



CITY COUNCIL AGENDA REPORT

MEETING DATE: FEBRUARY 16, 2010

ITEM NUMBER:

SUBJECT: WAIVER OF PLANNING FEES FOR A MOTEL CONVERSION PROJECT

DATE: FEBRUARY 1, 2010

FROM: DEVELOPMENT SERVICES DEPARTMENT

**PRESENTATION BY: MINOO ASHABI, AIA, SENIOR PLANNER
KHANH NGUYEN, ACTING DIRECTOR**

**FOR FURTHER INFORMATION CONTACT: MINOO ASHABI (714) 754-5610
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RECOMMENDATION:

Waive Planning Application fee in the amount of \$1,550.00 for processing a Conditional Use Permit (CUP). The application is related to conversion of a motel property into Single Room Occupancy (SRO) or Family Room Occupancy (FRO) units.

BACKGROUND:

In 2006, the City was allocated 1,682 Regional Housing Needs Assessment (RHNA) units by State Department of Housing and Community Development (HCD). During the last three years, 1,070 of the required 1,682 units have been provided; however the City is required to provide the remainder 612 units by 2014. One of the ways to satisfy this requirement is by providing Single Room Occupancy (SRO) or Family Room Occupancy (FRO) units.

In 1991, the City Council adopted a policy outlining the procedure and minimum standards for conversion of a motel property into SRO units. In addition, the 2008-2014 Housing Element includes goals and objectives in promotion of motel conversion to provide affordable housing for Costa Mesa residents.

On September 30, 2009, the City held a community workshop to promote non-monetary incentives such as: free inspections, and assistance with sample plans. The workshop was attended by non-profit housing advocates, several affordable housing developers and one motel owner. It was expressed that given the low vacancy rates of the motels in Costa Mesa, motel conversions to SROs would not be a viable option for most motel owners.

ANALYSIS:

The applicant contacted City staff in January 2010 indicating his interest to convert his 11-unit motel property into SRO/FRO units. The first step for this process is submittal of a Conditional Use Permit application and the applicable fee. The property owner is requesting a waiver of the CUP fee because his proposal will create new SRO units in the City.

The property currently operates as "Coast Motel" located at 2278 Newport Blvd. The motel shares the parking area with "Napa Valley Pizza and Pasta." If approved, the conditional use permit allows the property owner to enter into a long-term lease agreement with the tenants and relieves the property owner from dealing with more transient population (Attachment).

Pursuant to City Council policy, if the fee waiver is approved, the proposed project needs to be considered by the Planning Commission in a study session before a conditional use permit is processed. Approval of the fee waiver does not constitute approval of a CUP.

ALTERNATIVES

City Council may consider the following alternatives:

1. Waive the Conditional Use Permit application fee for the proposed application.
2. Do not waive the fee and require the applicant to pay the full fee amount.

FISCAL REVIEW

The waiver of the Conditional Use Permit fee in the amount of \$1,550.00 is a one time waiver. Fee waivers requests are considered by the City Council on a case-by-case basis. Since this is a small motel, no significant impact from the loss of transient occupancy tax is anticipated from this conversion.

LEGAL REVIEW

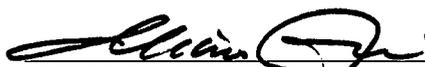
No legal review is required.

CONCLUSION

The requested fee waiver is related to conversion of a motel project into long-term stay apartments. Given that the motel operation and the community will benefit from a more stable population instead of transient population typically associated with small motel properties; the requested fee waiver may be justified.

Staff supports the approval of the fee waiver because:

- 1) The proposed SRO project will involve upgrades to the property and create new housing units in the community; and,
- 2) While the SRO's are not proposed to include affordability covenants, the 11 units will help meet the demand for single-room occupancy apartments by seniors and single parent families.


MINOO ASHABI, AIA
Senior Planner


KHANH NGUYEN
Acting Development Svs. Director

Distribution: City Manager
Assistant City Manager
City Attorney
Public Services Director
City Clerk (2)
Staff (4)
File (2)

Attachment: 1. Submitted Request
2. Site Photos

File: 021610CUPFeeWaiver	Date: 020210	Time: 3:15 p.m.
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Corey Donaldson
1927 Harbor Blvd #610
Costa Mesa, CA 92627
949-463-2223

1/30/2010

Re: Fee Waiver

Please find a written request for the waiver of fees to rezone the property at 2278 Newport Boulevard, Costa Mesa from motel to apartment. Due to the economic conditions we are severely constrained by finances. Additionally, by changing the units to apartments we will have a reduction of about 25-30% income. We are willing to the reduction of income as it is a win for everybody (including us, as we will have a more stable population of residents).

Justifications:

- Reduce the transient nature of the property and allow stable, long term tenants to occupy the 11 units. Currently residents cannot stay more than 28 days which is a severe deterrent to attract quality residents.
- The majority of weekly stay residents are usually one step away from being homeless and the incidence of drugs, alcohol and violence is exponentially higher with this population. The reason that they are not able to rent on a monthly basis is due to a lack of meeting rent qualifications and/or do not have enough money for down payment and monthly rent.
- We find that most of the tenants allow others to stay in the apartment. We strictly monitor this but due to the court process of 3 day notices and eviction, tenants can stay up to 6-8 weeks before we can get a court order to have them removed.

We have owned the property since May, 1993 and continually improving the property.

We have made the following improvements:

- Ceramic tile in each unit
- Double paned windows
- Plumbing
- Upgrading appliances (refrigerator, stove) when needed
- Installed sod on entire property and sprinkler systems
- Recently painted the buildings
- Continually completing preventative maintenance

Sincerely,



Corey Donaldson

