



## CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

### AGENDA ITEM

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Public Hearing: Ordinance for Introduction of Amendments to the Downtown Specific Plan (DSP) Regarding Hotel Uses, As Directed by City Council on February 7, 2023 (General Plan Amendment Case No. PGPA-001238-2023).

1. Ordinance for Introduction Amending the DSP

### COUNCIL ACTION

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**Item Type:** Public Hearing

**Approved for** July 11, 2023 **calendar**

### EXECUTIVE SUMMARY

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Pursuant to City Council direction of February 7, 2023, staff has prepared amendments to the Downtown Specific Plan (DSP) related to hotel uses. These amendments (General Plan Amendment Case No. PGPA-001238-2023) were presented to the Planning Commission for review on June 7, 2023, and the Commission's comments and recommendation of adoption of said amendments are included for City Council's consideration.

### COUNCIL PRIORITIES

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N/A.

### RECOMMENDATION

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That the City Council review the proposed amendments to the DSP and introduce and subsequently adopt the Ordinance as recommended by the Planning Commission.

## **BACKGROUND**

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On October 19, 2021, City Council adopted Interim Ordinance No. 5977 temporarily prohibiting new hotel development projects within the DSP. On November 30, 2021, City Council extended this hotel use moratorium for 10 months and 15 days (Interim Ordinance No. 5978). The moratorium exempted projects that received at least a Stage I Preliminary Design Review Approval. This moratorium was based on the potential impacts of hotels in Downtown, including several recent proposals that had been approved, and to allow the opportunity to also conduct a market study to identify expected future demand of hotels as well as gaps in the market. On October 18, 2022, City Council adopted a one-year extension of the hotel use moratorium (Interim Ordinance No. 5995), which is the final extension allowed by law. The hotel moratorium will thus expire in approximately three months, on October 19, 2023, by operation of law, unless sooner terminated by the City Council through adoption of zoning or development standards related to the subject of the moratorium, or through other Council action.

On September 13, 2022, City Council directed staff to investigate changes to the DSP hotel use incentive system. City Council requested the changes focus on the development of amenity-rich hotels that would bring new hospitality typologies to the City, while filling gaps within the hotel market. City Council also requested more information on the potential to use a Conditional Use Permit process for hotel uses within the DSP.

On February 7, 2023, staff provided City Council an outline of recommended amendments to the current hotel incentive program to encourage hotel developments that fill gaps in the type and quality of hotels in Downtown Glendale. The recommendations were derived from a market study commissioned by the City that identified the need for amenity-rich hotels that would include services such as spas, meaningful event space, and high-quality catering. Following feedback and direction from City Council, staff drafted updates to DSP regarding hotel uses in general and also specific threshold standards for hotels related to the DSP Community Benefit Incentive Program. Council also directed staff to no longer consider the Conditional Use Permit process.

In addition to amendments related to hotel uses/standards, staff is also presenting some minor DSP clean-ups and clarifications also reviewed and recommended by the Planning Commission.

## **ANALYSIS**

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Hotels are a permitted use in the DSP and hotel projects can be developed by two different means: either by right in compliance with the DSP zoning standards (height, FAR, design) or through the Community Benefit Incentive Program. This program affords increased building height and FAR for certain projects, such as hotels, which provide community benefits in line with the City's priorities. The community benefit of a hotel is based on its role as an important component of a thriving business district that not only provides temporary accommodations for guest and visitors, but also amenities available for use by the general public, such as entertainment, restaurants and meeting

rooms. Hotels also support increased economic activity and increased retail tax revenue. If a hotel meets the community benefit system objectives, hotels can build to the maximum allowable height and/or density within the proposed project's district.

During the February 7, 2023 meeting, Council's discussion focused on ensuring a higher caliber of hotel uses in the Downtown by requiring certain amenities and services. In order to meet the need for amenity-rich hotels in the Downtown, as identified in the presented hotel market study, Council directed that a range of community benefit options be incorporated into the DSP, providing clarity for applicants and the public. Council also specified that all hotels, regardless of whether the Community Benefit Program was utilized, be required to covenant (or agree) to maintain the use as a hotel, and provide the community benefits, in perpetuity; this would be done through a Development Agreement by the City and the hotel developer. Lastly, Council discussed possibly changing hotels from a "by right" land use in the DSP to a conditionally permitted one that would require a Conditional Use Permit. However, following much discussion, Council elected to forgo adding another separate discretionary process in addition to the Development Agreement process, as well as the required Design Review process, which already addresses site planning, massing and scale, and architectural design issues. It was pointed out that if the intent is to have amenity-rich hotels in Downtown, the CUP process is not a discretionary review procedure conducive to conditioning projects to incorporate certain features or amenities. Council's ultimate direction was to focus on the hotel requirements and amenities instead.

