



DEPARTMENT OF CITY PLANNING

RECOMMENDATION REPORT



City Planning Commission

Date: February 25, 2016
Time: 8:30 a.m.
Place: Council Chamber, 2nd Floor
Van Nuys City Hall
14410 Sylvan Street
Los Angeles, CA 91401

Case No.: CPC-2015-4474-CA
CEQA No.: ENV-2015-4475-CE
Council No.: 14-1150
Location: Citywide
Council Districts: All

PROPOSED PROJECT:

The proposed Unapproved Dwelling Unit ordinance amends Section 14.00 of the Los Angeles Municipal Code (LAMC) for the purpose of creating a new process for granting legal status to unapproved dwelling units in existing multiple-family buildings when certain affordability criteria are met. There is no development, change in land use, intensity or density proposed as part of this ordinance.

RECOMMENDED ACTIONS:

1. **Approve** and Recommend that the City Council adopt the proposed ordinance (Exhibit A);
2. **Adopt** the staff report as its report on the subject;
3. **Approve** and Recommend that the City Council based on the whole of the administrative record, determine that the ordinance is Categorically Exempt from the California Environmental Quality Act (CEQA Guidelines Section 15301).
4. **Adopt** the attached Findings.

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PROJECT ANALYSIS

Project Summary

The proposed ordinance would grant legal status to existing unapproved dwelling units in existing multiple-family buildings when certain criteria are met, including the dedication of affordable housing. The proposal reflects the direction received from City Council in its June 12, 2015 action pursuant to Council File 14-1150.

The goal of the ordinance is to preserve viable, habitable, often affordable unpermitted housing units in multifamily zones. The ordinance would establish procedures to legalize certain existing units when affordable units on site are dedicated through an affordability covenant. The ordinance follows past practice and state law, and does not apply to single-family zoned properties. It would also only apply to properties where unapproved units can be proven to have existed as of December 10, 2015. It would therefore not encourage any future illegal construction. Projects would also be required to demonstrate compliance with certain "good neighbor" performance standards such as the removal of any illegal signage or parking pads in the front yard.

The ordinance is needed because at least 400-500 housing units are being removed each year as an unintended result of City inspections of multifamily units. When unapproved units are discovered by the Housing and Community Investment Department (HCIDLA), the result is often the dislocation of households and the loss of existing housing stock at a time the City is facing a severe housing crisis. While serious life-safety issues are remedied through the inspection process, most units are removed primarily due to zoning code non-conformance that cannot be easily remedied.

The vast majority of eligible properties discovered through the inspection process have just one additional unit beyond current limits, but nonetheless require a Zone Variance, which is very difficult to approve and is ill-suited for this type of review. The ordinance would create an alternative to the current zone variance process that largely mirrors the existing State-required density bonus program, including the allowance of a limited number of zoning incentives, depending on the percentage of existing units to be set-aside as long-term restricted affordable housing.

Background

Los Angeles is experiencing a profound housing crisis marked by a severe shortage of affordable housing options. Addressing the housing crisis necessitates the City to diligently produce and preserve housing, particularly when it is affordable to low- and middle-income households. Unapproved units, more commonly known as illegal or bootleg units, likely constitute a considerable portion of Los Angeles' affordable market rate housing stock.

Unapproved units in multifamily buildings are established in many ways. They may have been built without the benefit of any permits, or may have been built with permits for a different use - such as a storage room or as a subdivided part of a previously larger unit. Sometimes the zoning regulations that stand in the way of a unit being legalized today did not apply when the building was built or the non-permitted unit was created (such as two parking spaces per unit or the current open space requirement).

The majority of multiple family units identified as unapproved are cited as a result of the Systematic Code Enforcement Program (SCEP), administered by the Housing and Community Investment Department (HCIDLA). In multiple family units, SCEP building inspectors report that the major barrier to legalization is not building code compliance, but more often planning and zoning codes. This is usually because the extra unit(s) exceed minimum area per dwelling unit standards or other zoning regulations.

