ATTACHMENT "A"
FINDINGS & SUPPLEMENTAL INFORMATION
5003-5009 ½ Kester Avenue, 14913 Addison Street, Sherman Oaks, California 91403

- **SITE INFORMATION:**

  - Street Address: 5003-5009 ½ Kester Avenue, 14913 Addison Street, Sherman Oaks, California 91403
  - Lot area: 12,531.75 square feet / 0.288 acres (per ZIMAS)
  - Assessor's Parcel Numbers: 2263-012-037, 2263-012-038

- **ACTION(s) Requested:**

  - **Expanded Administrative Review,** pursuant to LAMC Section 12.22 A.39 of Chapter 1 and LAMC Section 13B.3.2 of Chapter 1A, for an approval of an Affordable Housing Incentive Program ("AHIP") application for a Project having 77 residential dwelling units, including 100% of units reserved for affordable households, with the following Base and Additional Incentives:

    The Project is utilizing the following Base Incentives pursuant to AHIP:

    - **Base Incentive,** to allow unlimited density, for a total of 77 units in the Project.
    - **Base Incentive,** to allow zero on-site parking spaces.
    - **Base Incentive,** for an increase in height to 55'-3 1/2", an additional 10'-3 1/2", in lieu of the otherwise allowed 45'-0".

    In addition, the Project is requesting the following Additional Incentives:

    - **Off-Menu Additional Incentive**, for a 39.74% reduction of the north side yard to permit 5 feet (5'-0") feet in lieu of the otherwise required eight feet and 3 inches (8'-3").
    - **Off-Menu Additional Incentive,** for a 50% reduction of open space to allow 3,850 sf in lieu of the otherwise allowed 7,700 sf.
    - **Off-menu Additional Incentive,** for a 33.33% reduction in long-term bike parking to 40 stalls in lieu of 60 stalls
    - **Off-Menu Additional Incentive**, for a 70% reduction of the front yard to permit 6 feet (6'-0") feet in lieu of the otherwise required twenty (20) feet per building line.
    - **Off-Menu Additional Incentive** to allow an FAR increase of 65% for an FAR of 4.95:1 in lieu of 3:1.
    - **Waiver**, for a 100% reduction of the southerly side yard to permit 0 feet 0 inches (0'-0") feet in lieu of the otherwise required eight (8) feet.

- **PROPERTY / ZONING INFORMATION:**

SUBJECT PROPERTY

The Property is a rectangular shaped site located near the intersection of Kester Avenue and Addison Street, consisting of two rectangular shaped lots that front Kester Avenue totaling 12,531.75 square feet or 0.288 acres according to ZIMAS. The street frontage along Kester Avenue is approximately 90 feet. The Property is currently improved with a four-unit multifamily home, a single-family home, and a detached ADU. Per the County Assessor information available, the homes are 2,125 square feet, 1,184 square feet, and 440 square feet, respectively. All structures will be demolished as part of the proposed Project. The Property within a Very Low Vehicle Miles Traveled (VMT) area as well as within the "Highest" TCAC Opportunity Area and a "Low" Residential Market Area.

ZONING INFORMATION

The Property is located within the [Q]R3-1-RIO zone and within the Van Nuys - North Sherman Oaks Community Plan area. Residential uses are permitted in the [Q]R3-1-RIO zone, with density restrictions of one unit per 800 square feet of land area. The Property is designated for Medium Residential land uses by the Van Nuys - North Sherman Oaks Community Plan.
The property is also within

The Property is within the River Implementation Overlay District (RIO) and is designated as a Housing Element site by the City's Housing Element Rezoning Program and existing Housing Element for 2021-2029. The Property is not located within a designated Transit Priority Area, and thus is not entitled to benefits afforded by Assembly Bill 2097.

SURROUNDING LAND USES

The Project is surrounded by a mix of multi-family apartment buildings and single-family homes. The properties immediately bordering the Property to the north, south, and east contain a multi-family apartment building in varying sizes. These properties are similarly zoned [Q]R3-1-RIO. Adjacent to the property to the west are single family homes zoned R1-1-RIO.

