelopment Plan for the Central Industrial Redevelopment Plan and the Planning and Zoning Code.

### General Plan

Chapter III of the General Plan ("Plan") promotes industrial growth that provides job opportunities for the City's residents and maintains the City's fiscal viability. The creation of 180 artist-in-residences units at this site not only creates jobs it also promotes the fiscal viability of the City. The Plan also calls for flexible zoning to promote clustering of industries and discusses permitting additional uses in marginal industrial lands. This project achieves the Plan by fostering the growth of jobs with the Artist-in-Residences District, while at the same time promoting the City's financial viability all without public subsidies.

The creation of 180 new units in the area will foster the growth of new businesses, including artistic endeavors that provide high quality jobs and wages to City residents, in excess of the 35 jobs existing on the site today. For reasons discussed below the existing parts distribution company, American Moving Parts ("AMP"), is required to relocate to a new site in order to be competitive. It is important to note, that AMP is working with the Mayor's business team to relocate within the City of Los Angeles, who also happens to be one of AMP's best clients. If only ½ of the new occupants of the 180 artist-in-residence units open the own company, the proposed use will create substantially more jobs than exist today on the site. Projects such as this foster the growth of small businesses, not to mention that these residents will generate a demand for additional services in the area expanding the breath of commerce in the area. Not only dose the area benefit from the creation of new

jobs, it also gains from new revenue sources to the City. While it is difficult to estimate the number of new jobs, it is clear that it will exceed the 35 that exist today. It is conservatively estimated by the applicant that the proposed project's work component will double the existing number of existing jobs providing tangible economic benefits to the area and the City. This does not even take in to account the jobs/revenues generated by the site's 5,000 square foot retail component.

Section 3.14.2 of the General Plan discusses the need for flexible zoning to facilitate the clustering of industries. This project proposes to strengthen the art related industries, which includes architects, designers and graphic designers, within the Artist-in-Residences District, by providing 180 new ownership opportunities. By clustering the AIR development near the Artist-in-Residence District a synergy of idea and economic benefit is realized. The Applicant is utilizing provisions of the zoning Code that provides the flexibility to cluster artists with in the Artist-in-Residences District by approving new residential uses.

Section 3.14.6 of the General Plan discusses the appropriateness of converting existing marginal industrial lands in certain circumstances. Per subsection (d.), one of those circumstances is "where infrastructure is inadequate and improvements are economically infeasible". According to the Community Plan, the area is "characterized by smaller parcels, piecemeal development, and substandard streets, restricting the potential for site expansion required by newer industries"<sup>4</sup>. Substandard streets and other critical infrastructure elements are a major impediment to doing business in the area. Delivery trucks are forced to circumvent narrow streets that are poorly maintained to access area businesses, such as this one, that rarely provide on-site loading. This inability to efficiently load and unload goods on-site exasperates traffic congestion in the area. AMP was also forced to install on-site emergency power generation equipment in order to compensate for the faulty distribution lines in the area. Finally, the site's existing facilities are also inadequate to permit the efficient operation of the AMP's business. AMP's business focus is on distribution of parts for all vehicles types. One of the key challenges of this business is to efficiently maintain its inventory so that it can easily locate and distribute parts. Unfortunately, the site consists of a series of small derelict buildings spreading out the inventory over the entire site. These existing conditions have forced the owners of AMP to begin a search for a site with a single approximately 35,000 square foot facility in order to locate the entire inventory under one roof.

The redevelopment of this site utilizes the flexible provisions of the L.A.M.C to strengthen the Arts District, while at the same time creating jobs and increasing tax revenues to the City. This project provides another innovation in that it will be the first in the Arts District to provide the affordable component of workforce housing.

The proposed project is also consistent with the Land Use/Transportation Policies from the Transportation Element of the General Plan, which include objectives such as, 1) Focus on future growth of the City around transit stations, 2) Increase land use intensity in transit station areas, where appropriate, 3) Provide for places of employment, and 4) Reduce reliance on the automobile. (Transportation Element, Objectives Page 3.) This type of proposed development, located in proximity to downtown and to a number of bus lines, will

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<sup>4</sup> Chapter III of the Central City North Community Plan within the discussion of Industrial land.

reduce the demand for automobile vehicles and will reduce the number of trips to and from the site, especially since AIR unit residents both live and work at their quarters.

Community Plan

The site falls within the Central City North ("CCN") Community Plan area.

