Land Use Committee

City of Arts & Innovation

TO: **LAND USE COMMITTEE MEMBERS** **DATE: DECEMBER 8, 2025**

FROM: **COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT** **WARDS: ALL**

SUBJECT: **REPURPOSE RIVERSIDE ADAPTIVE REUSE ORDINANCE FOR THE CONVERSION OF NON-RESIDENTIAL STRUCTURES INTO STANDALONE RESIDENTIAL OR MIXED USES**

ISSUE:

Receive and file an update on the preparation of the Repurpose Riverside Adaptive Reuse Ordinance to streamline the conversion of non-residential structures into residential or mixed-use development funded by REAP 2.0 grant funds.

RECOMMENDATIONS:

That the Land Use Committee receive and file an update on the preparation of an adaptive reuse ordinance.

BACKGROUND:

In 2021, the City Council adopted the 6th Cycle Housing Element of the 2050 General Plan, which establishes a comprehensive framework for addressing the City's housing needs. The Housing Element outlines a range of policies designed to both preserve existing housing and expand opportunities for new housing development across the City. In accordance with state law, all cities are required to implement the goals and policies set forth in their adopted Housing Elements. Among these policies, two specifically support the preparation of an adaptive reuse ordinance:

- POLICY HE-EJ-7 – DEVELOPMENT PROCESS: Facilitate a development process that promotes the design and rehabilitation of housing that is responsive to the needs and desires of the residents of environmental justice communities; and
- POLICY HE-5 – REGULATIONS: Reduce and remove government barriers, where feasible and legally permissible, to reduce costs of housing production and facilitate both ownership and rental opportunities for all residents.

In June 2022, the Southern California Association of Governments (SCAG) approved the REAP 2.0 Program Development Framework which outlined the Programs to Accelerate Transformational Housing (PATH) program. The PATH program provides funding for projects which accelerate infill development and facilitate housing supply, choice, and affordability through the Regional Utilities Supporting Housing (RUSH) and Housing Infill on Public and Private Lands (HIPP) pilot programs. The HIPP pilot program allocated approximately $8,000,000 to be awarded to public agencies which identify projects that either: 1) scale up the development of surplus publicly owned land, or other privately owned land which can be developed with affordable housing; or 2) initiate corridor-wide or area-wide infill housing initiatives.

Through the REAP 2.0 grant framework, the Western Riverside Council of Governments (WRCOG) was awarded $1.5 million in grant funds intended to support member agencies with implementing local housing programs that support infill development including but not limited to General Plan, Specific Plan and municipal code amendments.

In the fall of 2024, the City and WRCOG coordinated a technical assistance request to support the development of an Adaptive Reuse Ordinance. City staff worked closely with SCAG and WRCOG on approving a scope of work (SOW) that meets the requirements of the REAP 2.0 guidelines and fulfills key objectives of the City's 6th Cycle Housing Element.

In April 2025, the City and WRCOG entered into a REAP 2.0 Local Staff Assistance Program Agreement to support the implementation of the adaptive reuse ordinance and provide the City access to WRCOG's on-call consulting team for a total project budget of $150,000 – fully funded by REAP 2.0 funds. REAP 2.0 has a grant expenditure deadline of June 30, 2026.

Also in April, staff selected Placeworks Inc. (prime consultant) from WRCOG's on-call consulting team to proceed as the consulting firm to assist with various technical and community outreach tasks. Studio 111, an urban design and architecture firm, is serving as a subconsultant. The firm brings extensive experience in designing award-winning adaptive reuse projects throughout Southern California.

In June 2025, City staff, SCAG, WRCOG and Placeworks ("project team") held a project kickoff to initiate the project. Since then, the project team has initiated various community outreach and technical tasks.

DISCUSSION:

Adaptive reuse refers to the process of repurposing existing non-residential structures such as vacant offices, industrial spaces, or commercial buildings, into new land uses, including standalone residential units, mixed-use developments, or other commercial uses. Across the state, various cities have adopted adaptive reuse ordinances to streamline the conversion of vacant retail or office spaces into housing and other compatible uses. Adaptive reuse provides a strategic tool to revitalize underutilized properties, activating vacant spaces and fostering vibrant neighborhoods that better serve evolving community needs.

