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Memorandum
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To: Scott Goldstein
Jordan Samuel Goldstein Revocable Trust

From: Margaret R. Akerblom
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Date August 8, 2024

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Subject: Land Use Due Diligence - 3051-3055 North Coolidge Avenue, Los Angeles CA

I. Introduction.

The Jordan Samuel Goldstein Revocable Trust ("**Goldstein Trust**") is considering acquiring and redeveloping the property located at 3051-3055 North Coolidge Avenue ("**Property**"), Los Angeles ("**City**"), California 90039 with potentially commercial, art and performance, and/or residential uses. Goldstein Trust has asked Allen Matkins to prepare this memorandum addressing the land use regulations that apply to the Property.

This memorandum is based on documents publicly available online, and we have not discussed our conclusions with the City. While this memorandum is informed by our experiences on past projects in the City, we always recommend confirming the conclusions in this memorandum with the City Planning staff early in the due diligence process. Our research did not include any matters related to title or survey or the environmental condition of the Property.

II. Property And Project.

The Property is located at 3051-3055 North Coolidge Avenue and comprised of two parcels (Accessor's Parcel Numbers 5442-023-003 and 5442-023-053[1]) – Lot 2 and Lot 3 of Tract 5485 (Map Book 62 pages 11-12). According to the City's Zoning Information and Map Access System ("**ZIMAS**"), the Property is 9,177.5 square feet ("**sf**") (~0.21 acres). The northeastern parcel (APN -053) bordering the Los Angeles River appears to be developed with a surface parking lot while the southwestern parcel (APN -003) is developed with a residential building which appears to be a single

[1] Note that while the Property is comprised of two legal parcels, three parcels appear on ZIMAS with APN 5442-023-053 split in two. It appears that APN -053 is split into two on ZIMAS because the two pieces sit in different Community Plan areas, which we address in more detail in this memo.

family residence consisting of one unit. According to the Los Angeles County Assessor and building permit records, the improvements were constructed between 1928 and 1942.

Goldstein Trust proposes to either demolish or renovate the existing structure to use the Property for art, music performance, commercial, and/or residential uses, or a combination thereof ("**Project**").

III. Land Use Designations

A. General Plan

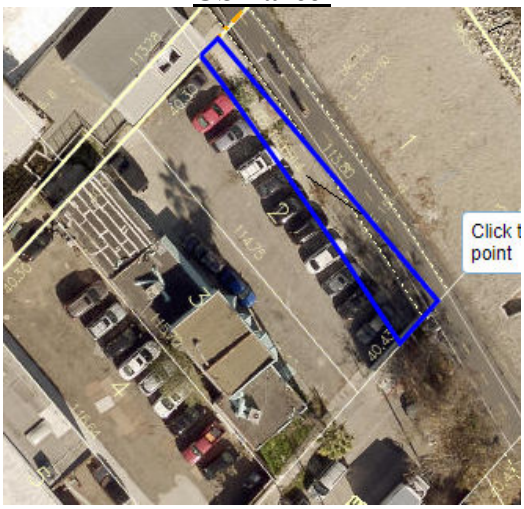
The City's General Plan Land Use Element is comprised of 35 Community Plans. The Property is primarily located within the Silver Lake – Echo Park Community Plan Area, although according to ZIMAS a portion of APN 5442-023-053 (the eastern most 1,446 sf of the Property) adjacent to the Los Angeles River is located in the Northeast Los Angeles Community Plan Area.

The portion of the Property in the Silver Lake – Echo Park Community Plan is designated Industrial – Commercial Manufacturing. The Industrial Category generally permits joint live/work units, mixed-use development, and neighborhood service commercial uses. (Silver Lake – Echo Park Community Plan, p. I-8-9.) The Commercial Manufacturing designation corresponds to the Commercial Manufacturing and Parking zones. (Silver Lake – Echo Park Community Plan, p. III-62.) The Property is located next to a Pedestrian Oriented Area along the Los Angeles River. (Silver Lake – Echo Park Community Plan, Figure 3.) New developments along pedestrian-oriented areas should "add to and enhance existing pedestrian street activity," and incorporation of commercial uses are encouraged. (Silver Lake – Echo Park Community Plan, Policies 2-2.2 and 2-2.3.) Community Plan Map Footnote 15 applies to the Property. Footnote No. 15 states that "a 10-foot dedication is required of any new construction on properties with frontage abutting the Los Angeles River, for purposes of development of a trail system along the river." It is not clear if this dedication has already occurred for the Property. When we compare the original Tract Map 5485 creating the parcel that is APN -053 (a copy is attached) to ZIMAS, a small portion of APN -053 has already been developed as the LA River Bike Path. We reviewed the Preliminary Title Report prepared by Chicago Title Company, dated April 15, 2024, and did not see any documents on title indicating that this 10' dedication has already occurred.