When non-permitted units are identified by City inspectors today, they are usually removed. In multifamily buildings, approximately 2,560 non-permitted units were cited by City enforcement agencies during the 2010 to 2015 period (see Exhibit B). The vast majority of these units (1,765) have been removed, while only 201 (or 12%) were able to be legalized by complying with the City's building and zoning regulations. This loss of units is estimated to have reduced the City's net housing creation by almost 10% over this time. Given the housing crisis the City is experiencing, preserving every safe, habitable dwelling unit is paramount.

At the time of enforcement, a property owner is given the option to remove the unit or legalize. A 30-day time period is usually provided to remove the unit or show tangible progress towards legalization. Relief from planning and zoning codes can be very complicated. Fees, combined with the uncertainty of the zoning relief process, discourage many owners from even attempting the legalization process. Spending about \$20,000 on a Zone Variance process that offers no promises of successful resolution is a high risk proposition. Most owners decide not to take the risk and instead simply remove the unit once it has been discovered. This results in a dislocated tenant and loss of an often relatively affordable housing unit. Sometimes it relieves an un-habitable situation, but more often than not the unit was safe and habitable.

Proposed Ordinance

As described above, the attached ordinance (Exhibit A) amends the Public Benefit section of the LAMC (14.00) to create a new process to legalize certain already existing non-conforming dwelling units when affordable housing is being provided and a set of performance standards are met.

To be an eligible project under the proposed ordinance, a residential or mixed-use building with an unapproved dwelling unit must be located in a multiple family zone (R2 or above). The owner must be able to demonstrate that the unit existed as of December 10, 2015 and be willing to provide at least one restricted affordable unit for 55 years. Moderate income units may be utilized for properties not located in a low and moderate income census tract, as defined by the federal government. To be approved, the building

must be free from other code violations and comply with a range of other “good neighbor” performance standards. Legalization through this process may not result in any increase in building height or expansion of the building’s footprint beyond 250 square feet at the rear.

The existing Public Benefit zoning process in LAMC 14.00 is proposed to be used for these applications. It offers a process whereby applications for a use (with a public benefit) are able to meet certain performance standards and be approved through a ministerial process. Under the ordinance, planners at the public counter will review the (new) application and ensure compliance with the law. Normal planning and zoning standards will continue to apply, with the exception of the provisions in state density bonus law, which include:

- 1) Additional units may be allowed over the maximum otherwise allowable residential density, up to 35%, depending on the number of set-aside restricted affordable units being provided;
- 2) Up to three additional “incentives or concessions” are permitted, depending on the number of restricted affordable units. These include modifications from zoning code requirements or other site development standards;
- 3) Projects may request a waiver or reduction of additional development standards that would physically preclude the legalization of the unit.

Issues

Finding the right balance between preserving quality, safe housing units and ensuring that zoning regulations serve to protect residents and neighborhoods is—key to a successful dwelling unit legalization policy. Any legalization process should provide a legitimate alternative for people who wish to legalize existing units while protecting the majority of residents who abide by planning and zoning regulations and expect their neighbors to do so as well.

The initiative provides significant citywide benefits by ensuring the health and safety of all dwelling units, preventing displacement, preserving viable housing and creating dedicated affordable housing. Both the City’s General Plan and the Zoning Code already recognize the need for zoning deviations that benefit the public good and further these citywide policy objectives.

Protection of Neighborhood Character

The legalization of additional housing units beyond current zoning limits may raise concern about impacts on neighborhood character and quality of life. While every situation is different, the DCP believes that in most cases there would be very minimal impacts. Research by HCIDLA shows that the vast majority (86%) of buildings with illegal units have just one extra unit, while another 11% have two. Also, almost all units are built within the approved building envelope so there are no outward indications that the unit exists. In cases where code violations do exist, the ordinance includes “performance

standards” that would require that things such as illegal signage and parking in the front yards would be remedied.

Any proposed relief from provisions of the Zoning Code would only apply to conversions that have been documented to have already occurred. Therefore it will not create any incentive for future illegal conversions or deviations from the Zoning Code. Individual deviations from the zoning code are capped at three and correspond to the amount of affordable housing being provided, in line with state density bonus law.

Affordable Housing

Residents living in non-permitted housing often benefit from a more affordable housing arrangement than those in permitted units. The removal of these units decreases the City’s overall housing stock at a time when more units are desperately needed in order to make up for past deficits. The ordinance will result in the preservation of housing, as well as create newly dedicated income-restricted affordable housing units.

