ATTACHMENT 3

PLANNING COMMISSION AGENDA REPORT

MEETING DATE: JUNE 23, 2014 **ITEM NUMBER:** PH-2

SUBJECT: **CODE AMENDMENT CO-13-03 TO TITLE 13, CHAPTER IX, ARTICLE 8 GOVERNING MOTELS**

DATE: **JUNE 13, 2014**

FROM: **PLANNING DIVISION/DEVELOPMENT SERVICES DEPARTMENT**

PRESENTATION BY: **MEL LEE, SENIOR PLANNER**

FOR FURTHER INFORMATION CONTACT: **MEL LEE, AICP (714) 754-5611**
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DESCRIPTION

Staff is bringing back to the Planning Commission for consideration modifications to Title 13, Chapter IX, Article 8 of the Costa Mesa Municipal Code with regard to motels ("Motel Ordinance").

RECOMMENDATIONS

- Recommend that City Council find that the ordinance is exempt from California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) (General Rule) of CEQA because there is no possibility that the proposed amendment to the Zoning Code will have a significant effect on the environment.

- Recommend that City Council approve and give first reading to the Ordinance.

BACKGROUND

At the April 28, 2014 meeting, the Planning Commission considered several amendments to Title 13, Chapter IX, Article 8 of the Costa Mesa Municipal Code governing "Motels". At the meeting, a number of questions were raised by the Planning Commission and the public that staff addresses within this report. The questions included:

1. An explanation of how existing long-term tenants would be "grandfathered in" under the proposed code requirements;
2. How long-term stays would be enforced under the code;

3. Crafting conditions of approval for granting conditional use permits for long-term stays; and
4. Whether elimination of long-term stays will affect the City's affordable housing requirements.

Those issues are addressed herein.

DISCUSSION / ANALYSIS

GRANDFATHERING EXISTING TENANTS

Section 13-175 of the proposed ordinance provides the following language:

> *"Nothing in this chapter shall require an existing tenant of a long-term occupancy established prior to the effective date of this chapter to move out of a unit they are already occupying. Those pre-existing long-term occupancies may continue pursuant to the terms of the existing lease or agreement, until that tenancy terminates by its own terms under the law."*

Attachment 2 illustrates the short-term and long-term occupancies under the current and proposed ordinance.

28-Day Shuffle

During the April 14, 2014 Planning Commission hearing for the revocation of the conditional use permit for the Sandpiper Motel, the operator acknowledged that some motel owners prohibit long-term stays by requiring guests to move out after 28 consecutive days. The motel guest then shifts to another motel for a short duration and then, returns to the original motel ("28-Day Shuffle").

California Civil Code Section 1940 provides a number of basic rights to tenants. Hotel/motel guests are not included in this definition because of the transitory nature of hotel/motel stays. However, a motel owner violates this statute when motel guests are required to move prior to 30 days so that the motel guest does not acquire tenants' rights under Civil Code Section 1940.1. In this scenario, the landlord is subject to a $500 fine in addition to any remedy provided by local ordinance. Costa Mesa Municipal Code Section 13-178 also makes it a violation.

In terms of enforcement, the City could bring a criminal or civil action against the motel owner for violation of Section 13-178, and provide education and/or referral to the Fair Housing Foundations. Otherwise, any enforcement is between the motel owner and guest in a civil action.

ENFORCEMENT OF SHORT-TERM STAY REQUIREMENTS

Ensuring that motel occupants comply with the short-term stay requirements involves a combination of physical inspections of the rooms and audits of the motel owners' records. A motel inspection by Costa Mesa Code Enforcement and the Orange County Health Department are performed at every hotel and motel in the City to ensure all property maintenance and health and safety standards are being maintained.

Goal Achievement Strategy

Staff, working in conjunction with the City's Neighborhood Improvement Task Force (NITF), established yearly goals to ensure annual inspections are being performed at all hotels and motels in Costa Mesa. Enhanced inspections are performed if a high volume of violations are identified during the annual inspection. Complaint investigations are performed as requested by hotel or motel guests. Below is a summary from the most recent quarterly report prepared for the NIFT:

Hotel/Motel Inspection Goals

Hotel/Motel Goals for One Year	Annual Inspections	Enhanced Inspections	Complaint Investigations
	20	10	As Needed

Annual Inspections

A motel inspection by Costa Mesa Code Enforcement and the Orange County Health Department will be performed at each hotel and motel in the City. This inspection will be performed on 20% of the hotel/motel rooms or 8 rooms total if the hotel/motel has greater than 40 rooms. This annual inspection will ensure all property maintenance and health and safety standards are being maintained at the hotels and motels throughout the City.

Enhanced Inspections

Enhanced inspections are performed at hotels or motels where a high-volume of violations are identified during the annual inspection; in which case inspection of up to 100 percent of the rooms will be performed.