- **CASE HISTORY**

Below are cases applicable to the Property:

- **ORD NO.184381:** Effective June 23rd, 2016, the City Council approved an interim ordinance prohibiting the issuance of building permits for the construction of single-family dwellings on RA, RE, RS, and R1 zoned lots in designated neighborhoods where the proposed construction does not meet certain neighborhood- specific criteria. The site was within the Sherman Oaks boundary, which was one of four boundaries listed in the ordinance.

- **ORD NO. 167939:** Effective June 28th, 1992, the City Council approved an ordinance changing the zone of the Property to [Q] R3-1. The Q conditions listed were 1) Density shall be limited to one dwelling unit per 1,200 square feet of lot area, and 2) The height of any residential building shall be limited to 35 feet in height except for roof structures.

➢ **PROJECT DESCRIPTION**

The Applicant proposes to redevelop the Property with a new 100% affordable housing development consisting of a five-story, 55'-3 ½" foot high building with 77 residential apartment units. Of the 77 units, 20% of units (16) will be set-aside for Moderate Income households pursuant to LAHD Schedule VI at HCD rent levels, and 80% of units (60) will be set aside for Low Income households pursuant to LAHD Schedule IX at TCAC/HUD rent levels. The Project will also provide one (1) manager's unit at market rate. The floor area of the building is approximately 41,684 square feet, with a Floor Area Ratio (FAR) of 4.95:1.

The Project includes approximately 41,684 square feet of floor area, on a 12,531 square foot lot, and contains a total of 77 one-bedroom units. Each story contains approximately 16 units arranged around a double-loaded corridor. The Project also includes a long-term bicycle storage room along the southern wall of the building, adjacent to the electric room and mailroom off of Kester Avenue.

The Project provides 3,850 square feet of common open space through a roof deck and a first-story rear yard, both of which will be attractively landscaped with drought-tolerant plants. The Project includes a 2,798 square foot roof deck, along with a long-term bicycle storage room along the southern edge of the building, adjacent to the entrance along Kester Avenue. A total of 40 long-term bicycle parking stalls are provided in the long-term storage room, and six (6) total short-term bicycle stalls are provided. The Project is requesting an additional AHIP incentive to allow a 33.33% reduction in long-term bike parking to 40 stalls in lieu of 60 stalls.

In accordance with the intent and design standards of the Van Nuys - North Sherman Oaks Community Plan Area, the building provides a variety of architectural materials and building planes. The design of the building incorporates clean lines through alternating material on the surface of the building plane. The design alternates different textures, colors, materials, and architectural treatments to add visual interest while avoiding dull and repetitive facades.

AFFORDABLE HOUSING INCENTIVE PROGRAM – ADDITIONAL INCENTIVE FINDINGS

The Applicant is proposing new construction of a 100% residential building with 77 units, utilizing the Affordable Housing Incentive Program ("AHIP"), pursuant to LAMC Section 12.22 A.39 of Chapter 1. As a 100% affordable project with 77 units and all units set at affordable rents, including fulfillment of replacement housing obligations and the remainder of units set at up to 20% Moderate Income per HCD Schedule VI and the remainder at Low Income per TCAC Schedule IX, the Project is utilizing, five (5) Off-Menu Incentives, and one (1) Waiver of Development Standards.

The Project is utilizing the following Base Incentives pursuant to AHIP:

- **Base Incentive,** to allow unlimited density, for a total of 77 units in the Project.
- **Base Incentive,** to allow zero on-site parking requirements.
- **Base Incentive,** for an increase in height to 55'-3 1/2", an additional 10'-3 1/2", in lieu of the otherwise allowed 45'-0".