While the City does not have a formal adaptive reuse ordinance in place, the City has a long history of adaptively reusing historic structures. Examples include the Farmhouse Collective, a former motel turned into a unique dining & retail destination; the Cheech Marin Center for Chicano Art & Culture Museum, a former library turned into a Chicano art museum; The Stalder Building ("the Mark"), a former commercial building turned into a mixed-use development project consisting of residential, retail and restaurant space. Most of the adaptive reuse projects in the City focused on conversion of commercial or office space into other commercial, retail or restaurant space. The focus of this project will expand on the City's existing practice of adaptive reuse by identifying how best to support the production of housing and mixed-use development in alignment with the 6th Cycle Housing Element and REAP 2.0 objectives.

The project team is researching existing adaptive reuse ordinances across California, including Pasadena, Los Angeles, Santa Ana, San Francisco, and Long Beach. Among these, the City of Los Angeles stands out with one of the most successful ordinances in the state since its adoption in 1999. This ordinance has facilitated the creation of approximately 12,000 new housing units in downtown Los Angeles.

Adaptive reuse ordinances generally aim to promote housing production, but the mechanisms and approaches they use vary depending on the underlying policy framework. An adaptive reuse ordinance may incorporate elements of all three policy frameworks, though most tend to emphasize one over the others.

The three general frameworks are:

- Conversion to incentivize housing production;
- Conversion to promote economic revitalization of neighborhoods and commercial corridors; and
- Conversion to preserve historic structures

Ordinances also vary in terms of project area, or where the adaptive reuse provisions apply. Some cities adopt an adaptive reuse framework within a specific geographic area of the city while others adopt a general adaptive reuse framework citywide. For example, the City of San Francisco focuses its adaptive reuse project area within the Financial District of the city. In another example, the City of Long Beach adopted specific adaptive reuse provisions in their Zoning Code which apply to certain zoning districts intended to maintain or enhance the existing character of a neighborhood or district. The City of Los Angeles adopted a citywide adaptive reuse ordinance, which outlines a comprehensive set of incentives, and development standards to support the development of housing in the City. Attachment 1 provides overview of the cities evaluated for this project.

Barriers to Adaptive Reuse

Implementation of adaptive reuse projects are often limited by financial, development, and regulatory barriers. One of the most significant challenges involves compliance with modern building, fire, and accessibility codes. Well suited buildings for adaptive reuse often date back to pre-world war 2. These buildings often do not meet current seismic, life-safety, or energy efficiency standards making conversion challenging and costly. Rehabilitation costs can often be higher than new construction due to the need to replace outdated infrastructure and address hazardous conditions.

From a zoning perspective, adaptive reuse projects can be constrained by zoning regulations that limit the allowable uses or densities for a particular parcel. In the City, most commercial or retail buildings are located in zoning districts that do not permit residential or mixed-use development. This means that if an otherwise acceptable commercial building wanted to adaptively reuse the interior into mixed-use or residential development, the project would need to go through any rezoning or general plan amendment process (and environmental review if necessary). Minimum parking requirements and site development standards also pose obstacles, as many older buildings are located on constrained parcels with little room to expand or modify parking areas.

Despite these barriers, certain building types demonstrate a higher potential for successful adaptive reuse. Older commercial and office buildings are among the most adaptable due to their central locations, solid construction, and open interior layouts that can be readily converted into residential, retail, or mixed-use spaces. Institutional buildings, such as former schools, libraries, and banks, are well suited for conversion because of their distinctive architecture and building foot plate. Retail centers can also support adaptive reuse by taking advantage of large parcels which lends themselves to new construction and reuse of existing retail space.

State Law and Adaptive Reuse

In recent years, the California State Legislature and Governor Newsom have taken an active role in promoting and incentivizing adaptive reuse as part of a broader effort to address housing shortages in the state. In October 2025, the Legislature enacted Assembly Bill (AB) 507, which requires local governments to permit by-right adaptive reuse projects starting July 1, 2026 if certain eligibility requirements are met. AB 507 facilitates the conversion of existing commercial buildings into residential or mixed-use developments, provided that qualifying projects meet specific affordability and labor standards. This bill also authorizes local governments to voluntarily adopt an adaptive reuse investment program to help offset some of the financial costs associated with adaptive reuse.

