# AGENDA REPORT

**Meeting Date:** February 4, 2014

**Item Number:** E-2

**To:** Honorable Mayor & City Council

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

**Subject:** CITY COUNCIL CONSIDERATION OF A REQUEST FOR ZONE AMENDMENTS TO ALLOW SERVICED RESIDENCES AND RESTAURANT USES WITHIN THE M-PD-2 ZONE, MODIFICATIONS TO A PREVIOUSLY GRANTED PLANNED DEVELOPMENT PERMIT, AND A DEVELOPMENT AGREEMENT BETWEEN METROPOLITAN CRESCENT ASSOCIATES, LLC AND THE CITY OF BEVERLY HILLS FOR THE PROPERTY LOCATED AT 9355 WILSHIRE BOULEVARD AND 155 NORTH CRESCENT DRIVE. IN ADDITION, STAFF PROPOSES ZONE TEXT AMENDMENTS TO ADDRESS TRANSIENT USES IN SINGLE- AND MULTI-FAMILY RESIDENTIAL ZONES.

**Attachments:**

1. Ordinance – Zoning Amendments
2. Ordinance – Development Agreement
3. Planning Commission Resolution No. 1703 – Approving Planned Development Permit
4. Planning Commission Resolution No. 1704 – Recommendation Regarding Zoning Amendments
5. Planning Commission Resolution No. 1705 – Recommendation Regarding Development Agreement
6. Addendum to EIR
7. Public Comments
8. Fiscal Projections
9. Prior City Council Resolutions
10. Resident Survey
11. Architectural Plans

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## RECOMMENDATION

Staff recommends that the City Council move to waive the full reading of the ordinances and that the ordinances entitled "AN ORDINANCE OF THE CITY OF BEVERLY HILLS AMENDING

THE MUNICIPAL CODE REGARDING RESTAURANT USES IN THE MIXED USE PLANNED DEVELOPMENT OVERLAY ZONE, AND TRANSIENT RESIDENTIAL USES IN THE MIXED USE PLANNED DEVELOPMENT OVERLAY ZONE, SINGLE-FAMILY RESIDENTIAL ZONES, AND MULTI-FAMILY RESIDENTIAL ZONES" and "AN ORDINANCE OF THE CITY OF BEVERLY HILLS APPROVING A DEVELOPMENT AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND METROPOLITAN CRESCENT ASSOCIATES, LLC, FOR DEVELOPMENT AND USE OF THE PROPERTIES AT 155 NORTH CRESCENT DRIVE AND 9355 WILSHIRE BOULEVARD FOR A MIXED USE PROJECT INCLUDING SERVICED RESIDENCES AND RESTAURANT USE" be introduced and read by title only.

## INTRODUCTION

In 2002, the property located at 9355 Wilshire Boulevard and 155 North Crescent Drive received approvals to construct a mixed-use development containing 88 residential apartments (units that rent for 30 days or more), 39,975 square feet of commercial space, and 534 parking spaces. The building was completed in 2006 and since that time has operated in accordance with the approvals granted by the City. In 2012 the property was acquired and remodeled by Metropolitan Crescent Associates, LLC, which operates multiple short-term-rental residential properties (known as serviced residences) under the brand AKA Serviced Residences (AKA) in the United States and Europe. As contemplated in this report and the proposed ordinance, "Serviced Residences" are luxury dwelling units with full kitchens, laundry facilities, and bathrooms, that are offered, without limitation, housekeeping, valet dry-cleaning and laundry services, and which may be rented for periods as short as seven days. AKA currently operates the subject property as apartments and commercial office space in accordance with the previously granted entitlements, but wishes to have the ability to operate a restaurant on the property and rent the apartments for periods as short as seven days. This is a model that is similar to other AKA properties. In order to allow the operation of a restaurant and serviced residences at the subject property, the applicant requests the following entitlements:

- **Zone Amendments.** The subject property is governed by the M-PD-2 (Mixed-Use Planned Development) Overlay Zone, which contains specific provisions for allowed land uses. The applicant seeks to allow serviced residences adjacent to North Crescent Drive and a restaurant adjacent to Wilshire Boulevard, neither of which is currently permitted in the overlay zone. Consequently, the applicant proposes amendments to the overlay zone to allow the desired land uses.