The portion of the Property within the Northeast Los Angeles Community Plan area (the eastern most portion of APN -053, totally approximately 1,446 sf) is designated "Open Space". We will refer to this portion of the Property as the "OS Parcel" – the snippet below from ZIMAS outlines the OS Parcel. The Open Space designation generally permits parkland, greenways, trails, and open space. (Northeast Los Angeles Community Plan, p. III-18-19.) Open Space is "broadly defined as

land that is essentially free of structures and buildings and/or is natural in character and enhances Northeast Los Angeles by providing recreational or educational opportunities, scenic, cultural, or historic resources, public health or safety, community identity, rights-of-way for utilities or transportation facilities, nature preserves or ecologically important areas, [or] preservation of physical resources, including ridge protection." (Northeast Los Angeles Community Plan, p. III-15.) As such, development in the OS Parcel may be limited. The only zones consistent with the General Plan Open Space designation are OS and A1 zones, which generally only allow park, recreation, agricultural, and equestrian uses. We also can observe on ZIMAS that all of the newer developments northwest and southeast of the Property along the bike path are set back from this same Open Space-designated area within their own parcels. This indicates to us that these properties have either dedicated that area as their required 10' dedication noted above in Footnote No. 15 or have elected to not develop in the Open Space-designated portion of their parcels in order to avoid having to seek a General Plan amendment. We would need to confirm with the City how this OS Parcel would be treated, but the likely outcomes for the OS Parcel outlined in the satellite image below include the following: (1) Goldstein Trust will either have to seek a General Plan amendment (a very heavy lift requiring Planning Commission and City Council approval) to allow any of the Project uses in the 1,446 sf comprising the OS Parcel, or will have to refrain from developing in that area, and (2) Goldstein Trust will have to dedicate up to 10' of the OS Parcel to the City.

OS Parcel



B. Zoning and Permitted Uses

The Property is zoned [Q]CM-1XL-RIO. The CM (Commercial Manufacturing) Zone permits a wide array of commercial, manufacturing, and industrial uses as well as some residential

uses. (LAMC § 12.17.1(A).) Generally, the CM zone permits the following types of residential uses: homeless shelters, joint living and work quarters (i.e., live/work), and multifamily housing in compliance with the R3 Zone. (*Id*.) However, in this case, the [Q] condition limits the residential uses to live/work, which is explained in more detail below. Joint living and work quarters are defined as "a residential occupancy of one or more rooms or floors used as a dwelling unit with adequate work space reserved for, and regularly used by, one or more persons residing there." (LAMC § 12.03.)

The LAMC permits the following uses in the CM Zone "by right." We have also included the definitions for these uses where available. "By right" means that no special approvals are needed to develop the use, such as a conditional use permit.

- Amusement enterprises, including a billiard or pool hall use, bowling alley, penny arcades, shooting gallery, skating rink (LAMC § 12.14 (A)(3).)
- Art or Antique shops (LAMC § 12.14 (A)(2)(a)(2).)
- Auditorium/Concert Venues having a seating capacity for not more than 3,000 people (LAMC § 12.13.5 (A)(2)(a)(5).)
- Bowling Alley (LAMC § 12.14 A.3.)
- Bakery goods shop (LAMC § 12.13 (A)(2)(a)(1).)
- Confectionary store (LAMC § 12.13 (A)(2)(a)(7).)
- Dry goods or notions store (LAMC § 12.13 (A)(2)(a)(10).)
- Exhibits, commercial or cultural (LAMC § 12.13.5 (A)(2)(a)(16).)
- Florist or gift shop (LAMC § 12.13 (A)(2)(a)(11).)
- Grocery, fruit or vegetable store (LAMC § 12.13 (A)(2)(a)(12).)
- Interior decorating store (LAMC § 12.13.5 (A)(2)(a)(19).)
- Karaoke Studio [Note that a Conditional Use Permit is required if alcohol will be served]
- Laser Tag (No LAMC citation because City interpretation only)

