

September 11, 2024

Holly Harper
 Planning Assistant
 221 N Figueroa Street, Suite 1450
 Los Angeles, California 90012
 housingelement@lacity.org
 (213) 847-3706

Subject: City of Los Angeles - Citywide Adaptive Reuse Ordinance
City Planning Case: CPC-2023-5986-CA

Dear Ms. Harper,

We are an architecture firm with in-house specialists focused on repurposing existing and historic buildings. Over the years, we have analyzed hundreds of structures for adaptive reuse (AR) conversions. Our team includes experts who have contributed to AR policy, including advising on state measures such as AB-3068 (Haney), AB-2910 (Santiago), and AB-A529 (Gabriel). We have also participated in local AR working groups and served in advisory roles for cities like Santa Monica, Pasadena, and San Jose.

We recognize that successfully revitalizing business districts, addressing the housing crisis, and mitigating the climate crisis will require collaboration across federal, state, and local jurisdictions. Removing barriers and offering financial incentives—such as streamlining AR approvals—are essential steps toward achieving these goals.

At the same time, we understand the importance of tailoring policies to the distinct needs of individual neighborhoods. Therefore, we welcome the opportunity to support the expansion of the City of Los Angeles’ current Adaptive Reuse Ordinance (ARO) citywide, while continuing to evaluate and refine these policies at the more granular Community Plan level.

Below, we have provided our recommendations regarding the draft ARO (Chapter 1).

DRAFT ADAPTIVE REUSE ORDINANCE (CHAPTER 1)
JUNE 2024
AXIS Recommendations

1. Expand the Rooftop Additions Incentive

The current limitation of a one-story rooftop addition solely for amenity use is restrictive, especially when ample amenity spaces can often be accommodated within other parts of the building. Office buildings, in particular, often have deep floor plates, with significant distance from the windows to the central core spaces. These core areas—comprising redundant elevators, restrooms, and utility rooms—are prime candidates for conversion into amenity spaces, such as gyms, game rooms, or even more unconventional uses like wine cellars or saunas, which do not require natural light or natural ventilation.

By confining rooftop additions to one-story amenities, there is a risk of creating an oversupply of luxury units with excessive amenities, rather than prioritizing housing production. Rooftop amenities do not directly generate revenue for Developers but may lead to higher rents to offset the costs of providing these extensive spaces.

Instead, we believe that allowing rooftop additions to include both residential units and amenities would offer a more balanced and financially viable incentive. This flexibility would provide Developers with more options—either to increase revenue through higher rent or by increasing the number of residential units, both of which could help meet the city’s housing goals.

Moreover, this approach is more consistent with the previous ARO policy, which allowed one-story penthouses as long as they were accessible from within the existing building envelope and did not result in a net increase in floor area. By reinstating this flexibility, the policy would align more closely with the city’s stated goals of providing “greater design flexibility” and expanding “existing incentives to encourage converting underutilized buildings into new housing.”

We respectfully urge Los Angeles City Planning (LACP) to reconsider the rooftop addition incentive to better reflect its vision and stated goals.

2. Clarify Affordable Housing Incentives

As currently written, the DRAFT Ordinance appears unclear in its prioritization of “incentives.” A simple word strikeout could provide greater clarity, allowing for revisions that would better align the policies with LACP’s objectives.

Therefore, we recommend striking the following from the DRAFT language:

“(h) Incentives for ~~Unified~~ Adaptive Reuse Projects Providing Affordable Housing.”

Removing this word would allow the primary tools for incentivizing affordable housing to be more clearly defined, creating a more effective framework.

We also recommend further revisions to clarify and strengthen the incentives for adaptive reuse projects providing affordable housing:

“(1) Type I ~~Adaptive Reuse Projects Providing Affordable Housing: Unified Adaptive Reuse Projects: Density Bonus for New Construction.~~”

“(2) Type II ~~Adaptive Reuse Projects Providing Affordable Housing: Unified Adaptive Reuse Projects: Density Bonus for Two Additional Stories.~~”

These revisions would enable LACP to continue refining the DRAFT ordinance to ensure that incentives not only promote the reuse of existing buildings but also encourage affordable housing production. This aligns with the goals outlined in our recommendations 3 and 4, which follow in this letter.