The provision of restricted affordable housing units provides a significant part of the rationale for the City to act proactively and assist property owners. This model is based on current State and City zoning (density bonus) law and is an appropriate trade-off for the considerable benefits provided by the ordinance. It is worth noting that in most current legalization cases involving Zone Variances, the property owner already volunteers an affordable housing unit as a condition of approval. Therefore, the proposal largely mirrors the trade-offs being made currently, but with a streamlined and less costly process.

Health and Safety

A key reason to proceed with legalizing unpermitted dwelling units is to verify and enhance the health and safety of unpermitted living space. The legalization of housing units will require the issuance of a regular building permit from the Department of Building and Safety, which triggers an inspection process. No waivers of current health and safety building codes are included in the ordinance. The ordinance requires that any specific adverse impacts upon public health and safety or the physical environment be ameliorated. As mentioned, the ordinance will not result in the creation of new non-permitted units. For these reasons, the ordinance will significantly further the health and safety of currently unapproved dwelling units.

Low Density Multifamily Sites

The ordinance is intended to be available in all of the City’s multifamily zones. This includes the R2 (duplex) zone, which is unique in that it caps the number of units on a lot at two, regardless of lot size. The DCP decided to include R2 properties, as well as other low-density multifamily zones, because data from HCIDLA showed that close to half of the unapproved units being discovered in the field are in buildings with 2 to 5 units. Therefore, excluding them would disqualify a large percentage of the eligible housing units. This would appear to run counter to the City Council direction to include as many units as possible

FINDINGS

General Plan/Charter Findings

Charter Findings

Pursuant to City Charter sections 556 and 558, and as described below, the proposed ordinance is in substantial conformance with the purposes, intent and provisions of the General Plan, as well as in conformity with public necessity, convenience, general welfare and good zoning practice. Specifically, the action addresses each of the following objectives and policies contained in the General Plan Framework Element and Housing Element.

General Plan Findings

Framework Element

Policy 4.1.2 Minimize the overconcentration of very low- and low-income housing developments in City subregions by providing incentives for scattered site development citywide.

Policy 4.1.6 Create incentives and give priorities in permit processing for low- and very-low income housing developments throughout the City.

Policy 4.1.8 Create incentives and reduce regulatory barriers in appropriate locations in order to promote the adaptive re-use of structures for housing and rehabilitation of existing units.

Objective 4.3 Conserve scale and character of residential neighborhoods.

Objective 4.4 Reduce regulatory and procedural barriers to increase housing production and capacity in appropriate locations.

Policy 4.4.1 Take the following actions in order to increase housing production and capacity:

a. Establish development standards that are sufficiently detailed and tailored to community and neighborhood needs to reduce discretionary approvals requirements.

b. Streamline procedures for securing building permits, inspections, and other clearances needed to construct housing.

Housing Element

Objective 1.1 Produce an adequate supply of rental and ownership housing in order to meet current and projected needs.

Objective 1.2 Preserve quality rental and ownership housing for households of all income levels and special needs

Policy 1.2.1 Facilitate the maintenance of existing housing in decent, safe and healthy condition.

Policy 1.2.2 Encourage and incentivize the preservation of affordable housing, including non-subsidized affordable units, to ensure that demolitions and conversions do not result in the net loss of the City's stock of decent, safe, healthy or affordable housing.

Policy 1.2.3 Rehabilitate and/or replace substandard housing with housing that is decent, safe, healthy and affordable and of appropriate size to meet the City's current and future household needs.

Policy 1.2.5 Provide incentives that extend affordability to existing market rate housing units.

Policy 1.2.6 Provide incentives for the preservation of historic residential structures.

Policy 1.2.8 Preserve the existing stock of affordable housing near transit stations and transit corridors. Encourage one-to-one replacement of demolished units.

Objective 1.4 Reduce regulatory and procedural barriers to the production and preservation of housing at all income levels and needs.

Policy: 1.4.1 Streamline the land use entitlement, environmental review, and building permit processes, while maintaining incentives to create and preserve affordable housing.