In addition, the Project is requesting the following Additional Incentives:

- **Off-Menu Additional Incentive**, for a 39.74% reduction of the north side yard to permit 5 feet (5'-0") feet in lieu of the otherwise required eight feet and 3 inches (8'-3").
- **Off-Menu Additional Incentive,** for a 50% reduction of open space to allow 3,850 sf in lieu of the otherwise allowed 7,700 sf.
- **Off-menu Additional Incentive,** for a 33.33% reduction in long-term bike parking to 40 stalls in lieu of 60 stalls
- **Off-Menu Additional Incentive**, for a 70% reduction of the front yard to permit 6 feet (6'-0") feet in lieu of the otherwise required twenty (20) feet per building line.
- **Off-Menu Additional Incentive** to allow an FAR increase of 65% for an FAR of 4.95:1 in lieu of 3:1.
- **Waiver**, for a 100% reduction of the southerly side yard to permit 0 feet 0 inches (0'-0") feet in lieu of the otherwise required eight (8) feet.

Pursuant to LAMC Section 12.22 A.39(h), a Project that satisfies the eligibility criteria in Subdivision 39 is allowed five (5) Additional incentives in addition to Base Incentives. Additional Incentives requested pursuant to the AHIP shall be granted unless any one of the following written findings are made, based upon substantial evidence:

a. ***The Incentive does not result in identifiable and actual cost reductions, consistent with California Government Code Section 65915(k), to provide for affordable housing costs as defined in California Health and Safety Code Section 50052.5, or for rents for the targeted units to be set as specified in California Government Code Section 65915(c).***

In order to achieve quantifiable cost reductions that allow for the provision of 100% of units for affordable households, the Applicant is requesting the following Additional Incentives:

- Off-Menu Additional Incentive, for a 39.74% reduction of the north side yard to permit 5 feet (5'-0") feet in lieu of the otherwise required eight feet (8'-0").
  The Project is requesting an Off-Menu incentive to provide a 5 foot (5'-0") side yard in lieu of the otherwise required eight feet (8'-0") in the [Q]R3-1-RIO Zone. The reduction in the side yard setback is required to maximize the number of affordable units on the Property by allowing a building footprint that maximizes the allowable floor area under the AHIP program. By reducing side yard setbacks, the building footprint can accommodate more affordable units, making the Project financially feasible for the developer and resulting in actual cost reductions for the Project that make the provision of 81 units for affordable households feasible.

  Specifically, and based upon both cost estimates prepared for the Project as well as the Applicant's experience in developing affordable and mixed-income housing development projects, the resulting reduced building footprint if eight (8) foot side yards were required would result in a reduction of approximately 315 square feet of floor area on each floor of the building and a corresponding reduction of approximately 3 units and associated floor area. This reduction of 3 units would increase the construction cost, creating an additional cost burden of roughly $427,200 across the Project, impairing the applicant's ability to provide the proposed number of affordable units. In addition, the loss of these 3 units would reduce the Project's total unit count below the threshold necessary for competitiveness in securing tax credit funding, further increasing the Project's financial constraints by eliminating a potential source of financing. Thus, the proposed reduction in the rear and side yard requirements will result in per-unit cost savings that makes the provision of the proposed number of affordable units feasible.

- Off-Menu Additional Incentive, for 50% reduction of open space to allow 3,850 sf in lieu of the otherwise allowed 7,700 sf.
  The Project is requesting a reduction in the required open space pursuant to LAMC 12.21.G to allow 3,850 square feet of open space in lieu of the otherwise required 7,700 square feet. The reduction in the required open space is necessary to ensure a building configuration that allows for the most efficient floor plan and maximization of units

within the building. As such, the open space reduction allows cost reductions for the project through building efficiencies that make the provision of 77 units for affordable households feasible. In the absence of this request, the additional area required to be utilized as open space would remove affordable units and project configuration efficiency, resulting in identifiable cost increases for the developer.