- Meat market or delicatessen store (LAMC § 12.13 (A)(2)(a)(17).)
- Museum (LAMC § 12.13.5 (A)(2)(a)(22).)
- Music conservatory or music instruction (LAMC § 12.14 (A)(20).)
- Nursery (flower or plant) (LAMC § 12.14 (A)(22).)
- Office, business or professional (LAMC § 12.13 (A)(2)(a)(18).)
- Restaurant, tea room or café (LAMC § 12.13 (A)(2)(a)(20)) including entertainment other than dancing or a restaurant with an outdoor dining area (LAMC § 12.14 (A)(2)(a)(10).)
- Studios (except motion picture) (LAMC § 12.14 (A)(32).)
- Tailor, clothing or wearing apparel shop (LAMC § 12.13 (A)(2)(a)(20).)
- Theatre, and showcase theater (LAMC § 12.13.5 (A)(2)(a)(30).)
- Restaurants serving alcohol that satisfy the Restaurant Beverage Program requirements
    - If the restaurant meets the operating conditions required by LAMC § 12.22 A.34, the City approval to serve alcohol is ministerial and will not require a Conditional Use Permit. We attach the full Restaurant Beverage program requirements, but key ones include:
        - The restaurant must seek a Type 41 or Type 47 alcohol permit from the state Dept. of Alcoholic Beverage Control (ABC);
        - Seating must be a minimum 10 and maximum 150;
        - Hours of operation are limited to 7am – 11pm;
        - Live entertainment, karaoke, and DJs are prohibited;
    - No more than 50% of the restaurant may be closed to the public at any time for private events.

The following uses are also permitted but would require that Goldstein Trust obtain a conditional use permit:

- Onsite or offsite sale of alcohol, including (Class 2 Conditional Use Permit from Zoning Administrator) (LAMC, § 12.24 W.1):
    - Bar
    - Dance Club/Nightclub
    - Gastropub
    - Microbrewery
    - Microdistillery
    - Restaurant for more than 50 people
- Restaurant for maximum 50 persons and no dancing/live entertainment (Class 1 Conditional Use Permit from Zoning Administrator) (LAMC, § 12.24 X.2)
    - The significant exception here is if the restaurant meets the operating conditions required by LAMC § 12.22 A.34 for the Restaurant Beverage Program. We describe that in more detail above under the "by right" uses.
- Motion Picture and Television Studios and Support Uses
    - Motion Picture and Television Studios are a Class 3 Conditional Use Permit from the City Planning Commission. (LAMC, § 12.24 U.15.)
    - Support Uses are a Class 1 Conditional Use Permit from the Zoning Administrator. (LAMC, § 12.24 X.23.) Support uses are those which support motion picture and television studios but are not located on the same site as the studio, including but not limited to, sound labs, film editing, film video and audio processing, sets and props production, computer design, computer graphics, animation, offices and ancillary facilities. (*Ibid*.)
- Research and Development Center (Class 3 Conditional Use Permit from City Planning Commission) (LAMC, § 12.24 U.23)

- The LAMC's only definition of Research and Development is for "experimental or scientific investigation of materials, methods or products." (LAMC, § 12.24 U.23.)

The "[Q]" conditions applicable to the Property set forth the following development limitations[2]:

1. Residential dwelling units are prohibited except for live/work units at a ratio of one unit per 1,200 sf of lot area. Live/work units must have a minimum floor area of 750 feet and a minimum workspace of 150 sf.

2. Open floor plans are required, and ground floors must have a minimum floor to ceiling height of 12 feet.

3. Individual Food Service establishments are limited to 8,000 sf.

4. Retail Establishments are limited to 10,000 sf.

5. Certain uses are prohibited: auto uses, waste/recycling uses, adult entertainment, bail bond brokers, pawnshops, public storage facilities, open storage areas, drive throughs, shooting galleries, and tow truck dispatching.

The above-discussed uses are the same whether Goldstein Trust demolishes the existing structure to build a new structure(s) or renovates and reuses the existing structure.

The Property falls within the River Implementation Overlay District ("**RIO**"). For properties within the RIO, the City prohibits the issuance of any building permit for any "project" until the Department of City Planning has approved RIO Administrative Clearance. (Z.I. No. 2358, Ordinances 183144 and 183145.) A "project" includes the erection, construction, addition to, or exterior structural alteration of any building in the district. However, it does not include construction work that consists solely of (1) interior remodeling, interior rehabilitation work, or repair work or (2) alterations of, including structural repairs, or additions to, any existing building in which the aggregate value of the work, in any one 24-month period, is less than 50 percent of the building's replacement cost before the alterations or additions as determined by the Department of Building and Safety. (*Id*.) The purpose of the RIO is to ensure that new projects comply with the City's design requirements, but it does not impose any limits on the size, use, height, or setbacks beyond the underlying zoning. The design standards that apply to properties within the RIO include lighting, fencing, and landscaping. Thus, the RIO does not change any analysis regarding the use of the Property.