**OBJECTIVE 1-1** of the Community Plan, states, "To provide for the preservation of existing housing and for the development of new housing to meet the diverse economic and physical needs of the existing residents and projected population of the Central City North Plan area to the year 2010."

The project proposes to construct 180 joint living and work quarters, along with some commercial retail space. These units will provide shelter and a working space for aspiring artists, artisans and designers. In response to a need in the industrial area, the project is volunteering to set aside 15% of its units for affordable housing, including 5% low income units and 10% workforce housing, thereby permitting a more diverse income population. The area has become a magnet for artists, artisans, and designers as demonstrated by the relocation of the Southern California Institute of Architecture (Sci-ARC) to the historic Santa Fe Freight Depot located at Santa Fe and 3rd Street and FIDM on the corner of 9<sup>th</sup> Street and Grand Avenue. Student, Teachers, Staff and other artist need to have a place to live, create and refine their work. Joint living and working quarters have been developed in numerous projects in the area, including the Toy Factory Lofts, Biscuit Lofts, Federal Industrial Lofts, 6<sup>th</sup> Street Lofts and 652 Mateo Lofts, which strive to fulfill this objective of the Community Plan.

It is recognized that the existing site is no longer viable for traditional industrial uses and that providing live work opportunities at the site will generate economic value for the property owner, the area, and the City. In addition to replacing blighted underutilized and outdated manufacturing buildings, the project proposes to increase Los Angeles' housing stock and types of jobs. The project directly satisfies this objective.

**OBJECTIVE 1-2** of the Community Plan, states, "To locate new housing in a manner which reduces vehicular trips and makes it accessible to services and facilities."

By their nature live work units reduce traffic congestion because they allow owners to live and work in the same place. This site is also proximately located to numerous transit alternatives such as the MTA Number 60, 360, and 362 bus lines, which run along 7<sup>th</sup> Street. These bus lines connect with the Metro Blue and Red Lines at the 7<sup>th</sup>/Metro Center transportation terminal which is located only one and two-thirds miles from the site. Additionally, the Metro Rapid Wilshire Bus (720 Metro Rapid) runs along 6th street, a block north of the subject site, with designated stops at Commerce Center, 6th Street and Main (Downtown LA), Wilshire and Western, Wilshire and La Cienega, Wilshire and Westwood, and completes its route at 6th and Colorado in the City of Santa Monica. The Number 720 Metro Rapid bus line connects to the MTA rail system, Red Line, Gold Line and Blue Line at Union Station.

**OBJECTIVE 1-4** of the Community Plan, states, "To promote and insure the provision of adequate housing for all persons regardless of income, age, or ethnic background."

The project proposes to construct 180 joint living and working quarters which will provide shelter and working space for aspiring artists, artisans and designers. These artists are part of a diverse community with varying income and ages, and they need a place to live and to create and display their art. The project offers an effective counterbalanced to the more gentrified rental housing being developed around most of downtown Los Angeles. In response to the downtown workforce population's need for affordable housing, the Applicant has volunteered to a **15% set-aside of the residential units for affordable housing** including 5% low income and 10% workforce housing. The Applicant intends to work cooperatively with area industrial employers to target provision of affordable workforce housing to downtown industrial workers. This project would be the first Arts District project committed to provide on-site affordable workforce housing.

**OBJECTIVE 3-2** "Encourage the continued development and maintenance of the Artists-in-Residence community in industrial areas of the proposed redevelopment plan areas and of the plan, as appropriate."

The project is carefully replacing outdated manufacturing buildings with new live/work uses that respect the industrial character of the area, providing a much needed use for residents in the area, and meeting goals and objectives of the Community Plan by adding AIR units to this particular area. The project is constructing not only new buildings with 180 AIR units, including low income and affordable workforce housing, but also needed retail space to serve the needs of the community. The project will be designed in a manner that enhances and preserves the distinctive character of the community. This development directly satisfies this objective.

**OBJECTIVE 8-2** of the Community Plan, states, "To increase the community's... ability to minimize crime and provide adequate security."

The project is a proposal to replace warehouse buildings that have been neglected and underutilized by constructing new Joint Living and Working apartments. The project's 24-hour population will help to deter criminal activity in the area with more "eyes on the street."

#### Housing Element

The Housing Element of the General Plan encourages the production of housing and the proposed project does not conflict with such policies. The City's Housing Element (adopted by the City Council on December 18, 2001 and approved by the State of California Department of Housing and Redevelopment on February 27, 2002) states that the population of Los Angeles will grow by 821,165 persons between 1993 and 2010. The amount of housing needed to accommodate Citywide growth is estimated to be 60,280 dwelling units (from 1998-2005) or an annual need of 8,037 dwelling units.

