AGENDA REPORT

Meeting Date: January 7, 2014

Item Number: E-1

To: Honorable Mayor & City Council

From: Jonathan Lait, AICP, Assistant Director of Community Development
Ryan Gohlich, Senior Planner

Subject: CITY COUNCIL CALL UP TO CONSIDER A REQUEST TO APPLY THE CITY'S MEDICAL USE OVERLAY ZONE TO THE SUBJECT PROPERTY, REQUEST TO AMEND A PREVIOUSLY GRANTED DEVELOPMENT PLAN REVIEW TO MODIFY CONDITIONS OF APPROVAL APPLICABLE TO THE PROPERTY, AND A REQUEST FOR A CONDITIONAL USE PERMIT TO ALLOW A VEHICLE SHOWROOM ON THE BUILDING'S GROUND FLOOR FOR THE PROPERTY LOCATED AT 8767 WILSHIRE BOULEVARD.

Attachments:

1. Planning Commission Resolution No. 1700
2. November 21, 2013 Planning Commission Staff Report (Inclusive of all Attachments)
3. Public Comments Received During or After the November 21, 2013 Planning Commission hearing.

RECOMMENDATION

Staff recommends that the City Council conduct a public hearing and direct staff to prepare resolutions memorializing the City Council's decision.

INTRODUCTION

Pursuant to the City Council's decision to call up the subject project for review, the City Council is asked to consider a Medical Use Overlay Zone, Planned Development Permit, Development Plan Review, and Conditional Use Permit for the existing commercial building located at 8767 Wilshire Boulevard. The subject entitlements have been requested by the applicant in order to accomplish the following:

- **Medical Office Space.** Allow up to 33,802 square feet of medical office space to be located within the building (45% of the building's floor area), but not on the ground floor.

- **Vehicle Sales.** Allow a vehicle sales showroom (no service) on the building's ground floor (up to 15,520 square feet).

- **Expanded Restaurant Space.** Rather than the currently entitled 3,000 square feet of restaurant space (1,500 square feet of dining and bar plus 1,500 square feet of back-of-house areas), allow up to 7,010 square feet of restaurant space (4,206 square feet of dining and bar area plus 2,804 square feet of back-of-house areas), subject to City Council approval of a specific tenant.

- **Pharmacy Use.** Allow a pharmacy use to occur on any floor except for the ground floor.

- **Public Parking.** Establish provisions and rates for public parking spaces. The applicant previously proposed (and was subsequently required by conditions of approval) 51 parking spaces available for use by the public with no restrictions on rates. The public parking spaces were intended to provide needed parking for surrounding developments and limit commercial parking intrusion into surrounding residential neighborhoods. The current project proposal leaves open the possibility of utilizing the 51 public spaces to meet parking requirements in the event they are needed to accommodate the restaurant expansion identified above, which would be subject to City Council approval of a specific tenant. Further, the applicant proposes to make 230 self-parking spaces available to the public at discounted rates on weekdays after 6:00 PM and on weekends throughout the day. The rates will vary depending on the time of day, but will generally be comparable to rates charged at City-owned facilities.

BACKGROUND

Planning Commission Review. The subject applications were submitted to the City on November 4, 2013, in accordance with a settlement agreement between the applicant and the City Council[1]. Pursuant to the review procedures set forth in the settlement agreement and Municipal Code, the applications were considered by the Planning Commission at public hearings on November 21 and December 12, 2013. On December 12, 2013, upon concluding the public hearing and deliberating the merits of the requested applications, the Planning Commission unanimously denied the requested Medical Use Overlay Zone, Planned Development Permit, Development Plan Review, and Conditional Use Permit. Specifically, the Planning Commission was not able to make any of the required findings in support of the project, and determined that the following would result from the project:

- **Increased Traffic.** The proposed changes in land use would result in a net increase of 1,280 daily vehicle trips when compared to the previously entitled project, due to the intensification of land uses. The additional traffic would be detrimental to the surrounding commercial and residential neighborhoods, and would adversely impact existing and future development within the vicinity of the project.