  In addition to the applicant-initiated text amendments, staff recommends separate and distinct amendments related to short-term stays in single-family residential zones and to clearly define what transient uses are in multi-family residential zones. Further analysis pertaining to this recommendation is provided on page 10 of this report.

- **Development Agreement.** As part of the application submittal, the applicant is proposing entering into a development agreement that would provide the applicant with specific guarantees regarding operation of the project, and would also include defined public benefits offered to the City.

This report discusses the proposed project in comparison to the previously approved and constructed project, specifically with respect to the subject property's history and the new concept of allowing a hybrid type of land use that functions as a blend between an apartment and a hotel. Some of the key considerations relate to whether the hybrid land use is a desired

use at the subject location, whether a restaurant is an appropriate use within the development, and whether the public benefits offered by the applicant are appropriate given the requested changes in land use.

Additionally, this report discusses a consideration identified by staff that an increasing number of short-term stays within single- and multi-family residential zones may have an adverse impact on the character and quality of the City's residential neighborhoods, and outlines proposed zone text amendments intended to protect the City's residential neighborhoods.

## BACKGROUND

**Project Description.** The proposed project includes the following elements:

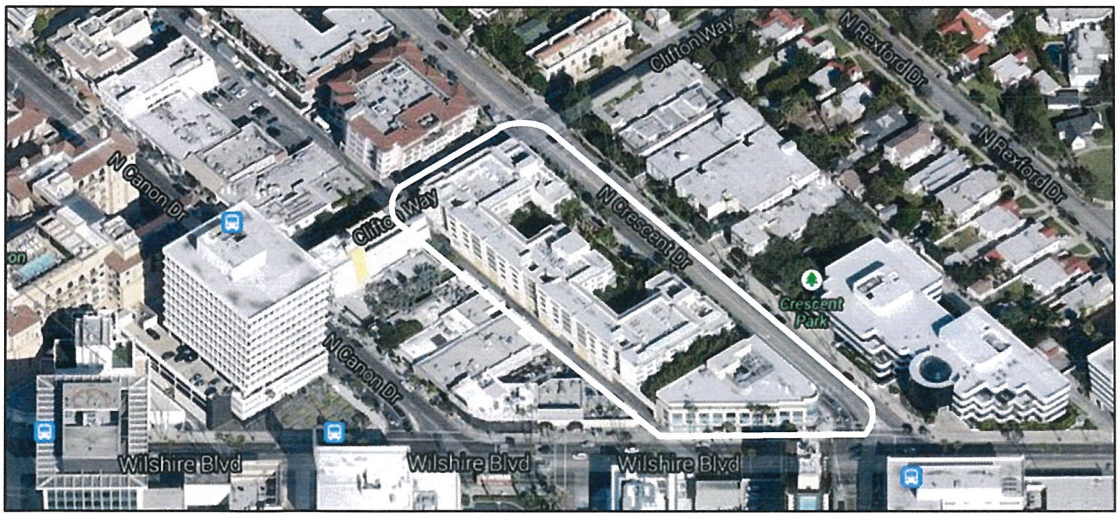
- **Serviced Residences.** Allow all 88 apartment units to function as serviced residences, which could be rented for any length of stay, provided the stay is not less than 7 days.

- **Restaurant Use.** Allow an approximately 2,500 square foot restaurant to be located within the portion of the project site located at the intersection of Wilshire Boulevard and North Crescent Drive. The restaurant would be primarily intended to serve AKA residents, but would also be open to the general public.

- **Amendments to Previous Development Plan Review Permit.** The new use requires that some of the previous conditions of approval be deleted or modified, and new conditions added (the amendments were conditionally approved by the Planning Commission, contingent on the City Council's approval of the zoning amendments and development agreement).

- **Public Benefits.** The applicant proposes a 6% municipal surcharge for stays of 29 days or less. Additionally, a transient occupancy tax of 14% would apply to stays of 29 days or less.

**Neighborhood Context.** The subject property is located at the northwest corner of Wilshire Boulevard and North Crescent Drive, and spans a full block between Wilshire Boulevard and Clifton Way.