3. Expand the Affordable Housing Incentives

While we understand that allowing all adaptive reuse projects a one-story residential addition may compete with affordable housing incentives, we propose extending the affordable housing incentive to include up to four stories (three stories for residential units plus one story for rooftop amenities). This approach would preserve the competitive advantage of affordable housing incentives by distinguishing them from market-rate adaptive reuse projects through the additional number of stories.

Additionally, we encourage LACP to reconsider the following language in the current DRAFT:

*“In addition to incentives in Subsection 12.22 A.26(g) (Incentives) of Chapter 1 of the Code, such Adaptive Reuse Projects providing affordable housing may select **one** of the following incentives:”*

Rather than limiting Developers to select between Type I or Type II incentives, we recommend allowing them to choose both. This change would provide adaptive reuse projects focused on affordable housing with a more substantial advantage over leaving office buildings underutilized, thereby increasing the incentive for Developers to pursue these projects and contribute to addressing the city’s housing crisis.

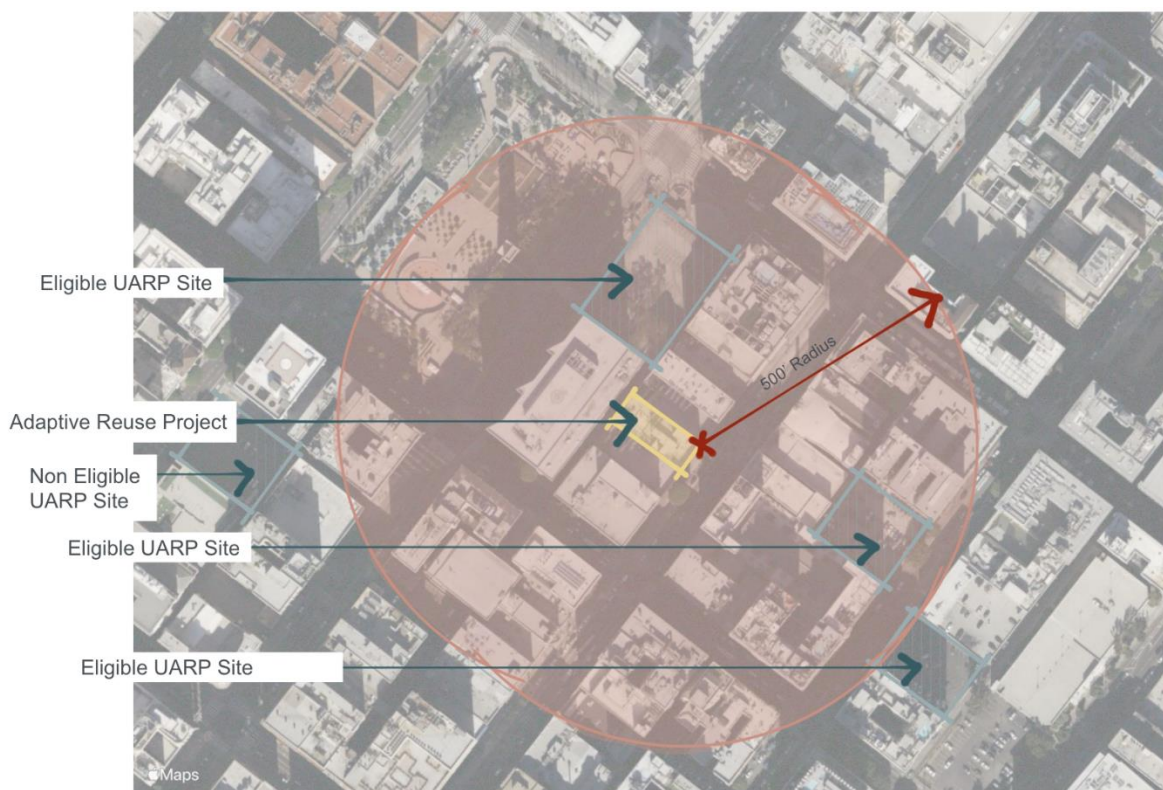
4. Expand the Unified Adaptive Reuse Project (UARP) Incentives