[1] Detailed information pertaining to the applications, including a copy of the settlement agreement and information regarding project history, is provided in Attachment 2 of this report (November 21, 2013 Planning Commission Staff Report.

- **Parking Impacts.** The proposed changes in land use would result in additional code-required parking, as well as additional on-street parking demand. In particular, the project would be likely to result in increased use of handicap placard parking along adjacent streets, as well as the loss of 51 publicly-available parking spaces during daytime hours within the subject building in order to accommodate the proposed changes in land use. The loss of publicly-available parking spaces and increased on-street parking demand would be detrimental to the surrounding commercial and residential neighborhoods, and would adversely impact existing and future development within the vicinity of the project.

- **Over Concentration of Medical Uses.** The proposed project would result in an over concentration of medical uses that would generally be detrimental to the surrounding area. Specifically, the Planning Commission determined that the proposed changes in land use would not result in a synergy of uses that would lead to a vibrant commercial area, and instead would inhibit development in the area of the project due to the impacts to on-street parking and traffic.

- **Insufficient Public Benefits.** In order to apply the Medical Use Overlay Zone to a property, a sufficient level of public benefits must be offered to the City in order to offset any long term impacts that result from the granting of the Medical Use Overlay Zone. As a public benefit, the applicant proposed making 230 self-parking spaces available to the public on weekends and during weekday evenings, at rates comparable to those charged at city-owned facilities. The Planning Commission determined that the public benefits offered by the applicant were insufficient to offset the long term traffic, parking, and land use impacts to the surrounding commercial and residential neighborhoods.

The above is a summary of the Planning Commission's findings, and more detailed information regarding the Planning Commission's deliberations and denial of the project can be found in Planning Commission Resolution No. 1700 (Attachment 1).

City Council Call Up. Subsequent to the Planning Commission's denial of the requested applications, Councilmember Krasne requested that the Commission's decision be called up for review by the City Council. On December 17, 2013 the City Council discussed whether the Commission's decision should be called up for review, and the Council voted to conduct a de novo hearing of the requested applications at its January 7, 2014 meeting. Since this is a de novo hearing, the City Council may consider any relevant information in its review of the applications.

ENVIRONMENTAL ASSESSMENT

In the event that the City Council votes to approve the project, the City Council would need to make environmental findings in accordance with the California Environmental Quality Act (CEQA). A Mitigated Negative Declaration (MND) was previously adopted by the City Council on January 30, 2007 for the existing commercial building on the subject site. Pursuant to Section 15164 of the California Environmental Quality Act (CEQA) Guidelines, a lead agency (the City of Beverly Hills in this case) may prepare an addendum to a previously adopted MND if some changes or additions to the MND are necessary but none of the conditions described in Section 15162 calling for the preparation of a subsequent MND have occurred. Pursuant to CEQA Guidelines Section 15162, no subsequent MND shall be prepared for the project unless,

on the basis of substantial evidence in the light of the whole record, one or more of the following is determined:

(1) Substantial changes are proposed in the project that will require major revisions of the previous MND due to the involvement of new, significant environmental effects or a substantial increase in the severity of previously identified significant effects;

(2) Substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous MND due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or

(3) New information of substantial importance identifies one or more significant effects not discussed in the previous MND, significant effects previously examined will be substantially more severe than shown in the previous MND, mitigation measures or alternatives previously found not to be feasible or not analyzed in the MND would be feasible and would substantially reduce one or more significant effects but the project proponents decline to adopt of the measure or alternative.

The above criteria have been assessed in accordance with the State CEQA Guidelines, and the proposed project has been determined to be eligible for an addendum to the previously adopted MND because it does not result in any new environmental impacts.