The property borders the eastern edge of the Business Triangle, and is uniquely situated in that it is immediately adjacent to a variety of uses including commercial, multi-family residential, and an assisted living facility that tends to function as a multi-family residential property. Much of the development within the vicinity of the project site is between two and four stories in height; however, a single-family residential neighborhood is located one block to the east.

**Project Site History.** Prior to construction of the existing mixed-use development on the site, the property was occupied by an approximately 21,000 square foot, two-story commercial building located at the corner of Wilshire Boulevard and North Crescent Drive, with the remainder of the property being occupied entirely by surface parking lots. The portion of the property containing the commercial building was zoned C-3 for general commercial uses, and the remainder of the property was zoned RMCP for multiple-family residential, commercial, and parking uses.

Subject Property in 1998 (Prior to Redevelopment)

Prior to gaining approvals for the now-existing development, several different iterations of a mixed-use project design were contemplated at the project site, with approvals for the now-existing project coming in 2002 when the Planning Commission made recommendations to the City Council regarding the mixed-use overlay zone and associated mixed-use development. The Planning Commission's decision was appealed to the City Council, and the City Council subsequently reviewed the Planned Development Permit, Environmental Impact Report, and mixed-use overlay zone required for the project site. At the conclusion of the public hearings, the City Council approved the project, which contains a total of 88 apartment units, 39,975 square feet of commercial space, and 534 parking spaces[1]. Construction of the project was

[1] 192 of the 534 parking spaces are covenanted to businesses on North Canon Drive, and were required as replacement parking for the surface lot that was eliminated to make way for the mixed-use project.

initiated in 2004 and completed in 2006. Since completion of construction, the project site has operated in accordance with the previously granted entitlements.

**Consideration of Apartments Instead of Condominiums.** As part of the discussions that occurred at the time of the original project approvals, an important item considered by the Planning Commission and City Council was whether the subject development should contain apartments or condominiums. In the years leading up to the proposal to construct the development that currently exists at the project site, the City experienced the demolition of a number of apartment buildings that were subsequently replaced with condominium buildings. This trend was of concern to the Planning Commission and City Council because not only were apartment buildings being demolished, but no new apartments were being constructed, with all new construction occurring in the form of condominiums. The loss of apartments meant that the City was experiencing a loss of rental housing, which is an important component of providing balanced housing options within a city. In light of this concern, the Planning Commission and City Council determined that apartment units for rent would be much more beneficial to the City's housing stock than condominiums, and conditioned the units within the development to be apartments for rent instead of condominiums for sale. Since 2006 the residential units within the development have been offered as apartments (requiring minimum stays of 30 days), and continue to be offered as such presently.

**AKA Serviced Residences.** In 2012, AKA Serviced Residences, a division of Korman Communities, acquired the project site and initiated renovations to enhance the existing building and its amenities. Korman Communities, through its AKA brand, operates rental properties in the United States and Europe that generally include furnished apartments made available for any length of stay greater than one week, and include certain amenities such as housekeeping, valet dry-cleaning, and laundry services. AKA is currently operating the subject property as an apartment building by requiring all of its guests to stay for a minimum of 30 days; however, AKA seeks the ability to offer its units for stays as short as seven days in order to be more consistent with its other operations and be able to offer a service for which it sees demand. Additionally, AKA seeks the ability to operate a restaurant within the commercial portion of the subject property, which would serve its residents as well as the general public.

**City Council Preview.** Given the unique nature of the project, staff presented the proposal to the City Council on September 10, 2013 as a project preview in order to obtain preliminary direction from the City Council. At that meeting, the City Council directed that the project should be processed in the normal manner, going directly to the Planning Commission for review without the establishment of a City Council Liaison Committee. Additionally, the City Council offered guidance on some of the issues that should be studied by staff and the Planning Commission in reviewing the project, and those issues are discussed further in this report.