The list below outlines the proposed amendments to the DSP, based on Council's direction, as set forth in the Ordinance for introduction:

### DSP Chapter 3 – Land Use Amendments

To address Council's direction, staff proposes to amend the DSP Land Use Chapter 3 by modifying the existing hotel definition to ensure a higher caliber of hotel in the DSP and to require a Development Agreement for all new hotels. Staff recommends the following new footnote for hotels in the Land Use Chart – Table 3-A-4:

"Hotel" means a building in which there are fifty (50) or more guest rooms where temporary lodging is provided for compensation, for a period of 30 consecutive calendar days or less, and where no provision is made for stove-top or oven cooking in any individual room or suite. A development agreement or covenant is required for all new hotels in the DSP. All new hotels in the DSP must also meet the minimum quality standard of facilities and service equal to the general requirements of an American Automobile Association three (3) diamond rating or higher, as established in the "AAA Hotel Requirements and Diamond Guidelines" and all subsequent amendments thereto."

As called out in this footnote, staff is recommending that all new hotels provide amenities and services equal to AAA's established rating system's three diamond status, or equivalent. According to the rating guidelines (Exhibit 3), this would mean that new hotels must be "distinguished, multifaceted with enhanced physical attributes, amenities and guest comforts", versus a two diamond status hotel which would be

“affordable, with modestly enhanced facilities, décor and amenities”. The AAA guidelines go into further detail regarding Exterior, Public Areas, Guest Rooms, Bathrooms, and other hospitality standards required for the three diamond rating level; the combination of such amenities would ensure that all new proposals meet the elevated caliber of hotels intended by Council in the DSP.

The proposed footnote also specifies that all hotel development projects in the DSP, regardless of the hotel development project’s election to utilize any available incentives, shall enter into a development agreement and/or covenant with the City, as directed by Council. Because Council called for hotel developments to be of a specified quality and type, this development agreement requirement will memorialize the caliber and amenities of hotel project.

#### DSP Chapter 7 – Community Benefits Amendments

All new hotels in the DSP currently have the option of utilizing the Community Benefits (incentive) Program to maximize development potential. While the existing hotel incentive system that allows for increases to height and FAR is being maintained and no changes are proposed to the height and FAR limits, Council directed that the requirements for a hotel to participate in the incentive program be modified and enhanced.

Proposed amendments to DSP Section 7.2.3 - Hotel include a new point-based system of menu options that ensures all new hotels utilizing the Community Benefits Program feature increased amenities and community benefits. Each enhanced onsite use or amenity is assigned a point value, depending on the extent of the community benefit. To achieve the maximum development potential, new hotels must not only meet the minimum quality standard of facilities and service equal to the general requirements of an AAA three diamond rating, but also, they must provide a combination of features and amenities that total a minimum of 10 points. This menu of features and amenities includes those identified in the Council motion from February 7<sup>th</sup>, such as restaurants and taverns (using the AAA diamond rating system), meeting spaces, additional publicly accessible open space, sustainable design, local hiring agreement, contribution to the City’s affordable housing fund, etc., as well as ones proposed by staff. For example, staff suggests that a five diamond hotel, with all the luxury appointments and amenities associated with this rating level, automatically be granted the 10 points required for the additional/maximum height and FAR in the subject zone. Developers can incorporate any combination of such uses and amenities in the table, provided the value totals 10 points. This guarantees higher caliber, amenity-rich hotels with greater community benefits, as intended by Council, while allowing greater flexibility to the hotel developer/operator with menu options.

<b>Use or Amenity</b>	<b>Points</b>
Minimum quality standard of facilities and service equal to the general requirements of an AAA five (5) diamond rating or higher, as established in the “AAA Hotel Requirements and Diamond Guidelines” and all subsequent amendments thereto, or equivalent rating system.	10
Minimum quality standard of facilities and service equal to the general requirements of an AAA four (4) diamond rating or higher, as established in the “AAA Hotel Requirements and Diamond Guidelines” and all subsequent amendments thereto, or equivalent rating system.	8
Full-service restaurant, upscale and comparable to a AAA Three Diamond restaurant	4
Full-service restaurant, not upscale/AAA Two Diamond, with breakfast service	3
Full-service restaurant, not upscale/AAA Two Diamond, without breakfast service	2
Roof-top deck with full-service restaurant or tavern	4
Tavern (bar or lounge), separate from restaurant	3
Separate spa facility open to the public	3
Separate convention or meeting space available to the public/community	3
Additional publicly accessible open space equivalent to a minimum of 20% of the required publicly accessible open space	2
Live entertainment, as defined in GMC 5.16.010 and subject to any required licenses and/or permits	2
LEED Platinum (or equivalent) sustainable design	5
Contribution equal to the half of the amount of the affordable housing commercial development impact fee, as defined in GMC Chapter 4.11, from which hotels are currently exempt	5
Local hiring requirement*	2
Participation in the GWP peak demand response program	3
Participation in transportation demand program (if not already required by the GMC 30.32.171)	1
Airport shuttle	1
Available bicycle rental or bicycle share program	1