While we recognize the positive intentions behind the new Unified Adaptive Reuse Project (UARP) planning tool, we believe its current framework is overly prescriptive and may not effectively encourage building reuse or affordable housing production. The differentiation between UARP projects approved via “Administrative Review” for those including affordable housing, and those requiring a “Conditional Use Permit (CUP)” for projects without affordable housing, is a good start. However, further revisions are needed.

We propose the following changes to both the Administrative Review and CUP mechanisms:

i) Expand UARP Radius:

The current restriction that UARP projects must be located on the same site, or separated only by an alley or street, places too many limitations on potential developments. Expanding the allowable radius to 500 feet will increase opportunities for Developers. For example, our 537 S Broadway Case Study highlights how requiring projects to be on directly adjacent lots can lead to the unnecessary demolition of buildings, which directly conflicts with the Citywide ARO’s goal of reusing existing structures.



Site Plan Image of 537 Broadway with 500’ radius of UARP opportunities.

Proposed revision:

*“(i) Unified Adaptive Reuse Project may include development of portions of a lot shared with an Adaptive Reuse Project, or on lots **within or intersected by 500’-0” radius** that ~~abut or are separated only by an alley, or are located directly across the street from any portion of an Adaptive Reuse Project.~~”*

(ii) Remove Overly Prescriptive Site Amenity Requirements:

The current requirements for pedestrian circulation, shared site amenities, and pathways between buildings are unnecessarily restrictive. They impose design mandates that could complicate project development without adding meaningful value.

Proposed revision:

Remove:

~~“(ii) All site amenities provided in the Unified Adaptive Reuse Project, whether located in the existing building(s) or expansion of new floor area, shall be made accessible to all occupants of the Unified Adaptive Reuse Project, which shall be constructed to link pedestrian circulation between buildings and site amenities. All circulation pathways must be clearly delineated, through raised crosswalks, contrasting paving materials or surface treatments, enhanced lighting, directional or wayfinding signage, or other elements; and”~~

And remove:

~~“(3) the access for all occupants of the Unified Adaptive Reuse Project to all site amenities, and the pedestrian circulation between buildings and site amenities shall be maintained and not reduced.”~~

(iii) Remove from the “X. Further Authority of the Zoning Administrator for Other Similar Quasi-Judicial” Section the following language:

“(i) For buildings listed as a Designated Historic Resource or a Surveyed Historic Resource that are incorporated as part of a Unified Adaptive Reuse Project, the existing floor area, up to a maximum of 50,000 square feet, shall be exempted from the maximum floor area limit for the lot or lots. This incentive shall not be utilized if the Unified Adaptive Reuse Project involves any demolition or facade alteration of any portion of a Designated Historic Resource or Surveyed Historic Resource which is not in conformance with the Secretary of the Interior’s Standards.”

And allow it to be approved via “Administrative Review” for Affordable Housing projects and via “CUP” for non-Affordable Housing projects.

(iv) Expand the incentive to include non-historic buildings to be able to utilize the “maximum of 50,000 square feet” incentive and increase the incentive to 65,000 square feet (sf) for Historic Resources.

For reasons articulated in more detail in the previously issued [Council File 22-0617 Letter linked here.](#)

5. Provide Clarification on Rooftop Addition Incentives for Conforming Adaptive Reuse Projects (existing conforming adaptive reuse projects in terms of both height and floor area)

The current guidelines on incentives for additional stories and floor area are ambiguous, particularly regarding their application to existing conforming AR projects. The 445 S Broadway Case Study

illustrates this confusion: the existing four-story office building, when converted to residential use, would result in approximately 26,000 sf of floor area. In contrast, a new construction on the same site could achieve up to 61,000 sf at a 6:1 Floor Area Ratio (FAR) under current zoning regulations.