**Planning Commission Review.** The subject applications were reviewed by the Planning Commission at its December 12, 2013 public hearing. The Planning Commission received public correspondence both in support and opposition of the proposed project, and deliberated the merits of the project. In particular, the Planning Commission determined that a hybrid land use that serves as a blend between apartments and a hotel could be beneficial to the City in that it would provide alternative housing options for residents and visitors, and with appropriate conditions of approval could operate without causing adverse impacts to the adjacent residential neighborhood. The Planning Commission unanimously voted to conditionally approve the project and make recommendations to the City Council regarding the zoning amendments and

development agreement, and the Planning Commission's findings are memorialized in the attached Planning Commission Resolutions (Attachments 3, 4, and 5)[2].

## ENVIRONMENTAL ASSESSMENT

In order to approve the project, the City Council would need to make environmental findings in accordance with the California Environmental Quality Act (CEQA). An Environmental Impact Report (EIR) was previously certified by the City Council on December 3, 2002 for the existing mixed-use project on the subject site[3]. 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 certified EIR if some changes or additions to the EIR are necessary but none of the conditions described in Section 15162 calling for the preparation of a subsequent EIR have occurred. Pursuant to CEQA Guidelines Section 15162, no subsequent EIR 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 EIR 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 EIR 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 EIR, significant effects previously examined will be substantially more severe than shown in the previous EIR, mitigation measures or alternatives previously found not to be feasible or not analyzed in the EIR 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 EIR 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, staff considered the changes in traffic volume that could result from the proposed changes in land use, and found that under a worst-case scenario, the project would result in an additional 147 daily trips, which constitutes less than a 2% increase on North

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[2] All relevant information from the Planning Commission's review of the project has been incorporated into this report; however, the entirety of the December 12, 2013 Planning Commission report, inclusive of all attachments, can be accessed on the City's website at: http://beverlyhills.granicus.com/MetaViewer.php?view_id=26&clip_id=3750&meta_id=211974

[3] The Environmental Impact Report prepared for previously approved project can be accessed at the following links:
The Crescent – Draft EIR Volume 1: http://www.beverlyhills.org/route/document?DOCID=5637
The Crescent – Draft EIR Volume 2: http://www.beverlyhills.org/route/document?DOCID=5638
The Crescent – Draft EIR Volume 3: http://www.beverlyhills.org/route/document?DOCID=5639

Crescent Drive when compared to existing conditions. Furthermore, the proposed amendments to the M-PD-2 zone are applicable only to the subject property, and would not apply to any other properties in the City. Additional information regarding environmental impacts is contained in the Addendum (Attachment 6), as well as the Analysis section of this report.

Additionally, the proposed amendments to the text of the various single-family residential zones do not change the conclusion in the Addendum. Further, the residential zone text amendments are exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that the amendments will not have the potential for any impacts on the environment. Further, the amendments would be exempt from CEQA pursuant to Section 15305 for single-family residential properties with slopes of less than 20%, as well as Section 15308 as an action to protect the environment of the single-family residential areas of the City. The City's multi-family areas are not in areas with 20% or greater slopes.

## ANALYSIS

In reviewing the requested applications, a number of factors must be considered in weighing the potential pros and cons of the project. In considering the project, the Planning Commission concurred with staff's analysis and recommendations, which are set forth below in order to help guide the City Council's deliberations:

**Potential Loss of Apartments.** As is identified above, the proposed project is a hybrid-type use that functions in a manner similar to a traditional apartment, except that units can be rented for periods less than 30 days (but not less than 7 days). While this type of use is still generally consistent with the function of a traditional apartment, especially considering that the units could still be rented for extended periods of time beyond 30 days, the concept does not perfectly align with what has historically been considered as a traditional apartment use throughout the City. For this reason, allowing the apartments to function as serviced residences could be considered as a loss of apartment units in the City. While the Municipal Code and General Plan generally speak only to discouraging demolition of apartments or conversion to condominium units, there is not clear or specific guidance regarding this new hybrid use. However, Policy H 2.5 within the Housing Element does indicate support for "*innovative strategies for the adaptive reuse of residential and commercial structures to provide for a wide range of housing types.*" In this regard, the proposed project is an innovative strategy that reuses existing apartments as a hybrid between residential and hotel uses, and therefore may be a desirable use of the subject property. Therefore, the project would provide opportunities for both short- and long-term housing without completely displacing the function of the existing apartments. Examples of demand for both short- and long-term housing include but are not limited to residents remodeling or constructing homes, visitors to the City, and individuals on temporary job assignments. In addition, staff discussed the project with the City's housing consultant, who confirmed that the project would not adversely impact the City's Housing Element, except that the changes to the apartments would need to be documented in future reports to the State.