As evidenced by the length of the General Plan objectives and policies listed above, the proposed ordinance addresses an array of General Plan goals around housing preservation as well as the creation of affordable housing. The City's General Plan clearly recognizes the need for zoning deviations that benefit the public good and further these citywide policy objectives. Preserving existing decent, safe housing units that would otherwise be lost in the time of a severe housing crunch will assist the City in meeting its growing housing needs.

The ordinance creates a process that will likely result in hundreds of long-term affordable housing units scattered around Los Angeles, with no cost to the City. Providing a legalization process will ensure that units in multifamily buildings are inspected for health and safety compliance and are more likely to be rehabilitated. Performance standards will be used to in lieu of lengthy, risky entitlement procedures for the purpose of preserving viable housing stock and creating long-term affordability.

These housing goals will be achieved without an impact on the scale and character of residential neighborhoods. The program would only apply in multifamily zones and is limited to only very minor exterior alterations (less than 250 square feet in the rear of

buildings). As the ordinance only applies to existing units, it would maintain the current housing densities and character of each neighborhood and not result in the creation of any new uses. The ordinance would only apply to a limited number of scattered sites across the City (less than 1 percent of the housing stock is estimated to be eligible, but far fewer are likely to apply).

The ordinance also directly addresses a specific implementation program in the Housing Element of the General Plan (Program 63 Preservation Barriers Assessment). The program called for identifying and amending zoning code requirements that typically pose challenges in the rehabilitation of existing housing, rather than encouraging demolition or disinvestment. This includes “permitting certain modifications when affordability covenants on those units are offered or the property is located near transit.” The proposed ordinance recognizes both affordability and transit-proximity as key criteria.

CEQA Findings

An activity is not subject to CEQA if the activity will not result in a direct or reasonably, foreseeable indirect physical change in the environment (15060(c)). The proposed Ordinance will affect only existing uses and will not prompt any new development or change in land use. It is explicitly aimed only at legalizing certain baseline conditions already in existence as of December 2015. Therefore, no incentive to create any additional units will be created by the Ordinance.

The only physical changes anticipated with the adoption of the ordinance are associated with meeting various City codes through the building permit process. This may include things like larger window openings, the creation of a new parking space, installation of smoke alarms or new sprinkler systems, etc. These actions are largely beneficial to health and safety and should largely be handled through the building permit process, which is ministerial in nature and therefore exempt from CEQA. However, it remains possible that the project could lead to extremely minor physical changes in the environment associated with increased minor construction activities. For that reason, a Categorical Exemption has been selected.

Categorical Exemption Class 1

The proposed ordinance is exempt from CEQA under the Class 1 Categorical Exemption (Existing Facilities), in CEQA Guideline § 15301. This categorical exemption applies to the operation, repair, maintenance, permitting, leasing, licensing, or the minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features involving “negligible or no expansion of use” beyond that existing at the time of the agency’s determination. This exemption also includes interior and exterior alterations.

As mentioned, the ordinance may result in a small number of increased minor alterations in multifamily buildings necessary to comply with the building and zoning code. However, it will not result in changes involving an expansion of use beyond current configurations, since all legalized residential uses are required to be verified as pre-existing by the Department of City Planning (see subsection (b)1 of the draft ordinance).

The ordinance will not permit any new additions to existing structures or the construction of any new structures. Any legalization of prior additions, or expansions of the building footprint, will be limited to less than 250 square feet at the rear of a structure and not result in any additional height. The purpose of this standard is to limit approval of prior exterior alterations to those that are minor and do not have a significant impact on the visual character of the building or neighborhood. However, these additions are already be part of the baseline conditions of individual properties, and therefore legalizing them does not result in a CEQA impact¹.

Exemptions to Categorical Exemptions

The Department examined whether the project triggers any of the five exceptions to categorical exemptions found in CEQA Guideline § 15300.2. For the reasons enumerated above, the project will have no foreseeable impact on three of the exceptions, including scenic highways, hazardous waste sites or an otherwise significant effect on the environment (Subsections c, d and e). The only two exceptions that need to be investigated further are:

(b) Cumulative Impact. All exemptions for these classes are inapplicable when the cumulative impact of successive projects of the same type in the same place, over time is significant.

