



# Agenda Item

## Planning Commission

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**Item #:** 4.1.

**4/21/2025**

**File #:** 25-0142

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**TO:** Chair and Members of the Planning Commission

**THRU:** Anna Pehoushek, Assistant Community Development Director

**FROM:** Arlen Beck, Associate Planner

### 1. SUBJECT

Public Hearing to consider an ordinance establishing Single Room Occupancy housing as a permitted land use for certain qualifying properties and finding of CEQA exemption.

### 2. SUMMARY

The proposed ordinance establishes standards, provisions, and limitations governing the permitting, development, siting, and management of Single Room Occupancy housing units.

### 3. RECOMMENDED ACTION

1. Conduct the Public Hearing.
2. Adopt Planning Commission Resolution No. 16-24 recommending the City Council adopt an Ordinance amending Title 17 of the Orange Municipal Code to allow Single-Room Occupancy housing as a permitted use in certain zoning districts and related definitions and development standards.
3. Find the ordinance categorically exempt from the California Environmental Quality Act (CEQA) per State CEQA Guidelines Sections 15061(b)(3) and 15378.

### 4. AUTHORIZING GUIDELINES

Orange Municipal Code Section 17.08.020 authorizes the Planning Commission to review and make advisory recommendations to the City Council on Zoning Ordinance Amendments.

### 5. PROJECT BACKGROUND

The City of Orange General Plan 2021-2029 Housing Element was adopted by the City Council on October 30, 2023, and was certified by the California State Department of Housing and Community Development (HCD) on January 2, 2024. Government Code Section 65583 and 65583.2 require the City's Housing Element to provide for a variety of housing types including single-room occupancy (SRO) units. Providing development opportunities for a variety of housing types promotes diversity in housing price, style, and size, and contributes to neighborhood stability by offering more affordable and move-up homes and accommodating a diverse income mix.

Included in the Housing Element is Housing Policy Action 4H which identifies the City's intent to update the Orange Municipal Code to permit Single-Room Occupancy housing units in appropriate

zoning districts, subject to requirements of state law. These requirements include implementing standards, provisions and limitations governing the permitting, development, siting, and management of SRO units.

## 6. PROJECT DESCRIPTION

The proposed ordinance would allow SRO housing units only as an adaptive reuse of certain existing structures in specified zones as follows:

- Existing hotels or motels with 30 guest rooms or less.
- Existing office buildings with a gross floor area of 5,000 square feet or less.
- Only in the Limited Business (C-1), General Business (C-2), and Limited Business Tustin Redevelopment Project Area (C-TR) zoning districts.

All of the properties that qualify for conversion to SRO at the time of adoption of this ordinance are eligible, however, no buildings constructed after the adoption of this ordinance are eligible for SRO conversion. A map of existing hotels or motels eligible for conversion to SRO is provided as Attachment 2, and a map of eligible existing office buildings for conversion to SRO is provided as Attachment 3.

In addition to the criteria above, the proposed ordinance establishes development and operational standards for SRO units. SRO development would be subject to the following requirements:

- Conversion to SRO must be done for the entire site. No partial conversions are allowed.
- Maximum occupancy of two persons per unit.
- Minimum rental term of 30 days or longer.
- Minimum unit size of 150 square feet and maximum unit size of 375 square feet.
- A property management plan with an on-site 24-hour manager and separate manager's unit.
- Independent unit entrances accessible from a single main entry.
- Cooking Facilities shall be either in each unit or as a community kitchen for each floor.
- Bathroom facilities either contained in each unit or as a common bathroom facility with at least one full bathroom per floor and one full bathroom per four units.
- A closet of at least 120 cubic feet in each unit.
- A common area for tenant social interaction and meetings at each facility.
- A secured office for storage of confidential resident records at each facility.
- Assigned individual mailboxes for each unit.
- Laundry facilities of at least one washer and dryer per floor and one washer and dryer shall be provided for every 10 units.
- Janitorial Storage with hot and cold running water on each floor.

All units within SRO projects shall be restricted to very low and low-income individuals as defined by the City's housing element, with the exception of the 24-hour manager unit. The City will be able to count these units towards fulfilling our Regional Housing Needs Assessment (RHNA).

## 7. DISCUSSION

### Loss of Transient Occupancy Tax (TOT).

The following hotels that are eligible for conversion under the SRO ordinance provisions and their associated TOT revenues are outlined in the table below:

Hotel/Motel Name	Address	Room Count	Number of Calls for Service in 2024	2024 TOT Revenue
SKY PALM MOTEL	210 N TUSTIN ST	30	9	\$ 65,910.00
ANGEL MOTEL	2330 W CHAPMAN AVE	17	8	\$ 1,030.01
7 CROWNS MOTEL	528 E LINCOLN AVE	15	6	\$ 12,240.00
ASPIRE INN & SUITES	428 E LINCOLN AVE	28	41	\$ 63,803.51
MOTEL 6 #8738	3191 N TUSTIN ST	30	53	\$ 60,887.99
NEW AMERICAN INN & SUITES	3190 N TUSTIN ST	26	71	\$ 23,102.30
CRAZY 8 MOTEL	1300 E KATELLA AVE	29	103	\$ 12,439.16
Total 2024 TOT Revenue:				\$ 239,412.97

The total TOT revenue collected by the eligible hotels/motels, as outlined in the table above, represents approximately 4.4% of the total TOT revenue the City receives from all hotels/motels citywide.

### Adaptive Reuse of Existing Buildings:

There are 28 properties identified as eligible for conversion which currently are used as office buildings of 5,000 square feet or less. The conversion of underutilized office buildings to SRO units will provide opportunities for properties to be updated to current building codes and aesthetic enhancements to building exteriors. Furthermore, conversion to SRO will allow for an on-site manager to monitor and maintain the upkeep of the buildings.

## 8. PUBLIC NOTICE

On March 27, 2025, a notice was published in the Orange City News newspaper for a public hearing before the Planning Commission on April 21, 2025.

## 9. ENVIRONMENTAL REVIEW

**Categorical Exemption:** The proposed project is not subject to the provisions of the California Environmental Quality Act (CEQA) pursuant to (1) Section 15061(b)(3) of the state CEQA Guidelines (Common Sense Exemption) because it can be seen with certainty that there is no possibility that it would have a significant effect on the environment; and (2) Section 15378 because it will not have a direct or reasonably foreseeable indirect physical change on the environment and is not a "project."

For this reason, no further CEQA documentation is required.

## **10. ADVISORY BOARD ACTION**

No advisory board review was required for this ordinance.

## **11. ATTACHMENTS**

- Attachment 1 - Planning Commission Resolution No. PC 16-24 with Draft Ordinance
- Attachment 2 - Map of Eligible Hotel Properties
- Attachment 3 - Map of Eligible Office Properties
- Attachment 4 - Police Department Report of Hotel Calls for Service