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#### Central Industrial Redevelopment Project

As implied by its title, the goal of this redevelopment plan is to redevelop the Plan area. The proposed project is consistent with many of the goals and policies which try to reduce blight, increase property values and tax revenues, and provide a sound housing. The following will discuss where the vision of the project overlaps with goals stated in the Redevelopment project plan.

#### *Goal 2: Elimination of conditions of blight and deterioration within the Project Area...*

The project will convert an underutilized project site into a node of activity that includes a 24 hour a day population, generates more jobs and increase tax revenues for the City. The reutilization of the site requires the investment of substantial amounts of money into constructing new buildings with superior design quality, while reconstructing deteriorated infrastructure such as streets, curbs, sidewalks and street lighting. The project will also enhance the area's aesthetics by providing extensive landscaping. Illicit activity common in the area today will be deterred by the 24-hour population. The net affect of this project will be to eliminate blight from this site and the surrounding area.

#### *Goal 2: A healthy industrial environment which generates and attracts new private investment and increase job opportunities, property values and tax revenues.*

While this project is not a traditional manufacturing use, it will achieve the intent of many of the objectives of this proposed goal. The conversion to desperately needed housing is galvanizing private investment in the area that will have dramatic positive effect on the site's property value and will substantially increase the revenues generated from the site. For example, the conversion of the adjacent Toy Factory Lofts building increased its property taxes by approximately \$600,000 per year, from \$28,000 to over \$600,000. While it can be argued that the City sees little of the property tax increase, the public still benefits from the distribution of State and County services. It is also important to note that these small business owners and homeowners provide a substantial financial benefit to the City from sales, utilities, business licenses and other similar revenue sources. Artist-in-Residence units promote the growth of small start up businesses that are increasingly becoming critical players in the economic landscape of Southern California. Overall, this project facilitates the productive use of this marginal industrial area that industry abandoned long ago.

#### *Goal 4: Sound housing stock, conserved through rehabilitation and affordable housing with supportive services where necessary and appropriate for residents of all income levels, including artist-in-residence and live-work residents.*

The creation of 180 units in a range of sizes and prices helps to create a stock of housing that will serve the diverse needs of the area and the City's population. To fulfill this goal, the project is volunteering to set aside 15% of its units as affordable housing, including 5% low income units and 10% workforce housing. These units will be constructed in three new structures that will rehabilitate the subject site with significant improvements. The project is well-designed to enhance the buildings' aesthetic qualities without altering the traditional industrial make up of the area. The project also includes a small amount of retail space that will provide services to the project's and area's residents.

### Planning and Zoning Code

The Planning and Zoning Code recognizes the viability of converting existing manufacturing buildings into joint living and work quarters. Municipal Code Section 12.24 X 13 grants the Zoning Administrator permission to approve this type of use once certain findings are made. This type of residential project is also consistent with the M3 zones list of conditionally permitted uses.

Although the project site is not an adaptive reuse project, the intent is identical to the policy fostered citywide by the City's live/work ordinance and the adaptive reuse ordinance—promoting the conversion of obsolete commercial and industrial structures to provide housing opportunities in unique urban areas of the City.

For the reasons explained above, the project is consistent with the elements and objectives of the General Plan.

### **3. That the project is consistent with any applicable adopted redevelopment plan.**

The property is located in the Central Industrial Redevelopment Project area and is consistent with the objectives of the Alameda East Redevelopment Study Area. The Community Redevelopment Agency has established this area as a study area for potential inclusion into its redevelopment plans. The study area involves an assessment of existing conditions and the potential to redevelop the Alameda East area as a "modern" industrial area. However, the Community Plan states that there are deficiencies that exist in the area which makes the area:

"less than desirable for "modern" industrial activity. These deficiencies include the physical condition of the streets, loading and unloading activities, and parking conditions. Other difficulties include poor design of intersections, the presence of dead end streets, and the lack of continuous north/south corridors." (Central City North Community Plan, Page I-4)

With respect to the Artist-in-Residence District, the Community Plan states:

"The purpose of the boundaries [of the Artists-in-Residence District] is to identify the presence of the artists as a distinct and integral part of the Central City North Community. Although a large population of artists are located within these boundaries, they are not restricted to the boundary." (Central City North Community Plan, Page I-4)



This section of the Community Plan recognizes that artists-in-residence units are flourishing beyond the traditional boundary of the AIR District, which suggests that the type of housing proposed for this project is fully consistent with adopted plans. Furthermore, the Community Plan specifies that within the AIR District it “encourages the continued and expanded development of a thriving artists-in-residence community in the plan and proposed redevelopment areas.”