Specifically, and based upon both cost estimates prepared for the Project as well as the Applicant's experience in developing affordable and mixed-income housing development projects, the Project's request for an Off-Menu reduction in required open space yields quantifiable cost savings for the provision of affordable housing. Compliance with the open space requirements set forth in LAMC Section 12.21.G.2 would necessitate the expansion of the building's interior courtyard to satisfy the additional open space requirement, resulting in the loss of approximately 8 residential units and associated floor area. By contrast, the allowable Off-Menu reduction decreases the Project's open space obligation by approximately 3,850 square feet and allows for the Project's proposed unit layout and floor plan efficiencies to be realized, thereby reducing development costs by an estimated $57,750. Thus, the reduction in the required open space results in cost reductions for the developer to support the provision of the proposed number of affordable housing units.

- Off-menu Additional Incentive for a 33.33% reduction in long-term bike parking to 40 stalls in lieu of 60 stalls.
  The Project is requesting an Off-Menu Incentive to allow for a reduction in required long-term bicycle parking to 40 stalls in lieu of the required 60 stalls. The reduction in the required bike parking spaces is necessary to maximize the number of affordable units on site by creating more space within the building envelope to allow for additional affordable units. These additional affordable units allow for cost reductions to the Project that make the provision of 77 units for affordable households feasible. As such, the reduction in the required long term bike parking is necessary to ensure financial feasibility of the Project for the developer.

  By contrast, the allowable Off-Menu reduction decreases the Project's bike parking obligation by 20 long term bike parking spaces and allows for the Project's proposed unit layout and floor plan efficiencies to be realized, thereby reducing development costs by an estimated $21,000. Thus, the reduction in the required open space results in cost reductions for the developer to support the provision of the proposed number of affordable housing units.

- Off-Menu Additional Incentive, for a 70% reduction of the front yard to permit 6 feet (6'-0") feet in lieu of the otherwise required twenty (20) feet.
  The Project is requesting an Off-Menu incentive to provide a 6 foot (6'-0") front yard in lieu of the otherwise required twenty (20) feet in the [Q]R3-1-RIO Zone. The reduction in the front yard setback is required to maximize the number of affordable units on the Property by allowing a building footprint that maximizes the allowable floor area under the AHIP program. By reducing the front yard setback, the building footprint can accommodate more affordable units, making the Project financially feasible for the

developer and resulting in actual cost reductions for the Project that make the provision of 81 units for affordable households feasible.

Specifically, and based upon both cost estimates prepared for the Project as well as the applicant's experience in developing affordable and mixed-income housing development projects, the resulting reduced building footprint if R3 setbacks were provided would result in a reduction of approximately 5,608.02 square feet of floor area and a corresponding reduction of approximately 12 units and associated floor area. This reduction of 12 units would increase the construction cost, creating an additional cost burden of roughly $2 million across the Project, impairing the applicant's ability to provide the proposed number of affordable units. In addition, the loss of these 12 units would reduce the Project's total unit count below the threshold necessary for competitiveness in securing tax credit funding, further increasing the Project's financial constraints by eliminating a potential source of financing. Thus, the proposed reduction in the rear and side yard requirements will result in per-unit cost savings that makes the provision of the proposed number of affordable units feasible.

- Off-Menu Additional Incentive to allow an FAR increase of 65% for an FAR of 4.95:1 in lieu of 3:1.
  The Project is requesting an Off-Menu incentive to provide a FAR increase of 65% for 4.95:1 in lieu of the otherwise required 3:1 in the [Q]R3-1-RIO Zone. The increase in the FAR is required to maximize the number of affordable units on the Property by allowing a building footprint that maximizes the allowable floor area under the AHIP program. By increasing the FAR, the building footprint can accommodate more affordable units, making the Project financially feasible for the developer and resulting in actual cost reductions for the Project that make the provision of 77 units for affordable households feasible.