Given this discrepancy, the incentives like the “Type II Unified Adaptive Reuse Projects: Density Bonus for Two Additional Stories” allow for a development of only about 42,000 sf—significantly less than the zoning permits for new constructions. This underutilization of allowable floor area poses a disincentive rather than an incentive for Developers considering AR.

To address this, **we request that the LACP provide clear guidelines stating that rooftop addition incentives should apply specifically to existing non-conforming office-to-residential projects in terms of both floor area and height. Furthermore, existing conforming AR projects should be permitted “by right” to add additional floors up to the allowable maximum floor area and height district requirements, along with other AR benefits such as adjustments in yards, setbacks, and density.**

Without such clarifications, there is a real risk that these buildings might be demolished in favor of new ground-up developments, which typically face lower opportunity costs. AR projects, while more challenging and riskier due to potential unforeseen construction issues, play a critical role in preserving urban fabric and reducing environmental impact. It is essential that incentives are structured to truly encourage the retention and conversion of existing buildings.

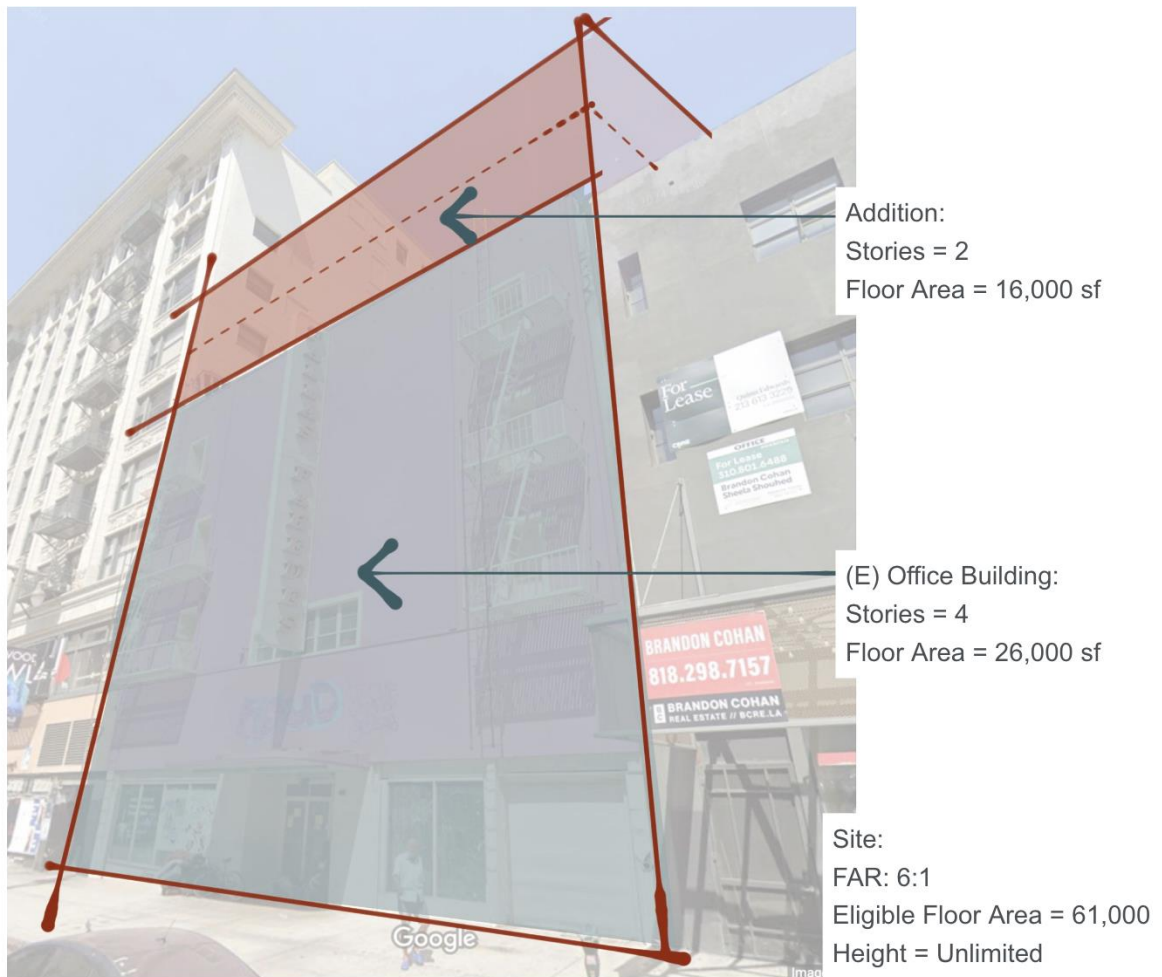


Image of 455 S Broadway Case Study

6. Revise Incentive Eligibility Criteria

AR projects should respect and reflect the intrinsic characteristics of existing buildings. For instance, some structures are better suited to house smaller, numerous units, while others are more conducive to fewer, larger units. The 537 S Broadway Case Study, [linked here](#), highlights that current Eligibility Criteria would disqualify this particular building from the ARO. This approach is not unique; similar configurations are successfully implemented in projects like the [Singer Lofts DTLA](#) and [Tomahawk Building](#) in Downtown Los Angeles (DTLA).

However, the current stipulation that *“Only Adaptive Reuse Projects resulting in the creation of five or more residential units shall be eligible for the incentives and procedures set forth in this Subdivision”* restricts the potential for such tailored adaptations. **We propose revising this requirement to allow projects resulting in the creation of two or more residential units to be eligible for these incentives.** This change will not only align more closely with the DTLA Community Plan 9.4.5, which states:

“The provisions of this Section shall apply to adaptive reuse projects in all or any portion of the following buildings and structures in the Downtown community Plan Area,”

but also provide greater flexibility in phasing AR conversion projects.

Implementing this revision will encourage a more diverse range of AR developments, accommodating various building types and market needs, thereby enhancing the vitality and character of our urban landscape.

7. Provide Refinement and Expansion of the Floor Area Reallocation Incentive

We commend the LACP for introducing the “Floor Area Reallocation” incentive, recognizing its potential to overcome some of the common barriers faced by AR projects. However, there are aspects of this incentive that require further refinement to ensure its practical utility and effectiveness.

The current framework of the incentive, which may necessitate the removal of 10% of the existing gross building area, inadvertently increases the effective acquisition cost per square foot. For example, a building purchased for \$115/sf at a total cost of \$23,000,000 (based on 200,000 sf) would effectively cost \$127.78/sf if required to reduce the gross area by 10%. This increase can render AR projects financially unfeasible.

Additionally, the provision to replace the removed floor area “within vacant areas of the project site or on an adjacent property” does not consider that many properties lack sufficient vacant space to accommodate new construction, as suggested by LACP’s own illustrations.

Proposed Expansions:

1. **Expand Relocation Flexibility:** We recommend expanding the Floor Area Relocation incentive to allow the reallocated square footage to be added atop existing buildings, including non-conforming structures. This expansion should include the option to add floor area as a rooftop addition without being subject to the Affordable Housing Rooftop requirement.
2. **Radius for Floor Area Transfer:** For projects utilizing the UARP incentive, the reallocated floor area should be permitted to be transferred to any new building within a 500-foot radius of the original site. Furthermore, this transferred floor area should not count towards the total floor area of the receiving site, thus facilitating more flexible site planning and utilization.

These modifications will enhance the feasibility of AR projects by providing more practical and flexible options for Developers to meet both financial and regulatory challenges. By allowing for a broader application of the Floor Area Reallocation incentive, LACP can significantly contribute to the

preservation and AR of more buildings, aligning with broader urban development and sustainability goals.