In making the determination that no new environmental impacts would result from the proposed project changes, an updated traffic study was prepared. The updated traffic study concluded that the proposed changes in land use would generate an additional 1,280 vehicle trips when compared to the land uses previously approved at the subject property. Although the proposed changes in land use would generate additional daily vehicle trips, the increase would not exceed the City's traffic impact thresholds used to identify traffic impacts. One of the reasons that the project would not generate a significant impact is that under the previously approved project, vehicles traveling southbound on Robertson Boulevard could not make a left turn into the project site due to existing lane striping (no conditions prohibited left turns). This resulted in vehicles having to travel around the project site in order to gain access, which generated additional vehicle trips on surrounding streets. Since the project's original approval, the City has repaved portions of Robertson Boulevard and is making striping modifications to the lanes. One of the striping modifications on the City's work plan results in southbound vehicles on Robertson Boulevard being able to make a left turn into the project site, which cuts down on the circuitous (cut-through) travel that would have previously been required for vehicles accessing the project site. Because the additional vehicle trips would not result in a significant environmental impact, an addendum to the MND has been prepared, and is provided within Attachment 2, inclusive of further analysis of the project's eligibility for such an addendum.

FINDINGS

In order to approve the proposed project, the City Council would need to make a variety of findings in support of the project. The Planning Commission was unable to make the required findings, and consequently denied the project; however, the City Council may reach a different conclusion upon its review of the project and associated information. The required findings and additional project analysis are outlined in Attachments 1 and 2 of this report for the Council's

consideration, and staff has summarized some of the potential pros and cons that could result from the project as follows:

Potential Pros	Potential Cons
• Medical offices provided in close proximity to Cedars Sinai Hospital and other medical uses • Results in a vacant building being occupied • Potential for the establishment of a destination-type restaurant • Additional tax revenues from potential luxury automobile sales • Publicly-available parking during evenings and weekends at rates comparable to City-owned facilities • Reduction in parking shortfall and circling vehicles during evenings and weekends • Elimination of litigation and potential costs to City • Proposed pharmacy would be required to be located above the ground floor to encourage pedestrian uses at the first floor • A previously imposed condition requiring free employee parking and free 2-hour validated parking for building patrons would be applied to the proposed medical offices • Lease taxes paid by the landlord may be higher due to the premium lease rates that can be charged for medical space • Premium automotive space will help to retain high-end dealerships in the City	• Medical offices generally do not contribute to the synergy of a pedestrian-oriented area • Increased traffic in the vicinity of the project site • Medical office space may discourage non-medical tenants in the building, causing the building owner to seek additional medical space in the future • Automotive showroom may prevent other retail uses within the building • Although regulated through conditions, automotive showroom will include test drives and vehicle deliveries • Less space available for lower-intensity general office uses • The required 51 publicly-available parking spaces could be used for restaurant uses if approved by the City Council • Increased overall parking demand that could impact on- and off-site parking availability • Medical offices may pay lower taxes than certain non-medical uses, such as talent agencies and lenders, due to the City's existing tax structure

FISCAL IMPACT

Because the subject property is currently vacant, occupancy by any use, whether medical or non-medical, would be more financially beneficial than maintaining a vacant building. However, it is difficult for staff to assess the financial impacts of allowing medical offices versus non-medical offices due to the number of variables in estimating financial impacts. Depending on business classification, some businesses (e.g. talent agencies, lenders, brokerages, etc.) pay taxes based on gross receipts, while other businesses (e.g. medical offices and other technical services requiring certification by a governmental agency) pay a flat tax based on the number of persons employed by the business. In general, businesses that pay taxes based on gross receipts are more financially beneficial than those that pay a flat tax; however, there is no way to

guarantee the type of non-medical business classification that might otherwise occupy the subject building, nor is it possible to guarantee revenues. Consequently, occupancy of the building by any use would be financially beneficial, but comparing future revenues between uses is not feasible due to the many variables involved in leasing tenant spaces.

PUBLIC NOTICE

A public hearing notice was mailed on December 27, 2013 to all owners and residential occupants of property located within 300 feet of the project site, and notice of the hearing was published in the *Beverly Hills Courier* and the *Beverly Hills Weekly*, two newspapers of local circulation, prior to the hearing. Public correspondence is provided within Attachments 2 and 3 of this report.

RECOMMENDED ACTION

Staff recommends that the City Council conduct a public hearing and direct staff to prepare resolutions memorializing the City Council's decision.

Susan Healy Keene, AICP
Director of Community Development

Approved By