Complaint Investigations

All sub-standard housing, health and safety, and property maintenance complaints will be documented. Cases files will be created to tract the complaints through to resolution, and to identify and document reoccurring issues at the hotels/motels that may require an enhanced inspection of additional rooms or additional areas of the property.

Record Keeping Audits

The motel code enforcement officer performed an audit of the transient occupancy tax exemption certificate submittals of all 30 hotels/motels in Costa Mesa to assess the number of occupancies greater than 30 days at each hotel/motel for the last 12 months. This audit showed that 20 of the 30 hotels/motels claimed less than 10% long-term occupancy over the time period examined. Six of the 30 were between 10% and 25% long-term occupancy. The other 4 hotels/motels are either in the process of being audited by the Finance Department or are incorrectly combining government rates and long-term occupancy stays, resulting in the skewing of long-term occupant numbers. The officer is scheduling meetings with each motel's owner or manager to ensure they understand the long-term occupancy definitions and report long-term occupancy accurately.

Motel Inspection Database

A relational database has been created to compile and analyze the data from motel inspections. The database will track, among other things, current case status; number of the room that is inspected and re-inspected; types and incidences of violations including trending data and staff hours used to obtain compliance. This information will be used to track ongoing motel compliance to ensure that inspections and re-inspections result in better overall management and a reduction in repetitive code violations. This information will also be useful in the event the City seeks to recoup its costs for excessive uses of City resources.

CONDITIONS OF APPROVAL FOR LONG-TERM STAYS

Under Section 13-177 of the proposed ordinance, a property owner/motel operator would have to demonstrate compliance with the following conditions in order to be granted a conditional use permit authorizing long-term stays:

- Minimum number of rooms,
- Minimum room size,
- Fireproof safety deposit boxes,
- Daily central maid, mail, and room services,
- On-site laundry service,
- ~~Central entry,~~
- ~~On-site or adjacent restaurant, and~~
- Compatibility with the surrounding uses.

Of the aforementioned requirements for a Conditional Use Permit approval, the Planning Commission suggested elimination of central entry and on-site or adjacent restaurant. The Planning Commission requested information on room size, number of rooms and amenities for existing motels in creating these conditions of approval. Attachment 3 reflects this information with respect to existing motels operating within the City. Additionally, in a survey of surrounding cities including Santa Ana, Newport Beach, Fountain Valley, Irvine, and Huntington Beach, only Santa Ana had a minimum room size

requirement of two-hundred twenty square feet (220 SF). None of the cities have statistics on average room size.

Single Room Occupancy (SRO) Residential Hotels

In 1991, The City Council adopted policy 500-5 for the conversion of motels and hotels into Single Room Occupancy (SRO) units, a copy of which is attached to this report. (Attachment 4). The policy includes development standards which, through approval of a conditional use permit, a conversion can be permitted. These development standards include minimum unit sizes based on single or double occupancy, number of on-site parking spaces, on-site security, and minimum open space. Most of these standards could also be applied to long-term occupancy units under the proposed ordinance.

LONG-TERM STAYS AND AFFORDABLE HOUSING

The reduction in long-term stays under the proposed ordinance will not eliminate affordable housing within the City of Costa Mesa for a number of reasons. First, the proposed ordinance does not affect the use of motels for transitional housing that is intended to provide temporary housing until participants move into permanent housing. Government Code Section 65582

In the 2008-2014 planning period, the City included long-term stays as part of its transitional housing strategy. Senate Bill 2 contemplates regular rental housing, not long-term stays, as transitional housing. Therefore, the City's has adopted a strategy to convert underperforming (old) motels into regular housing, i.e. Single Room Occupancy (SRO) housing that can be used to satisfy the city's transitional housing needs.

With respect to the City's Regional Housing Needs Allocation, in the 2008-2014 Housing Element planning period, the City recognized the need to use long-term stays as an alternative affordable housing choice (Attachment 5; p. HOU 85 of the 2008-2014 Housing Element). However, for the more recent 2014-2021 Housing Element period, the City *eliminated* long-term stays as an affordable housing alternative at the behest of public comments from affordable housing advocates. Specifically, in a letter dated June 21, 2013, the Costa Mesa Affordable Housing Coalition provided public comment that the City should "Reinstate Program 12: Single-Room Occupancy (SRO), Family Residential Occupancy (FRO), Extended Stay Units, as a stand-alone program from the 2008-2014 Housing Element to the current draft 2014-2021" (Attachment 6; p. HOU-A3 through A5 of the 2014-2021 Housing Element). The same public comment was echoed by the Kennedy Commission (Attachment 6; p. HOU-A2).