8. Streamline the Adaptive Reuse Process for Seismically Vulnerable Buildings in M Zones

Since the City of Los Angeles passed the Mandatory Retrofit Ordinance for Non-Ductile Concrete (NDC) Buildings in October 2015, compliance has been low. As of now, only 12% of these buildings have met the 10-year compliance date for plan submission, and just 6% have completed the construction requirements within the 25-year compliance period. Notably, most of the projects that have complied were either change-of-use projects or were completed before the enactment of the NDC Ordinance.

Given this slow progress, there is a significant opportunity to strengthen our most vulnerable structures while also encouraging new housing developments. Thus, we recommend that the Citywide ARO be expanded to allow all seismically vulnerable buildings, even those in M Zones, to undergo AR “by-right” or via an Administrative Review process.

Currently, the process for converting seismically vulnerable buildings in M Zones to residential uses involves a discretionary review, which can deter building owners from pursuing AR projects due to the uncertainty, delays, and additional costs associated with such reviews:

“(ii) A Zoning Administrator may, upon application, allow Adaptive Reuse Projects in the MR1, MR2, M1, M2 and M3 zones, subject to the procedures set forth in Subparagraph 12.22 A.26 (e)(4) of Chapter 1 of the Code.”

“(4) Class 1 Conditional Use The Zoning Administrator shall review the following Adaptive Reuse Projects pursuant to Subdivision 12.24 X.1 of Chapter 1 and Sec. 13B.2.1. (Class 1 Conditional Use Permit) of Chapter 1A of the Code.”

To encourage more building owners to consider AR, transitioning to a “by-right” or Administrative Review process would eliminate the uncertainties and high costs associated with the current discretionary review process. This change would not only expedite the retrofitting and reuse of these critical structures but also help Los Angeles strengthen its housing stock and improve the resilience of its building infrastructure against seismic risks.

9. Revise the Intermediate Levels Incentive

One significant advantage for Developers considering AR projects is the potential to generate additional revenue by introducing intermediate floors for residential units in buildings where existing ceiling heights permit. Currently, implementing such features under the existing ARO requires obtaining approvals via a Conditional Use Permit (CUP), a process many Developers avoid due to the complexities and uncertainties outlined earlier in this letter.

The Citywide ARO draft thoughtfully includes incentives that do not count the addition of intermediate floors as new floor area, which could significantly enhance the viability of many AR projects. **However, the Intermediate Level incentives still require further refinement to fully unlock the potential of AR.**

Working within the constraints of existing building structures often makes it challenging to control the height of infill floors or mezzanines. For instance, in projects like the one located at 125 W 4th Street, intermediate floors often do not vertically align with upper units, necessitating complex adjustments such as horizontal transitions for plumbing lines and mechanical ducts. These adaptations frequently lead to the installation of dropped ceilings to enclose these transitions, thereby reducing the usable height even though other parts of the unit may offer expanded ceiling heights above the code minimum.

To better accommodate these realities and encourage more Developers to undertake AR projects, we propose the following revision to the Intermediate Levels Incentive:

“An intermediate level may consist of either a partial or full floor, and the clear height above and below the intermediate level shall be not less than ~~8 feet~~ the building code minimum height 1208.2 Minimum Ceiling Heights.”

This revision provides clearer guidance and greater flexibility for Developers, helping to simplify the regulatory process and enhance the feasibility of adding intermediate floors. By modifying this incentive, we can better support the unique challenges of AR, making these projects more attractive and financially viable.



Image of 125 W 4th St Case Study—featuring a [link](#) to the 125 W 4th St leasing website. This case study highlights the innovative solutions required to create livable and healthy units using intermediate floors. Flexibility and creative design approaches are essential.