Amendments to the DSP Section 7.2.3 include a new definition for the local hiring requirement\*, which has been reviewed by the City Attorney’s office. A labor peace agreement requirement was requested by City Council to be considered as a community benefit. However, after discussion with a local union and legal research and analysis by the City Attorney’s Office, it is staff’s opinion that the inclusion of a labor peace requirement as an optional menu item has some legal risks, in that there is an argument that such a regulation, though voluntary, may be preempted by Federal law under the broad preemption doctrine applicable to the National Labor Relations Act. Accordingly, staff can no longer recommend a labor peace agreement to be a consideration for an incentive. Staff explained these concerns to the Planning Commission, and the Commission specifically recommended that a labor peace agreement requirement option not be included in the Ordinance.

For the sake of illustration, below are several combinations that would meet the minimum 10 point requirement for the enhanced Community Benefit Hotel incentive program:

Scenario 1:		
4-star hotel		8
Local hiring requirement		2
Scenario 2:		
Full service restaurant, upscale, 3-stars		4
LEED Platinum sustainable design		5
Airport shuttle		1
Scenario 3:		
Roof-top deck with restaurant		4
Additional publicly accessible open space		2
Labor peace agreement		2
Scenario 4:		
Full service restaurant, 2-stars without breakfast		2
Separate meeting space		3
Contribution to affordable housing fund		5
Scenario 5:		
Full service restaurant, 2-stars with breakfast		3
Separate spa facility open to the public		3
Participation in GWP Peak Demand Program		3
Available bicycle rental program		1

Proposed hotels utilizing the Community Benefits program would not be limited to the above scenarios but could incorporate any combination of the uses and amenities identified in the table.

#### Additional Proposed Amendment to Chapter 7 – Community Benefits

Staff is also proposing two minor clean-ups to the DSP 7.2.1 SB 1818 Affordable Housing Density Bonus Law incentive program: eliminating references to “SB 1818” and updating the maximum density bonus from 35 percent to 50 percent to be consistent with State law.

#### Planning Commission Review

The proposed amendments were reviewed by the Planning Commission at a regularly scheduled meeting on June 7, 2023. The Planning voted unanimously (4-0) to recommend approval of the DSP amendments to City Council. The Planning Commission also supported the recommendation of staff (as further described at the hearing) that the labor peace agreement be eliminated as a menu option item.

## **STAKEHOLDERS/OUTREACH**

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Public notices consistent with state law and Glendale Municipal Code were provided for the proposed amendments.

## **FISCAL IMPACT**

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There is no fiscal impact associated with this report.

## **ENVIRONMENTAL REVIEW (CEQA/NEPA)**

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The Project has been determined to be exempt from further environmental review under CEQA pursuant to Section 15061(b)(3) because the majority of the proposed amendments deal with clarifications and additional entitlement requirements for hotels in the DSP, and the minor additional amendments to the density bonus provisions to be consistent with state law, that do not affect the current development thresholds related to FAR, density and height, and do not have any potential for causing a significant effect on the environment.

## **CAMPAIGN DISCLOSURE**

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This item is exempt from campaign disclosure requirements.

## **ALTERNATIVES**

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Alternative 1: Introduce and subsequently adopt the ordinance amending the DSP, as described in this report.

Alternative 2: Do not introduce the ordinance amending the DSP, in which case the development standards and guidelines in the DSP will remain as is, and the moratorium on new hotel uses will continue until its expiration on October 19, 2023.

Alternative 3: Introduce and subsequently adopt the ordinance amending the DSP, as described in this report, but with revisions.

Alternative 4: The City Council may consider any other alternative not proposed by staff.

## **ADMINISTRATIVE ACTION**

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### **Prepared by:**

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### **Approved by:**

Roubik R. Golanian, P.E., City Manager

## **EXHIBITS/ATTACHMENTS**

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1. Planning Commission's Motion, dated June 7, 2023
2. City Council Motion and Staff Report, dated February 7, 2023
3. Current AAA Approval Requirements & Diamond Rating Guidelines - Lodging 2019
4. Current AAA Approval Requirements & Diamond Rating Guidelines – Restaurants 2019