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[2] Ordinance No. 183954, adopted October 30, 2015 and effective December 26, 2015.

IV. Notable Development Standards for New Development

In this section, we discuss the notable development standards with which any new development on the Property will have to comply. "New" development includes both a complete demolition of the existing building replaced with new structures, as well as additions to the existing building. We do not cover all potential development standards that would be set forth in the LAMC, building code, and the City's design guidelines. Rather, we include the standards that, in our experience, have the most significant impact on project design and feasibility. We recommend that Goldstein Trust's architect carefully review the City's regulations when designing the Project to ensure all standards are incorporated.

If Goldstein Trust instead decides to use the existing structure and remodel it, we separately discuss below in Section V the standards that would apply to that existing building.

A. Height and FAR

The Property is in Height District "1-XL." Height District "1" limits the maximum allowable "Floor Area" to 1.5 times the "Buildable Area" of the Property. (LAMC § 12.21.1(A)(1).) "Floor Area" is defined as: "The area in square feet confined within the exterior walls of a Building, but not including the area of the following: exterior walls, stairways, shafts, rooms housing Building-operating equipment or machinery, parking areas with associated driveways and ramps, space dedicated to bicycle parking, space for the landing and storage of helicopters, Outdoor Dining Areas, and Basement storage areas." (LAMC, § 12.03.) "Buildable Area" is defined as: "All that portion of a lot located within the proper zone for the proposed main building, excluding those portions of the lot which must be reserved for yard spaces, building line setback space, or which may only be used for accessory buildings or uses. For the purpose of computing the height district limitations on total floor area in buildings of any height, the buildable area that would apply to a one-story building on the lot shall be used." (LAMC, § 12.03.) If Goldstein Trust is able to develop the OS Parcel, the Property's Buildable Area for a commercial development is 9,177.5 sf and therefore would permit up to 13,766.25 sf of Floor Area (9,177.5 x 1.5). If the 1,446.6 sf of the OS Parcel is dedicated or undevelopable due to its Open Space designation, then the Buildable Area is 7,730.9 sf and would therefore permit 11,596.35 sf of Floor Area. If the Project is to include residential uses, then the Buildable Area would be reduced by the setback areas, which are described below, which in turn would reduce the maximum allowable Floor Area.

The "XL" limitation provides that buildings shall not exceed two stories, nor shall the height of the roof of any building exceed 30 feet. (LAMC § 12.21.1(A)(1).) However, per the Property's [Q] conditions, new buildings shall not exceed 30 feet excluding parapet walls except that new buildings with frontages along the Los Angeles River shall not exceed a height of 20 feet (excluding

parapet walls) within 10 feet of the river-fronting landscape buffer, which is defined as the 20' of property along the river-fronting property line. (Ordinance No. 183954 § 2.2(b).)

As noted above in Section III.B, residential density is limited by the Property's [Q] Conditions. Live/work units are permitted at a ratio of one unit per 1,200 sf of lot area and must have a minimum floor area of 750 feet and a minimum workspace of 150 sf. (Ordinance No. 183954.) Work space for joint living an wok quarters must either comply with Tier 1 Standards (between 10-25% of the total floor area) or Tier 2 Standards (between 25-50% of total floor area.) (LAMC § 12.21(C)(9).) Including the 1,446.6 sf of the OS Parcel, the Property's lot area is 9,177.5 sf and therefore approximately 7.6 live/work units would be permitted (9,177.5 sf ÷ 1,200 sf). If the OS Parcel is to be dedicated or is undevelopable because of the Open Space designation, then the Property's lot area is 7,730.9 sf which would permit approximately 6.4 live/work units (7,730.9 ÷ 1,200 sf).

B. Parking

Parking for the Project will be use dependent. Generally, for commercial and industrial uses at least one automobile parking space is required for each 500 sf of combined floor area contained within all the office, business, commercial, research and development buildings, and manufacturing or industrial buildings on any lot. (LAMC § 12.21(A)(4)(c).)

Restaurants over 1,000 sf require 1 space per 100 sf of gross floor area (LAMC § 12.21(A)(4)(c)(3).) Retail stores generally must provide 4 space per 1,000 sf of gross floor area. (LAMC § 12.21(A)(4)(c)(3).)