**Traffic.** As proposed, the project would convert the existing 88 apartment units to serviced residences, and a portion of the existing ground floor office space at Wilshire Boulevard and North Crescent Drive would be converted to a restaurant. A consideration of converting the uses within the building is whether additional traffic will be generated. In order to determine whether additional traffic will be generated, staff consulted with the City's Traffic Engineer and the Institute of Transportation Engineers (ITE) Trip Generation 7th Edition, which contains extensive information on the average number of vehicle trips that can be anticipated from a

given use. In this case, staff compared the ITE "low-rise apartment" land use category (Code No. 221) to the "all-suites hotel" land use category (Code No. 311). This comparison reveals that apartments generate approximately 6.6 average daily vehicle trips per unit, while an all-suite hotel generates approximately 6.24 average daily vehicle trips per unit. This information provides one measure that the proposed serviced residences may actually generate a slightly lower amount of vehicle trips than would otherwise be generated by the subject property operating as an apartment building. With respect to the proposed restaurant, it would have a limited size of approximately 2,500 square feet, which would generate a potential net increase of 147 average daily trips compared to the office space it would replace (based on ITE trips generation rates of "general office" (Code No. 710) and "quality restaurant" (Code No. 931)); however, this increase would be a worst-case scenario because it is anticipated that a portion of the restaurant patrons will be residents of the serviced residences, as well as employees from surrounding offices, thus reducing vehicle trips that would otherwise be experienced. In the event that the restaurant were to generate the worst-case scenario of an additional 147 average daily trips, this would represent less than a 2% increase in daily traffic on North Crescent Drive, which is a negligible increase that does not trigger any environmental impacts under the City's local traffic thresholds. Based on this analysis, the project will not result in any traffic impacts to surrounding streets.

**Hotel-Type Operations.** While the project would not function in exactly the same manner as a traditional hotel, consideration should be given to whether or not the project can operate without impacting surrounding residential uses and causing a further incursion of commercial uses into the residential neighborhoods east of the Business Triangle. In particular, passenger loading, limousine loading, deliveries, and special events can be problematic if not adequately controlled. The project does not contain any event or banquet space, so any large gatherings would be unlikely (Condition No. 3 of Planning Commission Resolution No. 1705 restricts use of the outdoor third-floor terrace); however, the project is anticipated to utilize taxi, limousine, and dry-cleaning services, as well as receive periodic deliveries of supplies. In order to accommodate these operational issues and prevent impacts on surrounding residential neighborhoods, Condition Nos. 4 and 5 of Planning Commission Resolution No. 1705 require that taxi and limousine waiting areas be provided within the project's parking garage, and that all deliveries occur from the alley located at the rear of the project site[4]. With the incorporation of the conditions of approval, the project's operations are not anticipated to impact the surrounding residential neighborhoods.

**Parking.** The subject property contains a total of 534 parking spaces. Of the 534 spaces, 227 spaces are provided for the 88 apartment units, 115 parking spaces are provided for the commercial tenants, and an additional 192 spaces are provided for businesses on North Canon Drive, which were required to be replaced when the previous surface parking lot was demolished to accommodate the mixed-use project. Typically, hotel uses require only one parking space for each guestroom, while residential uses require between two and three parking spaces per unit. Although certain aspects of the project could be considered to be similar to a hotel, the Planning Commission's conditional approval maintains the residential parking requirements of two to three parking spaces per unit in order to ensure that adequate parking remains available regardless of how the units are used. Furthermore, the Planning Commission imposed a condition of approval requiring that 22 parking spaces within the project's parking

[4] The conditions of approval imposed by the Planning Commission provide an exception to this condition for deliveries that are incidental to residential operations and not within the control of AKA (Special Condition No. 4 of Planning Commission Resolution No. 1703).

structure be reserved for taxi and livery-type services in order to prevent such vehicles from parking on adjacent residential streets while waiting for residents.