(f) Historical Resources. A categorical exemption shall not be used for a project which may cause a substantial adverse change in the significance of a historical resource.

The ordinance would likely be applicable to less than 2,500 dwelling units in a City with more than 1.4 million units (or less than .2% of the total housing stock)². Unapproved dwelling units in multifamily buildings exist across the City and no significant concentrations were seen in looking at data from 2010 to mid-2014 (although South Los Angeles has the highest numbers). As such, the idea of a cumulative negative environmental impact resulting from the small number of minor repairs and alterations that could result from the project is not plausible. Minor repairs and alterations are themselves exempt from CEQA.

With regards to historic resources, no building permits will be issued to legalize a unit or approve any non-permitted alterations in a building designated as a City historic resource (a Historic-Cultural Monument, a property listed in or determined eligible for the National Register of Historic Places, or a structure located in a Historic Preservation Overlay Zone), without a clearance from the Department of City Planning. Any potential impacts as a result of the actions to legalize a dwelling unit will therefore be reviewed separately according to the regulations established to protect historic resources in the City - typically conformance with the Secretary of the Interior's Standards or more proscriptive guidelines based on those standards. Buildings not identified as City designated historic resources,

¹ See *Kenneth F. Fat v. County of Sacramento and Riverwatch v. County of San Diego*

² This figure is based on data provided by the code enforcement section of the Housing and Community Investment Department, which found that there are about 520 unpermitted units discovered each year through the Systematic Code Enforcement Program (SCEP). Given that units would have to be in existence as of December 2015, and the program inspects buildings about every 4 years, there would only be a maximum of 2,100 units eligible through the program due to current and future inspections. Potentially adding to that are about 420 unpermitted units that have been issued violation orders, which were considered "unresolved" as of early 2015.

but still qualifying as historic resources under CEQA, will be treated as they are today when they come in for minor alterations or repair. Such work is not considered to have the potential to change the significance of the resource, particularly when considering that no demolition, new construction or additions over 250 square feet will be permitted under the Ordinance.

On the basis of the whole of the record, the project qualifies for a Class 1 Categorical Exemption and staff recommends that the City Planning Commission approve and recommend that the City Council, based on the whole of the administrative record, determine that the ordinance is Categorically Exempt from the California Environmental Quality Act (CEQA Guidelines Section 15301). The attached Categorical Exemption (Exhibit B) reflects the above analysis.

PUBLIC HEARING AND COMMUNICATIONS

The impetus to address the issue of unapproved dwelling units arose largely out of a City-facilitated working group of apartment owners and tenant representatives (called the Rent Stabilization Ordinance working group) which was asked by the Chair of the Housing Committee to identify a housing policy where it believed common ground among members could be found. The group identified unapproved units as one topic where similar goals around safety, affordability and stability could be furthered. The group met approximately six times to discuss the issue, with an average of 10-12 participants.

The follow-up motion by Councilmember Fuentes (CF 14-1150) asked the Department of City Planning to present options for preserving existing unapproved units in multifamily buildings. The DCP proposed various options to the Housing Committee of the City Council in a June 4, 2015 report. At its regular meeting held on June 10, 2015, the Housing Committee considered the motion and the Committee Vice-Chair further moved to amend the recommendation to focus on Zoning Compliance Option 2 as detailed in the DCP report, including a ministerial approval process. The Committee Chair also requested that the DCP include moderate income units as an option for property owners. After providing an opportunity for public comment, the Committee noted and filed the HCIDLA report and approved the recommendations in the DCP report as amended.

As part of its public participation process, the DCP offered to attend a meeting of the Plan Check NC grouping of citywide Neighborhood Council members interested in land use and planning matters. The meeting was held on Saturday January 9, 2016 at the Department of Water and Power building in downtown Los Angeles. Staff outlined the background and purpose of the ordinance and then took questions and comments from the roughly 40 persons in attendance. Most attendees who offered comments were supportive of the goals of the ordinance, with some suggesting the need for a similar program for single-family properties. There was some concern over the ability to enforce the affordability provisions of the law, as well as general enforcement concerns. These concerns deal with issues outside the scope of the proposed ordinance.