  Specifically, and based upon both cost estimates prepared for the Project as well as the Applicant's experience in developing affordable and mixed-income housing development projects, the limited FAR at 3.0:1 were required would result in a total floor area of 25,500 square feet. The reduction of approximately 15,522 square feet of floor area on each floor of the building and a corresponding reduction of approximately 31 units and associated floor area. This reduction of 31 units would increase the construction cost, creating an additional cost burden of roughly $4,414,000 across the Project, impairing the applicant's ability to provide the proposed number of affordable units. In addition, the loss of these 31 units would reduce the Project's total unit count below the threshold necessary for competitiveness in securing tax credit funding, further increasing the Project's financial constraints by eliminating a potential source of financing. Thus, the proposed reduction in the rear and side yard requirements will result in per-unit cost savings that makes the provision of the proposed number of affordable units feasible

b. ***The Incentive will have a Specific Adverse Impact upon public health and safety or the physical environment or on any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the Specific Adverse Impact without rendering the development unaffordable to Very Low, Low, and Moderate Income households. Inconsistency with the zoning ordinance or general plan land use designation shall not constitute a specific, adverse impact upon the public health or safety.***

Per California Government Code Section 65589.5(d)(2), a "specific adverse impact" is defined as, "a significant, quantifiable, direct and unavoidable impact, based on objective, identified written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete" (LAMC Chapter 1 Section 12.03).

The Project will develop a new multi-family residential development in an established residential neighborhood containing primarily multi-family and single-family residences. The Project is sited within a larger residential neighborhood on Kester Avenue. Kester Avenue is designated as Avenue II and Addison Street is designated as a Local Street Standard. The properties surrounding the area are characterized by a mix of single and multi-family residential uses. The properties immediately bordering the Property to the north, south, and east contain a multi-family apartment building in varying sizes. These properties are similarly zoned [Q]R3-1-RIO. Adjacent to the property to the west are single family homes zoned R1-1-RIO. Thus, the proposed multi-family residential use of the Project is in keeping with the immediately adjacent multi-family residential uses fronting Kester Avenue.

The Project is consistent with the designated General Plan land use of "Medium Residential," which permits corresponding zone of R3. The Property does not contain and is not adjacent to any Designated Historic Resource, or any Surveyed Historic Resource, eligible or architectural historic resource identified for any historic protection or special consideration or review by an applicable overlay or Specific Plan. Furthermore, the Property is not located within any designated hazard area, as it is not within a fault zone, very high fire hazard severity zone, methane hazard zone, landslide area, or flood zone. Therefore, the proposed multifamily residential use is consistent with the General Plan use as an allowable use within the [Q] R3-1-RIO zone. There is no evidence in the record indicating that the Project will have a specific adverse impact upon public health and safety or the physical environment.

c. ***The incentives are contrary to state or federal law.***
The requested incentives are solely related to the modifications for open space, yards, and long term bike parking. These modifications are within the purview of the local agency's jurisdictions to allow the incentives under AHIP within the Citywide Housing Incentive Program ("CHIP") Ordinance. There is no evidence to show that the proposed waivers are contrary to state or federal law.

To be eligible for the Menu of Incentives described in Section 12.22 A.39(f)(2) of this Code, a Housing Development shall comply with the following:

a. **The Housing Development shall not be located in a Very High Fire Hazard Severity Zone, a Sea Level Rise Area, or the Coastal Zone.**

   The Project is not located in a Very High Fire Hazard Severity Zone, a Sea Level Rise Area, or the Coastal Zone.

b. **The project would not require the Demolition, as Demolition is defined in Section 13B.8.1.C of Chapter 1A of this Code, of a Designated Historic Resource, or any Surveyed Historic Resource, eligible or architectural historic resource identified for any historic protection or special consideration or review by an applicable overlay or Specific Plan including sites located in the South Los Angeles Community Plan Implementation Overlay (CPIO) Section 1- 6.C.5.b; the Southeast Los Angeles CPIO Section 1-6.C.5.b; the West Adams CPIO Ch.1, Section 6.C.5.b; the San Pedro CPIO Ch.1, Section 7.C.5.b; Westwood Village Specific Plan; Echo Park Community Design Overlay (CDO) District; or the North University Park Specific Plan.**

   The Project does not involve a Designated Historic Resource, Surveyed Historic Resource, or architectural historic resource identified for any historic protection or special consideration or review by an applicable overlay or Specific Plan.

c. **The project shall not include any lots located in a manufacturing zone that does not allow multiple family residential uses (M1, M2, M3) or lots located in a hybrid industrial zone (CM, MR1, MR2) with residential use restrictions from an applicable planning overlay, except for Public Land Projects.**

   The Project is located in the [Q]R3-1-RIO zone and therefore complies.