In response, the City eliminated long-term stays as an affordable housing alternative (Attachment 6; p. HOU-A14). Specifically, the City's response was "Currently, most motels in the City already incorporate an extended stay component. Based on comments from stakeholders at public meetings, FROs or existing motel rooms are not an appropriate housing arrangement for families. The City has introduced a new program to facilitate and encourage adaptive reuse of motels into permanent housing for families (Program 10)." In accommodating the public comment, the Housing Element adopted

Program 10 Adaptive Reuse for Multi-Family Housing which promotes the expansion of "housing options in the community, the City may allow, subject to a Zoning Code Amendment authorized by the City Council, the adaptive reuse of an existing motel use to a residential use for multi-family housing (Attachment 6; p. HOU-70).

PUBLIC NOTICE

Code-required public notice was provided via the following methods:

- Publication of a display ad in the local newspaper (Daily Pilot). Additionally, notice of the public hearing was mailed to the motel owner/operators in the City.

ENVIRONMENTAL DETERMINATION

The ordinance has been reviewed for compliance with the California Environmental Quality Act (CEQA), the CEQA guidelines, and the City's environmental procedures, and has been found to be exempt pursuant to Section 15061(b)(3) (General Rule) of CEQA because there is no possibility that the proposed amendment to the Zoning Code will have a significant effect on the environment.

LEGAL REVIEW

The draft ordinance has been reviewed by the City Attorney's office.

CONCLUSION

As noted earlier, the proposed amendments will provide regulatory framework to ensure that future long-term stays are operated in a manner that is compliant with applicable codes as well as compatible with surrounding properties and uses.

ALTERNATIVES

If the proposed ordinance is not recommended for adoption by the Planning Commission, the proposed ordinance could still be considered and adopted by the City Council.

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Distribution: Director of Economic & Development/Deputy CEO
Senior Deputy City Attorney
Public Services Director
City Engineer

Transportation Services Manager
Fire Protection Analyst
Staff (4)
File (2)

Attachments:

1. Draft Ordinance
2. Definition of Short- and Long-Term Occupancies Under Current Code and Proposed Code
3. Survey of Motel Room Sizes in Costa Mesa
4. City Council Policy 500-5 for Single Room Occupancy (SRO) Residential Hotels
5. 2008-2014 Housing Element Excerpts Referenced In This Report
6. 2014-2021 Housing Element Excerpts Referenced In This Report

TITLE 13 - PLANNING, ZONING AND DEVELOPMENT
CHAPTER IX. - SPECIAL LAND USE REGULATIONS

ARTICLE 8. MOTELS

ARTICLE 8. MOTELS

Sec. 13-171. Purpose and intent.

Sec. 13-172. Definitions.

Sec. 13-173. Operational and development standards.

Sec. 13-174. Application to existing businesses.

Sec. 13-175. Application to existing tenants.

Sec. 13-176. Procedure for compliance.

Sec. 13-177. Conditional use permit for long-term occupancies.

Sec. 13-178. Termination of tenancy.

Sec. 13-171. Purpose and intent.

The purpose of this article is to establish operational and development standards, and requirements for motels which will ensure the continued availability of transient visitor and automobile tourist lodging within the city and to ensure the continued use of motels in the manner intended to provide such lodging.

(Ord. No. 97-11, § 2, 5-5-97)

Sec. 13-172. Definitions.

A. "Long-term occupancy" shall mean any occupancy in a motel in the city for a period exceeding thirty (30) consecutive days or thirty (30) days within any sixty (60) consecutive day period.

B. "Short-term occupancy" shall mean any occupancy of a motel in the city for a period that does not fall within the definition of a long-term occupancy.

Sec. 13-173. Operational and development standards.

The following operational and development standards shall apply to all motels in the city and shall be included in conditions imposed upon the granting of any conditional use permit for such business, unless specifically modified by the conditional use permit:

A. No property owner, motel operator or manager shall rent a room for a period that exceeds thirty (30) consecutive days or thirty (30) days within any sixty (60) consecutive day period, unless the property owner or motel operator has obtained a conditional use permit authorizing long-term occupancies pursuant to section 13-177.

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B. On-site management shall be available twenty-four (24) hours a day.

C. Each guest room shall be provided regularly-scheduled maid and housekeeping services. Such services shall be provided at least once every three (3) days during any consecutive occupancy and at least once between each occupancy.

C. In-room telephone service for emergency response purposes shall be provided in all guest rooms of the motel.

E. Persons responsible for the renting of a room in any motel shall provide their name and permanent address, as verified by presentation of a valid driver's license or other valid identification, and the license number, state of license, make, model and year of any vehicle parked on-site or off-site. The registration information shall also include the dates of occupancy, length of stay and room rate. Such information shall be maintained for at least one year past the last day of stay of the guest.

F. No room, suite or bed shall be assigned or rented more than twice within any twenty-four (24) hour period.

G. The property owner/motel operator shall comply with the provisions of Chapter IV of Title 16 of the Costa Mesa Municipal Code pertaining to the operator's responsibility for the collection of transient occupancy tax.

H. The business shall be conducted, at all times, in a manner that will allow the safe and quiet enjoyment of the surrounding neighborhood which includes, but is not limited to, security and operational measures to comply with this requirement.