A Public Hearing was held by the DCP on Wednesday January 13, 2016 at the Deaton Auditorium in downtown Los Angeles. Approximately 20 members of the public attended. After a brief overview of the proposal and a follow-up question and answer session, public comments were taken by a DCP Hearing Officer. Only a few participants gave formal public comments, but all were generally supportive of the ordinance. Several representatives of property owners with possible unpermitted units expressed belief that the ordinance would be useful in resolving their situations.

EXHIBIT A: Proposed Ordinance

CPC-2015-4474
February 25, 2016

ORDINANCE NO. _____

An ordinance amending Section 14.00, Chapter 1 of the Los Angeles Municipal Code to create a process for granting legal status to currently existing unapproved dwelling units in multiple-family buildings when certain affordability criteria and performance standards are met;

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Subdivision 10 of Subsection A of Section 14.00 of the Los Angeles Municipal Code is added to read as follows:

10. Existing Non-Permitted Dwelling Units Where Affordable Housing is Provided

- (a) **Purpose.** The purpose of this subdivision is to further health and safety standards in multifamily buildings, preserve and create affordable housing units by establishing procedures to legalize certain pre-existing unapproved dwelling units.
- (b) **Eligibility.** A structure with a non-permitted dwelling unit or guest room located in a multiple-family zone (R2 or above) is eligible for the provisions of this section when the following criteria can be proven to the satisfaction of the Director of Planning.
 - 1) **Pre-Existing Unit.** The unit(s) to be legalized can be shown to have been built or occupied as a residential unit on or before December 10, 2015. Examples of the types of evidence to be provided include an apartment lease, utility bill, Rent Stabilization Ordinance (RSO) Rent Registration Certificate, Systematic Code Enforcement (SCEP) documentation, photos able to be accurately dated, or other evidence identified on the approval form and made available for public inspection in the case file.
 - 2) **Restricted Affordable Units.** At least one additional Restricted Affordable Unit is being provided on site. A Restricted Affordable Unit is defined for this section as a residential unit for which rental or mortgage amounts are restricted so as to be affordable to and occupied by Very Low, Low or Moderate Income households, as defined by the California Department of Housing and Community Development (HCD) or any successor agency. Affordable means that rents or housing costs cannot exceed 30 percent of the maximum gross income of each respective household income group. Moderate Income units may be utilized provided the project is not located in a Low-Moderate Census Tract pursuant to the Community Reinvestment Act. Projects shall reserve and maintain the number of dwelling units designated as restricted affordable

units for a period of not less than 55 years. A covenant acceptable to the Housing and Community Investment Department shall be recorded with the Los Angeles County Recorder, guaranteeing that the affordability criteria shall be observed for at least 55 years from the issuance of the Certificate of Occupancy.

(c) **Zoning Compliance.** A property meeting the eligibility criteria above must comply with all applicable zoning codes, except:

- 1) The number of allowable dwelling units or guest rooms can be increased up to 35% over the otherwise maximum allowable residential density under any applicable zoning ordinance and/or specific plan, depending on the percentage of Restricted Affordable Units provided in the building, pursuant to the density bonus charts in CA Government Code Section 65915. These charts can be extended proportionally upward to permit a density increase and affordable set-aside less than that what is shown on the charts. In addition, a two-unit structure in a multiple-family zone may be permitted to legalize a third unit provided one of the units in the structure is a Restricted Affordable Unit.
- 2) For properties that currently have more legal units than are permitted under current zoning, an increase in currently allowable density beyond 35% can be applied for using the existing Public Benefit process in 14.00 A.2, provided that the minimum number of Restricted Affordable Housing units to receive a 35% density bonus are being provided. The provisions in subsection 2 and 4 of 14.00 A.2 shall not apply to this type of project as long as the unit to be legalized did not add any additional unpermitted height to the overall building.
- 3) New required parking spaces shall be calculated based on the unit(s) being legalized and any other unit(s) in the building that had their number of habitable rooms changed as a result of the alteration that led to the unapproved unit (such as a subdivided unit), unless the applicant requests that the entire building be included. If the total net new number of required parking spaces is other than a whole number, the number shall be rounded up to the next whole number. The following existing parking regulations may be utilized together in calculating the required parking spaces:
 - i) Density Bonus Parking Options 1 or 2 in LAMC 12.22 A.25(d). Parking Option 2 may apply for the legalized unit(s) provided one Restricted Affordable Unit or dwelling unit for Low Income Senior Citizens or Disabled Persons is provided for each legalized unit. Alternatively, for a project located within one half mile of a Major Transit Stop as defined in subdivision (b) of Section 21155 of the