10. Remove the Ground Floor Use Requirements in Adaptive Reuse Projects

We recommend that the LACP consider removing section (c)(4) from the current ARO due to its overly prescriptive nature, which may hinder housing production. Mandating specific uses such as Live/Work Units or common residential amenity spaces, as outlined below, is likely to increase costs and lead to underutilized or unoccupied ground-floor spaces compared to a more flexible ordinance:

“(4) Existing ground floor commercial uses may be converted to Residential Use, provided that at least the first 15 feet of depth as measured from the street-facing facade shall be limited to such active uses as Live/Work Units, or common residential amenity spaces such as fitness rooms, lounges, lobbies or co-working space, to maintain active uses at the ground floor. The new ground floor use shall maintain or may increase transparency, and shall not reduce the existing condition of exterior glazing on any portion of a ground floor fronting a public street, unless such reductions

~~are required for seismic reinforcement, fire/life safety concerns, or other upgrades to improve performance of the existing building.”~~

If section (c)(4) cannot be entirely removed, we alternatively propose that its requirements be carefully considered only for specific commercial zones. A revised version might state:

“(4) Existing ground floor commercial uses may be converted to Residential Use, unless predetermined by a preceding CPIO, CDO, Specific Plans, etc., that required commercial uses. For such zones ~~provided that~~ at least the first 15 feet of depth as measured from the street-facing facade shall be limited to such active uses as Live/Work Units, or common residential amenity spaces such as fitness rooms, lounges, lobbies or co-working space, to maintain active ‘uses at the ground floor.’”

Our concern is that adopting the DRAFT requirements citywide could have unintended consequences. For instance, in our [linked](#) Case Study Project, a market demand analysis determined that large units were desirable on the ground floor. By limiting the use to Live/Work Units—restricted by building code to a maximum of 3,000 sf—the project faces financial market challenges.

Moreover, this proposed change marks a regression from the current ARO, which is silent on ground floor uses and does not impose such restrictive requirements, thereby avoiding creating barriers to AR projects.

11. Expand the Citywide Adaptive Reuse Ordinance to Include Office-to-Hotel Conversions

We understand that the city’s Housing Element limits the Citywide ARO to be a housing initiative. Despite this, we believe it is critical to leverage this opportunity to expand the ARO’s scope to include office-to-hotel conversions, particularly since hotels are already covered under the current ordinance. As we consider expanding the ARO citywide, it logically follows that hotel conversions should also be encompassed to maximize the ordinance’s impact.

Recent trends, as highlighted in the article [“Beyond Tradition: Innovating Hospitality with Historic Reuse and Boutique Hotels”](#) show that the most common type of office conversion projects nationwide involves transitioning to hotel uses. This suggests a strong market viability for such conversions, which could subsequently be adapted for residential use, aligning with the city’s housing goals.

Moreover, evidence from the research report [“Can Adaptive Reuse of Commercial Real Estate Address the Housing Crisis in Los Angeles?”](#) supports this strategy by demonstrating the cost-effectiveness of hotel to residential conversions. The report indicates that AR projects, particularly those involving hotels, can reduce construction costs by approximately 48 percent compared to new builds. This substantial construction cost saving arises from the lower foundational and structural changes required in adapting existing hotel buildings for residential purposes.

By including hotel conversions within the Citywide ARO, we could not only increase the hotel supply but also provide a pathway for underperforming hotels to transition to residential uses at a significantly lower cost. This approach would undoubtedly help increase the housing supply and provide a sustainable solution to underutilized commercial real estate in the city.

Therefore, we recommend that the Citywide ARO explicitly includes provisions for office-to-hotel conversions, ensuring that these projects can benefit from the same streamlined processes and incentives as other AR initiatives. This expansion will better serve the city’s broader urban development and housing objectives by making AR more comprehensive and economically viable.

In Closing

We commend LACP for all the hard work and dedication it has taken to craft such a comprehensive and thoughtful document. **At the same time, we agree that the most important thing is adopting the Citywide ARO.** We are hopeful that these recommendations will be considered and implemented. We believe minor adjustments are required to ensure its success, and success should be measured by the number of housing units generated using this new ordinance.

Sincerely,

Roberto Vazquez, AIA
Associate Principal
AXIS Architecture + Design



As a sought-after adaptive reuse expert, Roberto has helmed some of the most significant adaptive reuse projects throughout Southern California.