(Ord. No. 97-11, § 2, 5-5-97)

Sec. 13-174. Application to existing businesses.

The requirements of this chapter, specifically including the long-term occupancy restrictions in Sections 13-173A, shall apply to all motels in the city, whether it is new or was in existence prior to the effective date of this ordinance.

Sec. 13-175. Application to Existing Tenants.

A. Nothing in this chapter shall require an existing tenant of a long-term occupancy, established prior to the effective date of this chapter, to move out of a unit they are already occupying. Those pre-existing long-term occupancies may continue pursuant to the terms of the existing lease or agreement, until that tenancy terminates by its own terms under the law.

B. Whenever a long-term occupancy terminates, for whatever reason, the property owner/motel operator shall not re-lease that unit for a new long-term occupancy, except to the degree the motel will be in compliance with the requirements of this chapter.

(Ord. No. 97-11, § 2, 5-5-97)

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TITLE 13 - PLANNING, ZONING AND DEVELOPMENT
CHAPTER IX. - SPECIAL LAND USE REGULATIONS

ARTICLE 8. MOTELS

Sec. 13-176. Procedure for Compliance.

A. Within thirty (30) days of the effective date of this ordinance, the city shall notify the owners and operators of each motel in the city of the ordinance's adoption. The City shall send a copy of the ordinance, a "long-term occupancy form", and a schedule for compliance via certified return receipt mail. If a notice is returned, the city shall send the notice via standard U.S. Mail.

B. Within thirty (30) days of the mailing of the notice in Section 13-176A, the property owner/motel operator shall submit a fully completed "long-term occupancy form" to the city that provides the total number of rooms used as long-term occupancies during the preceding sixty (60) days; identify the long-term occupant by a valid driver's license or other valid identification; the make, year, and model of any vehicle parked on-site or off-site; and any other information to demonstrate compliance with the ordinance. If a property owner/motel operator fails to submit the long-term occupancy form, in addition to taking any other action authorized by law, the city shall estimate the total number of rooms used as long-term occupancies at zero (0).

Sec. 13-177. Conditional Use Permit for long-term occupancies.

A property owner/motel operator may apply for a conditional use permit authorizing the facility to exceed the long-term occupancy limits in Section 13-173A, subject to restrictions of the issuing authority. In order to be granted a conditional use permit under this section, the property owner/motel operator must demonstrate compliance with, and the city shall make a finding that, each of the following standards have been met:

(1) The motel must have a minimum of at least seventy-five (75) rooms.

(2) Fireproof safety deposit boxes must be available to all occupants of the motel.

(3) Each guest room shall be serviced daily with central maid, mail, and room services.

(4) Each room shall be a minimum of three hundred seventy five (375) square feet.

(5) The motel shall maintain on-site laundry services.

(6) The proposed use is compatible with the surrounding neighborhood, uses, zoning and general plan.

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TITLE 13 - PLANNING, ZONING AND DEVELOPMENT
CHAPTER IX. - SPECIAL LAND USE REGULATIONS

ARTICLE 8. MOTELS

Sec. 13-178. Termination of Tenancy.

The provisions of this article shall not be used to terminate a tenancy in violation of the requirements of California Civil Code Section 1940 et. seq.

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DEFINITION OF SHORT- AND LONG-TERM MOTEL OCCUPANCIES UNDER THE CURRENT CODE AND THE PROPOSED CODE

	JUNE	JULY	AUGUST
CURRENT CODE			
Occupant	>28 DAY PERIOD (CONSECUTIVE)	<28 DAY PERIOD (NONCONSECUTIVE)	
	<29 DAY PERIOD (CONSECTUTIVE)	>28 DAY PERIOD (NONCONSECUTIVE)	
PROPOSED CODE			
Occupant	>30 DAY PERIOD (CONSECUTIVE)	<30 DAY PERIOD (NONCONSECUTIVE)	
	<31 DAY PERIOD (CONSECTUTIVE)	>30 DAY PERIOD (NONCONSECUTIVE)	

= SHORT TERM OCCUPANCY (STO)

= LONG TERM OCCUPANCY (LTO)

ATTACHMENT 2

Motels

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Sandpiper	700	1	No
1967 Newport	418	2	Yes
	332	12	Yes
	324	4	No
	276	1	Yes
	257	12	No
	196	12	No

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Costa Mesa Motor Inn	312	135	No
2277 Harbor	312	101	Yes

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Residence Inn	569	36	Yes
881 Baker	511	108	Yes

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Ana Mesa	472.5	20	Yes
3597 Newport	457	16	Yes
	312	14	No

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Travel Lodge Newport	366	9	No
1951 Newport	338	14	No
	325	34	No

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Days Inn	446	2	No
2100 Newport	360	14	No
	345	14	No

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Blvd	350	4	No
2430 Newport	325	26	No
	286	24	No