California Public Resources Code, a ratio of .5 parking spaces per bedroom may be requested as a 3rd method of calculating required parking for the new and altered units only.

ii) The Bike Parking Ordinance provisions in LAMC 12.21 A.4.

- 4) The passageway provisions of 12.21 C.2(b) through (e) shall not apply to projects meeting this section.
- 5) The applicant shall be eligible for up to three concessions or incentives as described in California Government Code Section 65915, depending on the percentage of Restricted Affordable Units provided. For the purposes of this subdivision, a concession or incentive means a reduction in a site development standard or a modification of zoning code requirements or architectural design requirements that exceed the minimum building standards approved by the California Building Standards Commission, including, but not limited to, a reduction in open space requirements and in the ratio of vehicular parking spaces that would otherwise be required.
- 6) In no case may the City apply any development standard that will have the effect of physically precluding the legalization of a development meeting the criteria of subdivision (b) at the densities or with the concessions or incentives permitted by this section. An applicant may submit to the City a proposal for the waiver or reduction of development standards that would have the effect of physically precluding the legalization of a unit meeting the criteria of subdivision (b) at the densities or with the concessions or incentives permitted under this section, and may request a meeting with the city, county, or city and county to discuss the proposal. Development standards include a site or construction condition, including, but not limited to, a height limitation, a setback requirement, a floor area ratio, an onsite open-space requirement, or a parking ratio that applies to a residential development pursuant to any ordinance, general plan element, specific plan, charter, or other local condition, law, policy, resolution, or regulation.

(d) **Application.** If a property is eligible for legalization, a Public Benefit application shall be submitted to the Department of City Planning that contains basic information about the project, the owner and/or applicant and conformance with this Section.

(e) **Authority.** The Director of Planning shall review all applications under this section as to their conformance with the eligibility criteria in Subsection (b), zoning compliance in Subsection (c) and adherence to the performance standards in Subsection (i).

(f) **Action.** The application shall be approved by the Director of Planning through a ministerial Public Benefit process that ensures the provisions of this section are met. If a proposed project does not comply with Subsection (i) of this code, the applicant may apply for approval of alternative compliance measures pursuant to the following procedures. The Director will hold a public hearing according to the provisions of 14.00 B, except that any Appeals will be handled by the Area Planning Commission.

(g) **Relationship to the State Density Bonus program.** Where this section references terms or provisions that overlap with State Density Bonus law govern (CA Government Code section 65915), the relevant provisions of the State Law shall govern, unless otherwise stated in this section.

(h) **Relationship to the Affordable Housing Incentive Guidelines.** The City's Affordable Housing Incentive Guidelines shall not apply to projects under this Subsection.

(i) **Performance Standards.** The property shall meet the following performance standards. If compliance with the standards is not demonstrated, the applicant may apply for approval of alternative compliance measures pursuant to Subsection B of 14.00.

- (1) **Front Yard Landscaping.** All portions of the required front yard not used for necessary driveways and walkways, including decorative walkways, are landscaped and maintained, and not otherwise paved;
- (2) **Lighting.** Security night lighting is shielded so that the light source cannot be seen from adjacent residential properties;
- (3) **Parking Area.** Any surface parking areas are landscaped pursuant to the requirements of Subsection 12.21 A.6(i);
- (4) **Signage.** Any illegal signage should be removed.
- (5) **Code Violations.** A property shall not have units legalized through this section if it has any outstanding code violations other than those being addressed by the legalization;
- (6) **Unpermitted Building Area Expansion.** The units to be legalized shall not result or have resulted in an unpermitted expansion of the building footprint or additional height, except that additions of less than 250 square feet, not resulting in any additional height, may be permitted if they are at the rear of the structure. The purpose of this standard is to limit exterior alterations to those that are minor and do not have a significant impact on the visual character of the building or neighborhood.