The ratio of parking spaces required for dwelling units shall be at least one parking space for each dwelling unit of less than three "habitable" rooms, 1.5 parking spaces for each dwelling unit of three habitable rooms, and two parking spaces for each dwelling unit of more than three habitable rooms. (LAMC § 12.21(A)(4)(a).) A habitable room is defined as "An enclosed subdivision in a residential building commonly used for living purposes, but not including any lobby, hall, closet, storage space, water closet, bath, toilet, slop sink, general utility room or service porch. A recess from a room or an alcove (other than a dining area) having 50 square feet or more of floor area and so located that it could be partitioned off to form a habitable room, shall be considered a habitable room." (LAMC § 12.03.) For the purposes of parking requirements, any kitchen is considered a habitable room and, if it is a part of a room designed for other than food preparation or eating purposes, such remaining portion shall also be considered a habitable room. (*Id*.)

C. Setbacks

No front, rear, or side setbacks are required for buildings exclusively for commercial uses. (LAMC § 12.14(C)(1), (2).)

If residential uses are included, the first floor is subject to the same setbacks as the R4 Multiple Dwelling Zone, which are as follows. (LAMC § 12.14(C)(2).) For buildings no more than 2 stories in height, a 5 foot side yard is required. For buildings more than 2 stories in height, one foot shall be added to the width of the side yard for each additional story with a maximum side yard of 16 feet. (LAMC § 12.11(C)(2).) Rear yards must be 15 feet with one foot added to the depth for each additional story above 3 stories not exceeding 20 feet in total. (LAMC § 12.11(C)(3).)

D. Lot Coverage

Buildings and structures shall cover no more than 60 percent of the area of a lot. (Ordinance No. 183954 § 2.2(g).)

V. Standards Applicable to Existing Building

Based on Google satellite images, it appears as though the existing structure complies with the development standards discussed above. If so, then existing structure would be considered conforming from a zoning perspective[3], and therefore Goldstein Trust could remodel the building without regard for the nonconforming rules discussed below. In that case, all work on the Property would simply need to comply with the standards discussed above under Section IV.

If, however, the building is nonconforming with regard to any of the zoning requirements (e.g., the Floor Area, lot coverage, setbacks, discussed above), then the following general rules apply. Existing buildings, so long as they are legal nonconforming, may generally be maintained, repaired, remodeled, etc. without being brought into compliance with the nonconforming zoning standard so long as any nonconformities are not increased. (LAMC, § 12.23.) New additions to the building and increases in Floor Area would need to comply with the current development standards. A building is "legal" nonconforming if it complied with the development standards in effect at the time it was constructed. To know whether the existing building is "legal" nonconforming, we would need to request from the City a complete copy of the building permit records for the Property, and then

[3] We note that it is outside the scope of our expertise to opine on the building's compliance with the building code, health and safety standards, and/or earthquake safety requirements. Goldstein Trust should consult with an architect or civil engineer on these issues because these issues could require the building to be demolished whether or not it meets the zoning requirements we discuss in this memo.

review those to determine if the existing building matches what was authorized by the building permits. Assuming the building is legal nonconforming, a building nonconforming with the development standards discussed above (except for parking, which is discussed separately below) may be repaired, altered, or internally remodeled provided at least 50% of the perimeter length of the existing nonconforming portion of the exterior walls of the building are retained. (LAMC, § 12.23(A)(1).)

There is an exception from the 50% requirement for replacing buildings that have to be entirely demolished as a result of enforcement of the City's Earthquake Hazard Reduction Ordinance (LAMC, Article 1, Chapt. IX, Div. 88.), which applies to buildings for which a building permit was issued prior to October 6, 1933 and have unreinforced masonry bearing walls. For a building that is nonconforming as to height, number of stories, lot area, loading space or parking, and which is demolished as a result of enforcement of the Earthquake Hazard Reduction Ordinance, it may be reconstructed with the same nonconforming height, number of stories, lot area, loading space or parking as the original building, provided, however, that reconstruction shall be commenced within two years of obtaining a permit for demolition and completed within two years of obtaining a permit for reconstruction. (LAMC, § 12.23(A)(6).)

With regard to parking, since the existing building will be considered a single family home per the buildings permits available in the City's online files, two parking spaces are required for the "current use." Since the current parking conforms to the City's requirements, a new project will need to comply with the current parking requirements for whichever use(s) is selected to be part of the project. (City of Los Angeles Zoning Code Manual and Commentary, 4th Edition, p. 119.) See Section IV.B above for parking requirements. In other words, Goldstein Trust will not receive any parking reductions based on any grandfathered parking status at the Property. Had the existing parking been nonconforming with the current parking regulations, the City has a special formula for how to calculate new parking required for a new use. That is not applicable in this case since the current parking complies with the current code.

VI. Entitlements

We also evaluated the City's regulations to determine if the Project would require any entitlement approvals. We identified the following potentially applicable entitlements depending on the Project uses and density desired.