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Motel 6 Gisler	264	42	No
1441 Gisler	222	54	No

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Vagabond	325	34	No
3205 Harbor	275	93	No

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Regency	286	54	No
2544 Newport			

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Super 8	343	72	No
2645 Harbor			

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Harbor Bay	280.5	42	No
2026 Harbor	275	2	No
	271.33	4	No

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Tern Inn	275	9	Yes
2154 Newport	161	9	No

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Motel 6 Newport	315(average)	87	No
2274 Newport			

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Cozy Inn	360(average)	27	No
325 W Bay			

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
La Quinta	325(average)	138	No
1515 South Coast	265	24	No

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
New Harbor	520	2	No
2205 Harbor	520	1	Yes
	365	6	Yes
	310	24	No
	288	2	No
	286	6	No

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Star Inn	302(average)	33	No
2656 Newport			

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Best Western	405(average)	94	No
2642 Newport			

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Travel Lodge OC Airport	312(average)	120	No
1400 Bristol			

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Ramada	400	18	No
1680 Superior	355	69	No
	330	52	No

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Ali Baba	336	42	No
2250 Newport			

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Tahiti Inn	??????	10	No
2645 Harbor	132	9	No

SRO

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Park Place	446	3	Yes
1662 Newport Blvd	312	55	Yes

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Costa Mesa Village	676	1	Yes
2450 Newport Blvd	338	95	Yes

Name/Address	Area (sq. ft.)	# of Units	Kitchenette
Newport Senior Living	432	18	Yes
2080 Newport Blvd	364	53	Yes

ATTACHMENT 4

CITY OF COSTA MESA, CALIFORNIA

COUNCIL POLICY

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
SINGLE ROOM OCCUPANCY (SRO) RESIDENTIAL HOTELS	500-5	09/01/91	1 of 4

BACKGROUND

Title 13 of the Costa Mesa Municipal Code establishes what uses are allowed by right and with conditional use permits in various zones. Single Room Occupancy (SRO) residential hotels are not mentioned in the Code. The City can decide what similar uses can be considered with a conditional use permit in commercial zones.

PURPOSE

It is the purpose of this policy to:

1. Allow SRO residential hotels to be considered with a conditional use permit in all commercial zones where hotels are allowed with a conditional use permit.

2. Establish guidelines to assist the City in the future review of SRO proposals.

3. Provide the means for establishing housing available to citizens of Costa Mesa within the low and very low income segments of the population recognizing that there is a portion of the labor force within the business community that is in these lower income levels. Traditional housing in Costa Mesa is simply not affordable to this segment. SRO's should provide a new source of housing for this segment of the employment population of Costa Mesa.

POLICY

1. Process

SRO residential hotels may be considered with a conditional use permit in any commercial zone where hotels are allowed and where the General Plan designation is either General Commercial or Commercial Center.

Proposed SRO developments should be brought to a study session with the Planning Commission and the Staff very early in the process to get initial feedback on the proposals.

2. Location

SRO residential hotels should be located within proximity (1,000 ft.) to transit stops or within proximity to major employment areas. Ideally, SROs should also be located within proximity to grocery stores, retail stores, and services.

3. Room Sizes and Occupancy Limits

The following limits should apply to new SRO developments.

Minimum size for single occupancy	175 sq.ft.
Minimum size for double occupancy	220 sq.ft.
Maximum size	450 sq.ft.
Maximum percent double occupancy	10%

Average unit size should not exceed 300 sq.ft. The maximum unit size of 450 sq.ft. should only be considered for coversion projects or SROs designed exclusively for senior citizens.

4. Unit Requirements

Each unit should be furnished with a bed, chair, table, color television, and telephone. Each unit should have a kitchen and fully enclosed bathroom.

5. Parking

SRO hotels should be parked at 0.5 space per single occupancy guest room. Parking should increase to a minimum of 0.8 space per unit for single occupancy guest rooms that are larger than the minimum room size standard. Parking should further be increased to 1 space per unit for any rooms that are at the maximum size limit, unless the units are restricted to senior citizens. Double occupancy units should have double the parking requirement of single occupancy rooms based on the proceeding formula.

Secure bicycle parking should also be provided.

6. Management and Security

A complete management plan shall be submitted with each project. The plan should address hotel staffing: maid service, 24-hour live-in manager, desk clerk, security, and janitorial service staff. The plan should discuss both internal and exterior security including controlled entry and exit, guest sign-in and regulations on guests, and video camera monitoring of common use areas including parking and open space.

7. Rental Term

SRO rooms may be rented on a monthly, weekly or daily basis. Daily rentals should be limited to a maximum of 10% of all rooms or a total of 5 rooms whichever is less. Monthly rentals should be predominant.

8. Rental Rates

All SRO units should be rented at or below the low income affordable rental rate with at least 50% of the units affordable to very low income tenants. Additionally, 50% of that segment should be available at rentals not to exceed 20% of 50% of the median income for the low end of the very low income classification. Every effort should be made to establish rental rates that are affordable to service workers at the low end of the very low income classification.