Therefore, the project is consistent with the applicable adopted redevelopment plan.

**4. That the project consists of an arrangement of buildings and structures (including height, bulk and setbacks), off-street parking facilities, load areas, lighting, landscaping, trash collections, and other such pertinent improvements, which is or will be compatible with existing and future development on the neighboring properties.**

The proposed arrangement of the three buildings configured for artists lofts will be consistent and compatible with existing and future development on the neighboring properties:

- Height of Buildings: range approximately from 47 feet to 87 feet
- FAR: approximately 1.8 overall
- Yards: zero front, side and rear yard typical of the surrounding area.
- Off –Street Parking Facilities: 361 parking spaces
- Landscaping: 29,050 square feet of open space

As stated in the discretionary requests application, there are surrounding properties which have been granted relief from the L.A.M.C. requirements for use, yards and other standards that have been obtained via various mechanisms such as Variances, Adjustments, and through the Adaptive Reuse Ordinance. For example, the project located at 2117 East 7<sup>th</sup> Place was approved on November 7, 2001 (ZA 2001-2828 (ZAD) to permit the conversion of five existing one- and two-story industrial buildings into 43 joint living and work quarters in the M3-1 zone. This project was permitted to provide zero yard setbacks in the front and the rear yard for the existing development and to permit 43 parking spaces (one space per unit). The Toy Factory Lofts located at 1855 Industrial Street (ZA-2002-4041-ZAD-ZV-YV) was approved on April 14, 2003 for a 130-unit Joint Live Work apartment development in an existing industrial building. The Toy Factory Lofts is in the Central City North Community Plan area and included the conversion of an existing structure. Also, on January 10, 2003, an 18 joint living and work quarters conversion project located at 652 Mateo Street in the Century City North Planning Area was approved (ZA 2002-4292 (ZAD). This project was granted approval to provide zero side and rear yards, no on-site parking and 18 off-site commercial spaces.

Therefore, since surrounding projects with similar requests have been granted, the proposed development on the subject property is consistent and compatible with the existing and future development on the neighboring properties.

- 5. That the project incorporates feasible measures, monitoring measures when necessary, or alternatives identified in the environmental review which would substantially lessen the significant environmental effects of the project, and/or any additional findings as may be required by CEQA.**

Except for some typical construction related environmental impacts which the Applicant plans to mitigate, the project is expected to create no environmental impacts. The Environmental Review Unit of the City Planning Department will prepare their environmental review. Typically, the Environmental Review Unit provides mitigation measures that will minimize the potential impacts the project may have to the environment.

- 6. That any project containing residential uses provides its residents with appropriate type and placement of recreational facilities and service amenities in order to improve habitability for the residents and minimize impacts on neighboring properties where appropriate (*For Residential Projects Only.*)**

The project includes specific dedicated areas for community based social and recreation functions, with extensive landscaped courtyards and walkways open to the public and a rooftop pool and recreation area for residents. The complex is designed to fit into an area expanding the boundaries of the Artists-in-Residence District, with an internal circulation system linking each unit within each building to the outside community, thus creating an opportunity for a shared communal experience for the occupants of the complex. The existing open space between each building will be developed as common outdoor space with extensive new landscaping that draws upon the heritage of this AIR District as a complex of industrial uses. The buildings will feature street level storefronts and landscaping that will contribute to an active street experience. Unit entries at street level, street trees, and retail uses will be incorporated into the project to further enhance the vitality of the street experience and which will serve as amenities to the entire neighborhood. New amenities will be provided, including a pool and deck with cabanas for the use of residents. Site and street landscaping will be installed to reinforce the pedestrian orientation of the project. Together with street-oriented ground floor live/work units, the Project will enhance the emerging AIR orientation of the community while maintaining elements of the industrial aesthetic. The type of units in this project, along with its amenities, will be designed for artists and artisans who will willingly live in an area with an industrial character. Many of the future live/work residents seek out this alternative, urban life style. Therefore, the open space and recreation rooms provided on-site provide appropriate amenities and recreational facilities for the project's live/work residents and are expected to minimize impacts on neighboring properties.