A. Conditional Use Permit(s)

Some of the uses identified in the memorandum require conditional use permits ("**CUP**"). The City has three different types of CUPs discussed below.

i. Class 1 Conditional Use Permit

If a Class 1 CUP is required, it is a discretionary entitlement approved by the Zoning Administrator, and a noticed, public hearing is required. (LAMC §§ 12.24 (X); 13(B)(2.1)(D).) The decision of the Zoning Administrator may be appealed to the Area Planning Commission. (LAMC § 13(B)(2.1)(G).)

ii. Class 2 Conditional Use Permit

If a Class 2 CUP is required, it is a discretionary entitlement that must be approved by the Zoning Administrator and may be appealed to the Area Planning Commission. (LAMC §§ 12.24 (W); 13(B)(2.2)(D, G).) A noticed public hearing is required for the initial decision and the appeal, if one is requested. (LAMC §13(B)(2.2)(D).)

iii. Class 3 Conditional Use Permit

If a Class 3 CUP is required, it is a discretionary entitlement that must be approved by the City Planning Commission and may be appealed to the City Council. (LAMC §§ 12.24(U); 13(B)(2.3)(D), (G).) A noticed public hearing is required for the initial decision and the appeal, if one is requested. (LAMC § 13(B)(2.3)(D).) The City Planning Commission may conduct the public hearing or may designate the Planning Director to conduct the hearing. (LAMC § 13 (B)(2.2)(G).)

B. Lot Tie

As noted above, the Property consists of two separate legal parcels – Lot 2 and Lot 3 of Tract 5485 (Map Book 62 pages 11-12). Generally, development on each separate legal parcel must independently comply with the zoning standards discussed in this memorandum, or the parcels must be combined using a subdivision map or a lot line adjustment. However, the City of Los Angeles, will generally permit projects to utilize multiple adjacent parcels and have the project site comply with the applicable development standards as a whole (versus the lots individually complying) if they simply sign a "lot tie" affidavit. This is a covenant that would be recorded on the property's title and would require the owner and all future owners to use the parcels as though they were one parcel – meaning that the parcels cannot be sold separately unless and until they are redeveloped to once again individually comply with the City's development standards. A lot tie affidavit is a ministerial, administrative process.

C. Density Bonus

If the Project includes live/work units, Goldstein Trust may want to increase the allowable density. The Density Bonus Law ("**DBL**") would be the most likely option to increase the allowable residential density.

The DBL California Government Code §§ 65915 *et seq*., is a state law that requires local agencies to grant developers, in exchange for affordable housing units, certain density bonuses and other waivers, concessions, and incentives related to zoning and development regulations, all for the purpose of encouraging and facilitating the construction of affordable housing. The City's DBL ordinance is LAMC § 12.22(A)(25). To qualify for the DBL, a project must be a "housing development," which is a residential or mixed use commercial and residential project that includes five or more residential units. (Gov. Code § 65915(i).) Residential units include joint living and working quarters. (LAMC § 12.22(A)(25)(b).)

If the Project were to include at least five live/work units and set aside the requisite number of affordable units, the Project is entitled by right to preset residential density bonuses. The amount of density bonus awarded depends on the percentage of base project units (i.e., the number of units permitted before adding the award of the density bonus) that are set aside as affordable for specified income levels. For example, the Project could be entitled to a 35% increase in the number of base units if the Project sets aside 20% of the base units for low income families or 11% of the base units for very low income families. The Goldstein Trust could also obtain up to a 100% density increase if it were to set aside increasing amounts of affordable units.

A project that sets aside 100% of its units (exclusive of manager's unit or units) for lower income households (as defined by Section 50079.5 of the Health and Safety Code) is entitled unlimited residential density where the project is within ½ mile of transit or in a very low vehicle miles traveled area. (Gov. Code §§ 65915(b)(1)(G); (f)(3)(D)(i).) Here, the Property is within a very low vehicle miles traveled area according to ZIMAS.

In addition to the residential density bonus, DBL projects are also entitled to parking requirement reductions, as well as "incentives" depending on the percentage of affordable units included. There are two categories of Incentives: "On-Menu" and "Off-Menu." On-Menu Incentives are a preset list of modifications to the zoning code or other site development standards, such as specific reductions in setback requirements or specific increases in Floor Area Ratio. (LAMC, § 12.22 (A)(25)(f).) Off-Menu Incentives are any other reductions in site development standards, modifications to zoning or design requirements, or any other regulatory incentives or concessions of the developer's choosing and design "that result in identifiable and actual costs reductions to provide for affordable housing costs." (Gov. Code, § 65915(k).)