**Development Agreement and Public Benefits.** As part of the applicant's request to modify the existing development standards and uses for the M-PD-2 overlay zone, the applicant has proposed a development agreement. The development agreement would provide the applicant with certain guarantees regarding use of the property, and would also provide the City with certain public benefits. The public benefit proposed by the applicant is that AKA would pay to the City a municipal surcharge that would be equal to 6% of gross room revenues for any stay of 29 days or less at the project site. The municipal surcharge is a concept that the City has effectively utilized in the past for the Montage Hotel, and is also a component of the approvals for the future Waldorf Astoria (each of these past approvals included a 5% municipal surcharge). In addition to the 6% municipal surcharge on all stays of 29 days or less, AKA would be required to pay the City's 14% transient occupancy tax on all stays of 29 days or less. Between the municipal surcharge and the transient occupancy tax, AKA would pay the City a total of 20% of its gross room revenues on stays of 29 days or less. Based on anticipated room and occupancy rates, as well as revenue generated at other AKA properties, the applicant estimates that the municipal surcharge plus transient occupancy tax will generate approximately $1.6 million in revenue for the City during its first year of operation, with revenues gradually increasing as the years pass. The applicant's fiscal projections assume an 85% occupancy rate with an average nightly rate of $518, and are provided as Attachment 8, and the proposed development agreement that outlines the public benefit is provided as Attachment 2. Additionally, in the event that AKA should discontinue its operations in the future, the development agreement sets forth standards for ensuring that any future operator will be of the same quality of AKA, otherwise the rights granted in the development agreement would be forfeited. Finally, the transient occupancy tax and municipal surcharge collected by the City as dictated by the development agreement would be in addition to the business taxes currently assessed to the apartment rentals.

**General Plan Goals and Policies.** The City's General Plan contains a variety of goals and policies intended to help guide development in the City. Some of the goals and policies that are applicable to the project and were considered by the Planning Commission are set forth as follows:

- Policy H 1.5 Conservation of Existing Rental Housing. Regulate the conversion of rental apartments to condominium ownership.

- Policy H 2.5 Adaptive Reuse. Support innovative strategies for the adaptive reuse of residential and commercial structures to provide for a wide range of housing types.

- Policy LU 3.1 Conservation. Conserve existing residential neighborhoods, and non-residential areas where new development builds on and enhances the viability of existing business sectors that are the City's strengths, promotes transit accessibility, is phased to coincide with infrastructure funding and construction, and designed to assure transitions and compatibility with adjoining residential neighborhoods.

- Policy LU 3.2 Fair Share of Regional Housing Needs. Meet State requirements to accommodate the City's fair share of regional housing needs, contingent upon the ability to maintain the qualities that distinguish and contribute to the livability of the City and not unduly burden the City's fiscal resources.

- Policy LU 5.8 Encroachment of Incompatible Land Uses. Protect residential neighborhoods from the encroachment of incompatible nonresidential uses and disruptive traffic, to the extent possible. Zoning and design review should assure that compatibility issues are fully addressed when nonresidential development is proposed near or within residential areas.

- Policy LU 9.1 Uses for Diverse Customers. Meet State requirements to accommodate the City's fair share of regional housing needs, contingent upon the ability to maintain the qualities that distinguish and contribute to the livability of the City and not unduly burden the City's fiscal resources.

- Policy LU 15.1 Economic Vitality and Business Revenue. Sustain a vigorous economy by supporting businesses that contribute revenue, quality services and high-paying jobs.

In addition, the following general plan goals and policies support the proposed single-family residential zone amendments:

- Goal LU 5 calling for "Complete, Livable, and Quality Neighborhoods."

- Policy LU 5.1 Neighborhood Conservation. Maintain the uses, densities, character, amenities, and quality of the City's residential neighborhoods, recognizing their contribution to the City's identity, economic value and quality of life.

- In relevant part, Policy LU 5.8 Encroachment of Incompatible Land Uses. Protect residential neighborhoods from the encroachment of incompatible nonresidential uses and disruptive traffic, to the extent possible.

- Goal LU 6 regarding Single-Family Residential Neighborhoods calling for "[m]aintenance of the identity, scale, and character of the distinct single-family residential neighborhoods."