EXHIBIT B:
Environmental Clearance: Categorical Exemption

CPC-2015-4474
February 25, 2016

COUNTY CLERK'S USE CITY OF LOS ANGELES OFFICE OF THE CITY CLERK 200 NORTH SPRING STREET, ROOM 360 LOS ANGELES, CALIFORNIA 90012 CALIFORNIA ENVIRONMENTAL QUALITY ACT <h2 style="text-align:center;">NOTICE OF EXEMPTION</h2> <p style="text-align:center;">(California Environmental Quality Act Section 15062)</p>	CITY CLERK'S USE
Filing of this form is optional. If filed, the form shall be filed with the County Clerk, 12400 E. Imperial Highway, Norwalk, CA 90650, pursuant to Public Resources Code Section 21152 (b). Pursuant to Public Resources Code Section 21167 (d), the filing of this notice starts a 35-day statute of limitations on court challenges to the approval of the project. Failure to file this notice with the County Clerk results in the statute of limitations being extended to 180 days.	
LEAD CITY AGENCY City of Los Angeles Department of City Planning	COUNCIL DISTRICT All
PROJECT TITLE Unapproved Dwelling Unit Ordinance	LOG REFERENCE ENV: ENV-2015-4475-CE
PROJECT LOCATION Within the City of Los Angeles	
DESCRIPTION OF NATURE, PURPOSE, AND BENEFICIARIES OF PROJECT: The Proposed Project consists of an ordinance to amends Section 14.00 of the Los Angeles Municipal Code (LAMC) for the purpose of creating a new process for granting legal status to unapproved dwelling units in existing multiple-family buildings when certain affordability criteria are met. There is no new development, change in land use, intensity or density proposed as part of this ordinance.	
NAME OF PERSON OR AGENCY CARRYING OUT PROJECT, IF OTHER THAN LEAD CITY AGENCY: City of Los Angeles Department of City Planning	
CONTACT PERSON Matthew Glesne, Department of City Planning	AREA CODE TELEPHONE NUMBER EXT. 213 978-2666
EXEMPT STATUS: (Check One)	
<input type="checkbox"/> MINISTERIAL <input type="checkbox"/> DECLARED EMERGENCY <input type="checkbox"/> EMERGENCY PROJECT <input checked="" type="checkbox"/> CATEGORICAL EXEMPTION Class <u> 1 </u> Category <u> 1, 4, 5 </u> (City CEQA Guidelines) <input type="checkbox"/> GENERAL EXEMPTION <input type="checkbox"/> OTHER (See Public Resources Code Sec. 21080.20.5)	STATE CEQA GUIDELINES Sec. 15268 Sec. 15269 Sec. 15269 (b) & (c) Sec. 15300 et. Seq. Sec. 15060.
	CITY CEQA GUIDELINES Art. II, Sec. 2b Art. II, Sec. 2a (1) Art. II, Sec. 2a (2) & (3) Art. III, Sec 1 n/a
JUSTIFICATION FOR PROJECT EXEMPTION: The proposed ordinance is exempt from CEQA under the Class 1 Categorical Exemption (Existing Facilities), in CEQA Guideline § 15301. This categorical exemption applies to the operation, repair, maintenance, permitting, leasing, licensing, or the minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features involving "negligible or no expansion of use" beyond that existing at the time of the agency's determination. This exemption also includes interior and exterior alterations.	
The ordinance will not result in any changes involving an expansion of use beyond current configurations, since all legalized residential uses are required to be verified as pre-existing by the Department of City Planning (see subsection (b)1 of the draft ordinance).	
IF FILED BY APPLICANT, ATTACH CERTIFIED DOCUMENT ISSUED BY THE CITY PLANNING DEPARTMENT STATING THAT THE DEPARTMENT HAS FOUND THE PROJECT TO BE EXEMPT.	
SIGNATURE	TITLE <u>Planning Associate</u>
	DATE <u>2/11/16</u>
FEE:	RECEIPT NO.
REC'D. BY	DATE