9. Common Areas

Common areas should be provided as follows:

400 sq.ft. minimum.

If the project exceeds 30 units the common areas should be increased by 10 sq.ft. per unit above 30 units. The common area should be divided between interior and exterior areas with neither having less than 40% of the total.

10. Storage Areas

Each unit should be provided with a closet and/or storage area of at least 40 cu.ft. and a locker of at least 10 cu.ft. should be provide for each unit.

11. Transient Occupancy Tax

SROs processed in accordance with this policy should be exempt from the City's Transient Occupancy Tax.

12. Laundry Facilities

Laundry facilities (coin operated washers and dryers) shall be provided near the common indoor open space area.

13. Additional Standards

The Uniform Building Code and Uniform Fire Code shall also apply to SROs.

single parent households, single female head-of-households, or other special needs households with three to four members.

The City may encourage the conversion of motels into SRO and FRO units to meet the demand for affordable housing by single-parent households or small families. The City may waive the conditional use permit fee for these types of development applications and also allow increased flexibility with integration SRO and FRO units within in the same motel complex. Because these affordable units would provide rental housing and not ownership housing, the payment of park impact fees is not required.

Extended Stay Units

The City recognizes a need to use motel/hotel rooms as a housing alternative for extended stay. The City of Costa Mesa Zoning Code allows by right (without a conditional use permit) a specified number of motel rooms to serve as extended stay dwellings. A maximum 25 percent of the total number of rooms in each motel in the City may be rented to persons whose occupancy exceeds 28 consecutive days or 28 days in any 60-consecutive-day period. This provision does not apply to those motel rooms (maximum two units) designated for occupancy by paid employees. The extended stay units provide alternative affordable housing choices.

A total of 789 motel rooms from chain and independent motel operators may be converted to SROs, FROs, or extended stay units. The City projects that about 20 percent of this motel inventory may become alternative long-term housing options to low/very low income households. This amounts to approximately 78 SRO, FRO, or extended stay units by Year 2014. Given that the Newport Senior Villas currently contributes 91 SRO units to the City's housing stock, this projection is considered reasonable.

ABILITY TO ACCOMMODATE THE RHNA

Based on units constructed, preserved, under construction, and approved, as well as vacant and underutilized sites available, the City of Costa Mesa is able to fully accommodate its RHNA (see Table HOU-47).

TABLE HOU-47
SUMMARY OF RHNA STATUS

	Extremely Low/ Very Low	Low	Moderate	Above Moderate	Total
RHNA	**353**	**289**	**330**	**710**	**1,682**
Constructed	16	13	---	154	183
Preserved (Completed or Planned)	88	72	---	---	160
Units Approved/Under Construction	5	3	807	1,376	2,191
Vacant Sites (Table HOU-44)	---	---	528	34	562
Underutilized Sites (Table HOU-45)	122	123	89	487	821
SRO/FRO Units	80	80	---	---	160
Additional Capacity in 19 West Urban Plan (Appendix C)	96	---	---	---	96
TOTAL CAPACITY	**407**	**291**	**1,424**	**2,051**	**4,155**

ATTACHMENT 6

Costa Mesa Affordable Housing Coalition

June 21, 2013

Chair Jim Fitzpatrick and Planning Commissioner Members
City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626

RE: Comments on Draft 2014-2021 Housing Element Update (May 2013)

Dear Chair Fitzpatrick and Planning Commission Members:

On behalf of the Costa Mesa Affordable Housing Coalition (the Coalition), we thank you for the opportunity to review and comment on the City of Costa Mesa's 2014-2021 draft Housing Element. We have reviewed the draft and are submitting this letter to provide public comments.

As the City moves forward with the draft Housing Element update, the Coalition urges the City to support and create effective policies that incentivize the development of homes affordable to lower income working families. Although for this new planning period the City has a total Regional Housing Needs Assessment (RHNA) of two dwelling units for very low- and low-income households, it is important to note that the RHNA is the bare minimum and not a maximum ceiling for future development in the City. Significantly, the City's draft Housing Element makes clear that the RHNA does not reflect or address the *existing* housing needs for lower income working families and special needs residents living in the City. Given the depth of these unmet housing needs, we are understandably disappointed at the City's lack of progress in meeting the corresponding housing production goals set forth in the 2008-2014 Housing Element.

Mindful of the need for new, effective policies that will lead to the actual development of homes affordable to lower income working families, the Coalition provides the following recommendations for the City:

1. Meaningfully engage and collaborate with the Coalition and community stakeholders to develop effective housing policies and programs that will increase affordable home opportunities for lower income working households.

2. Prioritize and facilitate the development of new rental homes affordable to lower income working families, specifically including two- and three- bedroom units for large families, on city-owned sites (e.g. Senior Center parking lot site).

    a. Create Request for Proposals (RFPs) on city-owned sites to leverage the land and funding to create deeper affordability levels.