**Policy Considerations Distinct from the Project - Transient Residential Uses.** As a component of reviewing the proposed project, staff considered the types of transient residential uses available in the City and the current regulations that apply. In doing so, staff identified a need to evaluate the length of stays in the City's single- and multi-family residential zones, as there has been a recent rise in short-term stays associated with online property rental sites such as Airbnb[5] and Vacation Rentals by Owner (VRBO)[6]. While such online property rental sites offer additional options for transient residents wishing to stay in Beverly Hills, the frequency at which the short-term stays occur has the potential, over time, to erode the character, desirability, stability, and quality of life enjoyed in the City's residential zones. In order to prevent such impacts from occurring, staff, in concurrence with the Planning Commission, has provided recommended code amendments that would limit transient stays in single-family residential zones to a maximum of two transient stays per year, and defines single-family transient use as rental or lease of a single-family residence or second unit for a period of less than 6 months. In addition, a definition of multi-family transient use is provided to clarify existing code provisions that have historically been interpreted as prohibiting transient stays. The

[5] www.airbnb.com
[6] www.vrbo.com

Council may also wish to discuss allowing up to two transient stays per year in multi-family zones, similar to staff's recommendation regarding single-family zones. Additional details concerning the recommendations are contained in the draft ordinance (Attachment 1).

**Pros and Cons.** Due to the hybrid nature of the proposed project, there are variety of potential pros and cons that could result from a new land use that currently does not exist in the City. Accordingly, a summary of some of the potential pros and cons that could result from the project is provided as follows:

| Potential Pros | Potential Cons |
|---|---|
| • Hybrid land use that provides short- and long-term housing options<br>• Increased revenue from municipal surcharge and transient occupancy tax to fund municipal services and programs<br>• Negligible traffic increase compared to existing land uses within the project<br>• Operates differently than a traditional hotel but provides similar amenities<br>• Ample parking provided for uses | • Change in the traditional apartment concept at the subject property<br>• Transient occupants may be less invested in the surrounding neighborhood and community<br>• Limousine and taxi loading/waiting<br>• Deliveries associated with commercial operations<br>• Restaurant may attract additional people to the area<br>• Perceived encroachment of commercial uses into residential zones |

## FISCAL IMPACT

The proposed project will be financially beneficial to the City, as it will generate additional revenue in the form of transient occupancy taxes and a municipal surcharge. In total, the City will receive 20% of the gross room revenues generated by stays of 29 days or less at the subject property. While it is difficult to estimate the exact amount of revenue that will be collected due to variations in room rates, occupancy rates, and lengths of stay, the applicant estimates that the City will receive approximately $1.6 million in revenue during AKA's first year of operation.

## PUBLIC NOTICE

A public hearing notice was mailed on January 23, 2014 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 Attachment 7 of this report. Additionally, staff met with several members of the surrounding neighborhood to discuss their concerns about the project, and attempted to address their concerns through conditions of approval imposed by the Planning Commission (see Attachment 3).

**RECOMMENDED ACTION**

Staff recommends that the City Council move to waive the full reading of the ordinances and that the ordinances entitled "AN ORDINANCE OF THE CITY OF BEVERLY HILLS AMENDING THE MUNICIPAL CODE REGARDING RESTAURANT USES IN THE MIXED USE PLANNED DEVELOPMENT OVERLAY ZONE, AND TRANSIENT RESIDENTIAL USES IN THE MIXED USE PLANNED DEVELOPMENT OVERLAY ZONE, SINGLE-FAMILY RESIDENTIAL ZONES, AND MULTI-FAMILY RESIDENTIAL ZONES" and "AN ORDINANCE OF THE CITY OF BEVERLY HILLS APPROVING A DEVELOPMENT AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND METROPOLITAN CRESCENT ASSOCIATES, LLC, FOR DEVELOPMENT AND USE OF THE PROPERTIES AT 155 NORTH CRESCENT DRIVE AND 9355 WILSHIRE BOULEVARD FOR A MIXED USE PROJECT INCLUDING SERVICED RESIDENCES AND RESTAURANT USE" be introduced and read by title only.

Susan Healy Keene, AICP
Director of Community Development

Susan Healy Keene
Approved By