WAIVER OF DEVELOPMENT STANDARDS – ADDITIONAL INCENTIVE FINDINGS

Pursuant to LAMC Chapter 1 Section 12.22.A.39(d)(5), any Waivers requested pursuant to the Procedures described shall be approved by the applicable decision-making authority unless that decision-making authority makes one of the following findings:

i. The Development Standard associated with a request for Waiver will not have the effect of physically precluding the construction of a development meeting the eligibility criteria described in Paragraph (c) at the densities or with the Base Incentives and Additional Incentives permitted under this subdivision.

The Project also includes a Waiver of Development Standards for relief from LAMC Section 12.10, which limits Side Yards in the R3-1-RIO zone to eight (8) feet to allow for a southerly side yard of zero feet along Addison Street. This request is necessary to allow a building footprint that permits the most amount of affordable units within the building envelope. By permitting a reduction in the side yard, more floor area can be dedicated to dwelling units and useable open space. This request is necessary in order to maintain the orientation and design of the building, which is consistent with the surrounding area, and the adjacent residential uses along Kester Avenue. As a street-facing yard, the reduction does not create impact upon adjacent structures, and still allows for necessary fire department access to the building.

The request for relief from the provision to allow a zero foot southerly side yard verses the required 8-foot yard will not have the effect of physically precluding the construction of a development meeting the eligibility criteria, density, or with the Base Incentives and Additional Incentives permitted under this Affordable Housing Incentive Program. A compliant 8-foot side yard would result in the loss of approximately 832 square feet per floor, or a total of loss of 3,328 square feet within the project, and a corresponding loss of 3-4 units per floor. Thus this has the effect of physically precluding the development of a 77 unit project on site that could not otherwise fit within a compliant building envelope. Thus the requested Waiver of Development Standards will allow for the construction of units of affordable housing

ii. The Waiver would have a Specific Adverse Impact, as defined in California Government Code Section 65589.5(d)(2), upon public health and safety and for which there is no feasible method to satisfactorily mitigate or avoid the Specific Adverse Impact. Inconsistency with the zoning ordinance or General Plan land use designation shall not constitute a Specific Adverse Impact upon the public health or safety.

Per California Government Code Section 65589.5(d)(2), a "specific adverse impact" is defined as, "a significant, quantifiable, direct and unavoidable impact, based on objective, identified written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete" (LAMC Chapter 1 Section 12.03).

The Project is situated in an established residential neighborhood containing primarily multi-family and single-family residences; the Project is along a residential strip of Kester Avenue within the larger [Q] R3-1-RIO zone. This Waiver of Development Standards request is necessary in order to maintain the most amount of affordable units in the building which is consistent with the surrounding area and ensures a more cohesive pedestrian experience. Therefore, the requested Waiver will not have a Specific Adverse Impact upon public heath safety.

iii. The Waiver would have an adverse impact on any real property that is listed in the California Register of Historical Resources.

The Project does not involve a Designated Historic Resource, any Surveyed Historic Resource, eligible or architectural historic resource identified for any historic protection or special consideration or review by an applicable overlay or Specific Plan. Therefore, the requested Waiver will not have an adverse impact on any property listed in the California Register of Historical Resources.

iv. The Waiver would be contrary to state or federal law

The requested waiver is solely related to the southerly side yard of the project. This is within the purview of local and state density bonus law. There is no evidence to show that the proposed incentives are contrary to state or federal law.

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