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3. Provide attractive by-right incentives and concessions of certain development standards that developers are not otherwise entitled to, in exchange for a dedication of 20% of homes affordable to extremely low-, very low- and low-income families in the City.

4. Amend the City's overlay zones (e.g., 19 West Urban Plan Area and North Costa Mesa Specific Plan) to facilitate the development of affordable homes in areas with existing commercial and light-industrial uses. Housing Program 4 in the past planning period (also offered in the current draft Element) promoted density bonus incentives and the deferral of fees for affordable home developments but it has not effectively produced rental homes for lower income families in mixed-use designations in the City. To incentivize the development of affordable homes, residential and mixed-use developments in the overlay zones should be allowed by-right if at least 20% of the homes constructed are set-aside as affordable for lower income working families.

5. Commit specific funding or financial resources to facilitate the development of homes affordable for extremely low-income, very low, and low-income working families. Examples include:

    a. Leveraging housing funds and resources (e.g,. in-lieu fees or impact fees) on potential candidate sites (e.g., Senior Center parking lot) for lower income homes that will help increase the development's competitiveness when applying for Low-Income Housing Tax Credits.

    b. Prioritizing 20% of SERAF repayments (boomerang funds) to proposed extremely low-income affordable rental developments that leverage additional funding sources (e.g., Low-Income Housing Tax Credits).

6. Create an affordable housing strategic plan, similar to the City of Anaheim, where the City commits to constructing a specific number of multi-family rental homes that will be affordable to lower income working families.

7. Prioritize the implementation of Program 4: Incentives for Affordable Housing specifically regarding the City's support to "work with the Fairview Developmental Center and its project proponent towards the provision of 100% affordable housing units on this site."[1]

8. Continue monitoring and negotiating the preservation of affordable homes that are at risk or have affordability covenants that are set to expire during the 2014-2021 planning period.

[1] Chapter 5 2013-2021 Housing, City of Costa Mesa, p.67, May 2013.

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9. Reduce the parking requirement for Granny units from two to one space to make these units less expensive to develop.

Given the City's high housing costs and dearth of affordable homes, many workers and families, especially those on the lower economic rung, overpay for housing and struggle financially to live and work in this City. The significant impacts of high housing costs and lack of affordable homes not only hurt workers and families but also impact the city's economic competitiveness and attractiveness to major employers. From a major employer's perspective, the lack of affordable homes in the City means workers have to commute from elsewhere, adding to congestion and spending money and time on commuting rather than spending and reinvesting their money in the City.

Given the importance of the draft 2014-2021 Housing Element update, the Coalition welcomes the opportunity to continue our dialogue on how we can partner with City staff to ensure that the draft Housing Element includes specific policies that will result in new affordable homes for extremely low-, very low- and low-income working families in the City.

Please keep us informed of any revisions, updates and meetings regarding the draft 2014-2021 Housing Element and if you have any questions, please free to contact me at: (714) 932-1174 or kmesfahani@att.net.

Sincerely,

Kathy Esfahani

Kathy Esfahani
Member, Costa Mesa Affordable Housing Coalition

cc: Lisa Bates, California Housing and Community Development Department
Christian Abasto, Public Law Center
Cesar Covarrubias, The Kennedy Commission

THE Kennedy COMMISSION

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June 21, 2013

Chair Jim Fitzpatrick and Planning Commissioner Members
City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626

RE: Comments on Draft 2014-2021 Housing Element Update (May 2013)

Dear Chair Fitzpatrick and Planning Commission Members:

The Kennedy Commission (the Commission) is a broad based coalition of residents and community organizations that advocates for the production of homes affordable for families earning less than $20,000 annually in Orange County. Formed in 2001, the Commission has been successful in partnering and working with jurisdictions in Orange County to create effective policies that has led to new construction of homes affordable to lower income working families.

The Commission is submitting this letter in support of the Costa Mesa Affordable Housing Coalition's letter dated June 21, 2013 in regards to the City's 2014-2021 draft Housing Element.

The Commission looks forward to working in partnership with the City to create and implement effective policies and programs in the City's draft Housing Element that will incentivize the development of homes affordable to lower income working families. Please keep us updated on the City's responses to the Coalition's recommendations and on any revisions regarding the draft Element.

If you have any questions, please free to contact Cesar Covarrubias at (949) 250-0909 or cesarc@kennedycommission.org.

Sincerely,

Cesar

Cesar Covarrubias
Executive Director

cc: Lisa Bates, California Housing and Community Development Department
Christian Abasto, Public Law Center
Kathy Esfahani, Costa Mesa Affordable Housing Coalition

Working for systemic change resulting in the production of homes affordable to Orange County's extremely low-income households

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Comment 2: Continue to support the development of affordable homes on the Fairview Developmental Center site.