A DBL application that requests only a density increase and parking reduction is a ministerial approval (i.e., the applicant simply applies for a building permit). A DBL application that requests the density increase and parking reductions, as well as On-Menu Incentives, is determined by the Planning Director without a public hearing, unless the project also includes a CUP, in which case both applications will follow the CUP procedures. (LAMC § 12.22(A)(25)(g).) A DBL application that requests the density increase and parking reductions, as well as Off-Menu Incentives, requires a Class 3 CUP, which is described in more detail above.

If the Goldstein Trust in interested in a live/work project and increasing the allowable density of units, we can provide more specific details about the density increases, parking reductions, and incentives permitted.

VII. State Law Considerations.

A. No Net Loss

California requires that all jurisdictions adequately plan to meet the housing needs of their community by adopting Housing Elements as part of their General Plan. To demonstrate the availability of land to accommodate future housing development, a Housing Element is required to include an inventory of housing sites, or "adequate sites", with sufficient capacity by income level to accommodate a jurisdiction's Regional Housing Needs Allocation ("**RHNA**") by income category. (Gov. Code § 65583 (a)(3).) California's No Net Loss Law requires that jurisdictions consider the sites and capacities outlined in their Housing Elements while making certain land use decisions. Specifically, a jurisdiction may not take any action to reduce a parcel's residential density unless it makes findings that the remaining sites identified in its Housing Element sites inventory can accommodate the jurisdiction's remaining unmet RHNA by each income category, or if it identifies additional sites so that there is no net loss of residential unit capacity. (Gov. Code § 65863(b)(2).) If a jurisdiction approves a development of a parcel identified in its Housing Element sites inventory with fewer units than shown in the inventory, it must either make findings that the Housing Element's remaining sites have sufficient capacity to accommodate the remaining unmet RHNA by each income level or identify and make available sufficient sites to accommodate the remaining unmet RHNA for each income category. (Gov. Code §§ 65863(b)(2); 65863(c)(2).)

According to ZIMAS, the Property is included on the City's Housing Element inventory and the number of replacement units required is 0.14 above moderate-income units. If the Property is redeveloped with at least 1 live/work unit, then no additional findings are required. However, if no residential units are included in the Project, then the City will have to make the above "no net loss" findings in order to approve the Project. The burden is on the City to make these findings.

Housing Element law also includes a replacement provision for sites on the Housing Element inventory. Properties that appear on the sites inventory and currently have residential uses, or within the past five years have had residential uses that have been vacated or demolished, are subject to a replacement requirement where the existing units are or were: (1) subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of low or very low income, (2) subject to any other form of rent or price control through a public entity's valid exercise of its police power, or (3) occupied by low- or very low income households. (Gov. Code § 65583.2. (g)(3).) Those units must be replaced at the same or lower income level. (*Id*.) Here, as discussed in the following sections, none of the three listed criteria are met for this site because there is no recorded covenant, ordinance, or law that restricts the affordability of the unit, neither the City nor state rent control apply to the Property, and the unit has not been occupied by any resident for at least the last 10 years.

B. AB 1482

The 2019 Tenant Protection Act ("**AB 1482**") is a statewide rent control scheme that contains various provisions regulating rent control, eviction protections, and relocation benefits for residential tenants. AB 1482 applies only to buildings with certificates of occupancy issued more than 15 years ago, which is the case here with the Property. (Civ. Code, §§ 1946.2(e)(7); 1947.12(d).) If there is not a tenant currently occupying the Property, then AB 1482 would not apply unless and until a new tenancy begins. (Civ. Code, §§ 1947.12(b).)

AB 1482 also does not apply to single family *owner occupied* homes, or residential real property that is alienable separate from the title to any other dwelling unit [i.e., single family homes] provided that the owner is not a real estate investment trust as defined by section 856 of the Internal Revenue Code, a corporation, or a limited liability company in which at least one member is a corporation. (Civ. Code, §§ 1946.2(e)(5),(8).) If the ownership entity is not one of those listed above, the landlord must also notify the tenant in writing that the tenancy is not subject to the "just cause" and rent increase limitations. If the tenancy commenced or renewed on or after July 1, 2020, the notice must be provided in the rental agreement. (Civ. Code, § 1946.2(e)(8)(B).) According to public records, 2955 Allesandro LLC (the current owner) is owned, at least in part, by Gonenco Inc., and therefore the current ownership does not meet the requirements for the above-noted exemption. According to the seller, the unit is not currently occupied by a tenant, or the owner, or any other person, and therefore the owner occupied exemption also would not apply.