While not directly tied to adaptive reuse, Senate Bill (SB) 6 and AB 2011 took effect in 2024 and have complementary effects that can further support adaptive reuse opportunities. These laws allow residential or mixed-use development on commercially zoned parcels, effectively eliminating the need for rezoning in many cases. AB 2011 provides a CEQA-exempt, ministerial approval process for projects that meet certain affordable housing and labor requirements. SB 6 does not include a CEQA exemption but permits market rate multifamily and mixed-use development without an affordability component on commercial sites.

AB 2097 also went into effect in 2024 and eliminates minimum parking requirements for most development projects located within ½ mile of a High-Quality Transit Area (HQTA). HQTA is defined as an area served by major transit stops with frequent service intervals of 15 minutes or less during peak hours. By removing parking mandates in transit-rich areas, AB 2097 helps address one of the key financial and design barriers that adaptive reuse projects often face.

ADAPTIVE REUSE ORDINANCE – PROJECT SCOPE

Staff prepared a comprehensive project scope to ensure that the proposed adaptive reuse ordinance effectively addresses the City's housing and development needs. The following list outlines the key project tasks that will guide the ordinance's preparation and implementation; however, it is not intended to represent an exhaustive list of all project activities.

<u>Technical Tasks</u>

- Suitable Sites Analysis

  - The project team is in the process of identifying two test-fit sites within the City to evaluate the feasibility of adaptively reusing existing buildings. These sites are not intended to serve as actual development projects; rather, they will serve as case studies to help identify potential barriers within the City's existing development code. The insights gained from these test-fits will inform policy recommendations and guide the development of the ordinance. The two test-fit sites will represent different geographical contexts within the City. One located in an urban core area, such as downtown, and another in a suburban setting outside the downtown area.
- Land Inventory Analysis
  - The project team completed a land and building inventory survey to evaluate the City's existing building stock and identify areas of the City with the greatest potential for adaptive reuse. This analysis provides a foundation for understanding where adaptive reuse could be most effectively implemented.
- Barriers in Current Development Processes
  - The project team will review the City's current development processes including case intake, project review processes, the Zoning Code, and the Building Code to identify any barriers in the development processes and identify incentives, remedies to the barriers, or tools the City may want to consider in order to promote adaptive reuse.

<u>Community & Stakeholder Outreach</u>

- Interviews with Developers and Industry Professionals
  - The project team is interviewing industry experts and developers with a breadth of experience in adaptive reuse projects. The focus of these interviews is to gauge lessons learned from other cities' adaptive reuse ordinance and solicit feedback on how the City's ordinance can address common barriers or incentives to adaptive reuse.
- Roundtables with Local Property Owners and Local Partners
  - The project team is leading a series of three discussions with local property owners, real estate professionals and local developers to keep local partners informed throughout the preparation of the ordinance. The roundtable discussions also serve as valuable mechanism to obtain feedback throughout key stages of the project.
- Public Openhouse
  - A public open house is scheduled for early 2026 to present the draft ordinance for community feedback. Findings will be shared with the City Council for discussion.

NEXT STEPS

The project team is well underway completing various technical and community outreach tasks. Upcoming tasks include:

- Fall 2025
  - Initiate case studies of two test fit sites in the City to identify development feasibility and barriers to adaptive reuse in the City;
  - Present initial findings of case studies to the roundtable stakeholder group;
  - Start drafting text amendments and solicit feedback from internal city departments; and
  - Conduct interviews with developers
- Winter 2026
  - Planning Commission public hearing;
  - Host community open house;
  - Final roundtable meeting with local stakeholders; and
  - Start preparing supporting materials to adaptive reuse ordinance
- Spring 2026
  - City Council public hearing; and
  - Adaptive reuse ordinance adopted and implemented

FISCAL IMPACT:

There is no fiscal impact related to receiving this report. The adaptive reuse ordinance is funded through REAP 2.0 funds provided by WRCOG's technical assistance.

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Attachments:

1. Regional Adaptive Reuse Comparison Matrix
2. Regional Adaptive Reuse Memo – Studio 111
3. Presentation