Response: The Fairview Developmental Center withdrew its application to develop affordable housing on site. The City has included a monitoring component in Program 12 (Adequate Sites) to monitor the State's intent for the site.

Comment 3: Support and identify a specific site for the development of an emergency shelter.

Response: As required by law, the City has identified the PD Industrial zone to permit emergency shelters by right. The City only has the authority to designate a zone for allowable uses but does not have the authority to designate private properties for public uses.

Comment 4: Reinstate Program 12 - Single-Room Occupancy, Family Residential Occupancy (FRO) as a stand-alone program.

Response: Currently, most motels in the City already incorporate an extended stay component. Based on comments from stakeholders at public meetings, FROs or existing motel rooms are not an appropriate housing arrangement for families. The City has introduced a new program to facilitate and encourage adaptive reuse of motels into permanent housing for families (Program 10).

Comment 5: Prioritize and facilitate the development of new rental homes affordable to lower income working families on City owned sites. Create an Affordable Housing Land Trust and issue RFP on City owned sites for affordable housing.

Response: The City owns only a few properties – two City-owned parking lots serving under-parked commercial areas; Senior Center with associated parking lot; and a vacant property at 111 Fair Drive that is set aside for an institutional use. Given the small portfolio, an Affordable Housing Land Trust is not an appropriate or feasible tool. No affordable housing developers have expressed interest in utilizing the Senior Center parking lot. Furthermore, the City is in the process of updating its Land Use Element, which will consider various options for the site.

Comment 6: Provide attractive by-right incentives and concessions of certain development standards that developers are not otherwise entitled to, in exchange for a dedication of 20 percent of homes affordable to extremely low, very low, and low income families.

Response: The City does not have an inclusionary housing ordinance. Given the current market conditions and the Governor's veto of AB 1229 (to restore inclusionary housing policies), the City is not in the position to consider inclusionary zoning at this time.

Comment 7: Amend the City's overlay zones to include effective incentives that will facilitate the development of affordable homes in areas with existing commercial and light industrial uses.

Response: The overlay zones (in Urban Plan areas) allow residential and mixed use developments in areas that normally do not allow residential uses. The flexible development standards are established to encourage a range of housing options in these areas. Affordable housing incentives are available citywide, including fee deferrals and density bonus.

The City has recently amended the Specific Plan to allow high density residential at 28 units per acre on Sakioka Lot 2. Overall, the City's residential sites inventory far exceeds its RHNA allocation of two units. Furthermore, as part of the City's General Plan update, the City is considering other areas for future residential development.

Comment 8: Commit specific funding or financial resources to facilitate the development of homes affordable for extremely low, very low, and low income working families. Leverage housing funds on

conversion. Provide information regarding HUD's special vouchers set aside for households losing project-based Section 8 assistance (applicable to Casa Bella only). Work with property owners and nonprofit housing providers to pursue State and federal funds for preserving at-risk housing. For density bonus projects, require property owners to inform the tenants of affordable units at least two years in advance of the expiration of affordability controls to allow tenants adequate time to explore other affordable housing options. Work to replenish the City's affordable housing inventory via the City's Density Bonus ordinance to create new affordable units.

Funding Sources: State and federal preservation funds

Responsible Agencies: Development Services Department/Housing and Community Development Division

9. Condominium Conversion

According to the 2010 U.S. Census, the percentage of owner-occupied households compared to renter households is 43% (owner) and 57% (renter). The City recognizes the importance of offering affordable homeownership opportunities in order to promote a balanced and diverse community. The City will revisit its condominium conversion ordinance to remove potential constraints to conversion. Specifically, many apartment developments would not be able to meet the City's current parking and open space requirements. The City will adopt an ordinance to promote development streamlining and condominium conversion.

2013-2021 Objectives: Adopt condominium conversion ordinance in Zoning Code in 2014 with the objective of removing constraints to conversion.

Funding Sources: Department/Division budget provided by General Fund

Responsible Agencies: Development Services Department/Planning Division

10. Adaptive Reuse for Multi-Family Housing

To expand housing options in the community, the City may allow, subject to a Zoning Code Amendment authorized by the City Council, the adaptive reuse of an existing motel use to a residential use for multi-family housing.

2013-2021 Objectives: Process Zoning Code Amendment in 2014/15 to allow a discretionary review of motel conversions to multi-family housing.

Funding Sources: Department/Division budget provided by General Fund
Responsible Agencies: Development Services Department/Planning Division

11. Supportive Services for Persons with Special Needs

The City recognizes certain segments of the population require additional assistance to secure decent housing and supportive services. Special needs groups in Costa Mesa include: seniors, persons with disabilities (including developmental disabilities), homeless and at-risk homeless, and low income families (including large households, female-headed households).

Through the annual action plan process for the CDBG program, the City evaluates the needs of various special needs groups and allocation CDBG Public Service dollars accordingly. The City will continue to expend CDBG funds in a manner that