However, since according to the seller, no tenant, owner, or other person is using the Property for residential use, and in fact has not been used for residential use for at least the last 10 years since the seller purchased the Property, AB 1482 does not currently apply to the Property. It would not apply unless and until the Property became occupied by a tenant.

If AB 1482 were to apply, there are several provisions to note that would apply to any resident living in the single-family dwelling at the Property.

1. No Fault Eviction: After a tenant has continuously and lawfully resided in a unit for 12 months, they cannot be evicted without "just cause". (Civ. Code § 1946.2(a).) "Just cause" includes at-fault justifications (e.g., failure to pay rent, material breach of the lease, nuisance, waste, criminal activity, or unpermitted subletting) as well as no-fault justifications (e.g., intent to occupy by the owner or the owner's family, withdrawal or real property from the rental market, intent to demolish or substantially remodel, or compliance with a court or government order to vacate.) (Civ. Code § 1946.2(b).)

2. Rent Caps: For existing tenancies, annual rent increases are limited to no more than 5% plus the percentage change in the cost of living for the region in which the property is located, or 10% whichever is lower. (Civ. Code § 1947.12(a)(1).) If the same tenant occupies the unit over any 12 month period, the rental rate cannot be increase more than two increments over that period. (Civ. Code § 1947.12(a)(2).) For a new tenancy in which no tenant from the prior tenancy remains in lawful possession of the residential real property, the owner may establish the initial rental rate. (Civ. Code § 1947.12(b).)

3. Relocation Assistance: Where just cause is required for an eviction, the owner must provide relocation assistance equal to one month's rent or waive the last month's rent. (Civ. Code § 1946.2(d).

C. Housing Crisis Act Replacement Requirements

The Housing Crisis Act ("**HCA**") also imposes certain obligations on redevelopment. The HCA is meant to address the statewide housing crisis by restricting local rules that limit housing production and protecting existing housing stock. If the Project does not include any housing, SB 330 replacement units would be required if the criteria below are met. However, as will be explained, based on updated information from the seller, we do not because HCA housing replacement requirements apply to the Property.

The HCA imposes two obligations on redevelopment. First, it prohibits a city from approving a housing development project that demolishes any type of residential units "unless the project will create at least as many residential dwelling units as will be demolished." (Gov. Code § 66300.6(a).) A "housing development project" is defined as any of the following: residential units only, mixed use developments consisting of residential and nonresidential uses with at least two-thirds of the square

footage designated for residential use, or transitional or supportive housing. (Gov. Code § 65589.5(h)(2).) This definition "includes a proposal to construct a single dwelling unit." (Gov. Code § 65905.5(b)(3)(c).) Therefore, any redevelopment that proposes at least one live/work unit will be considered a housing development project. Since there is only one existing unit, a housing development project would satisfy any replacement requirement since a housing development project, by definition, is at least one unit. When a project that consists of a single residential unit on a site with a single protected unit, the protected unit may be replaced with a unit of any size at any income level. (Gov. Code 66300.5(i)(2).)

Second, the HCA imposes additional requirements if any development project (housing or commercial) would demolish "protected units." The definition of protected units includes: (1) any units are or were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income within the past five years; (2) any units that are or were subject to any form of rent or price control through a public entity's valid exercise of its police power within the past five years (including units covered by AB 1482); (3) any units that are or were rented by lower or very low income households within the past five years; or (4) any units that were withdrawn from rent or lease in accordance with state law within the past 10 years. (Gov. Code § 66300.5(h).).

Here, as noted above, the seller stated that the Property is not currently used for residential use nor has it been used that way in at least 10 years since the seller purchased the Property. Regarding Type 1 above, we reviewed the title report and there are no documents recorded on title that pertain to affordable housing, nor is there any ordinance or law that currently restricts the Property to below market rents. Regarding Type 2, as discussed above, AB 1482 does not apply to the Property since no person currently occupies it for residential use. Regarding Type 3 and Type 4, no person has used it for residential use in the last 10 years. Accordingly, there is not a "protected unit" onsite for purposes of the HCA, and therefore no replacement of a protected unit is required. If there were a protected unit onsite, then Goldstein Trust would have to include as part of any Project a residential unit of similar size and restrict it to below market rent, unless Goldstein Trust were able to construct or cause to be constructed a replacement unit elsewhere in the City. (Gov. Code § 66300.6(b)(2)(B).)

Where the HCA housing replacement requirements apply, the developer must allow existing tenants to remain in the unit until six months before construction begins and must agree to offer relocation benefits. (Gov. Code § 66300.6(b)(3).)