



# *CITY COUNCIL AGENDA REPORT*

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MEETING DATE: NOVEMBER 3, 2015

ITEM NUMBER: **PH-1**

**SUBJECT: GENERAL PLAN AMENDMENT GP-14-04/ REZONE R-14-04/ ZONING CODE AMENDMENT CO-14-02/ AND MASTER PLAN PA-14-27 FOR COSTA MESA APARTMENTS AT 2277 HARBOR BOULEVARD**

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

**PRESENTATION BY: WILLA BOUWENS-KILLEEN, AICP, ZONING ADMINISTRATOR  
RYAN LOOMIS, ASSOCIATE PLANNER**

**DATE: OCTOBER 23, 2015**

**FOR FURTHER INFORMATION CONTACT: RYAN LOOMIS (714) 754-5608  
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## **RECOMMENDATION**

The Planning Commission recommends that the City Council take the following actions:

1. **Approve Initial Study/Mitigated Negative Declaration and General Plan Amendment GP-14-04 by adoption of resolution:**
  - a. The IS/MND document analyzes the environmental impacts of the proposed project. None of the impacts analyzed were determined to be significant. (Resolution attached).
  - b. The project proposes a change in land use designation from General Commercial to High Density Residential. Per the applicant's request, the proposed base density is 166 units (40 du/acre) with a development incentive for an additional 58 dwelling units to be justified by (a) provision of 20 affordable units for moderate-income households; and (b) complete demolition of the Costa Mesa Motor Inn. Therefore, for the 4.15-acre project site the General Plan Amendment would specify an overall site-specific density of 54 du/acre for the proposed 224-unit apartment complex and a site-specific building height of 60 feet for the 5-level parking structure.
2. **Give first reading to the ordinance for Rezone R-14-04:** An ordinance to rezone a 4.15-acre site from C1 (Local Business District) to PDR-HD (Planned Development Residential – High Density). (Ordinance attached).
3. **Give first reading to the ordinance for Zoning Code Amendment CO-14-02:** A zoning ordinance to amend Costa Mesa Municipal Code Title 13 to make specific references to the parcel, where appropriate, including the site-specific height and density for the development site in the PDR-HD zone and any other related changes. The proposed 224-unit project would require an amendment to Table 13-58 (Planned Development Standards) to allow a site-specific density of 54 dwelling units per acre for this project. (Ordinance attached).

4. **Approve Planning Application PA-14-27 by adoption of resolution:** A Master Plan application for the 224-unit apartment project. The proposal involves demolition of the existing Costa Mesa Motor Inn motel and the construction of a four-story, 224-unit apartment project, inclusive of twenty affordable units for moderate-income households. Parking onsite would be accommodated within a proposed five level parking structure containing 503 parking spaces.

**APPLICANT**

Diamond Star Associates, Inc. is the authorized agent for Miracle Mile Properties, the property owner.

## PLANNING APPLICATION SUMMARY

Location:	2277 Harbor Boulevard APN: 422-163-31	Application Number:	GPA-14-04/R-14-04/CO-14-02/PA-14-27
Request:	Design Review for new 4-story apartment building and multi-level parking structure		

**SUBJECT PROPERTY:**
**SURROUNDING PROPERTY:**

Zone:	C1 (Current); PDR-HD (Proposed)	North:	C2 General Business District (retail); I&R Institutional and Recreational District (golf course)
General Plan:	GC (Current); HDR (Proposed)	South:	C2 General Business District (retail); R3 Multiple Family Residential District (apartments)
Lot Dimensions:	600 FT x 323 FT	East: (across Harbor)	C1-S Shopping Center District (Harbor Center)
Lot Area:	180,795 SF (4.15 ac)		R2-MD Multi-Family Residential- Med. Density (apartments)
Existing Development:	Costa Mesa Motor Inn motel, which includes a 236 suite motel and surface parking		

### DEVELOPMENT STANDARD COMPARISON (Based on PDR-HD Zoning and not C1 zoning)

Development Standard	Required/Allowed PDR-HD zone	Proposed/Provided
Lot Area	43,560 SF (1.0 ac)	180,795 SF (4.15 ac)
Density:		
General Plan – HDR (High Density Residential Land Use)	Max. 20 du/ac (83 Units Max)	[Base density of 40 du/acre] With development incentive: 54 du/ac <sup>1</sup> (224 Units Proposed)
Zone – PDR-HD (Planned Development Residential, High Density)		
<b>Maximum Site Coverage (Overall Project):</b>		
Buildings	NA	NA
Open space	42% (75,933 SF) of total lot area	75,964 SF– 42% (incl. upper level decks/ min 100 SF)
Perimeter Open Space	20 feet abutting all public ROW	20 feet (Harbor Blvd) 20 feet (Bike Trail)
Min. Private Open Space (Units with Large Balcony)	100 SF/Min. 5 FT dimension	64 balconies total <sup>3</sup> 100 SF/Min. 5 FT dimension
Landscape Parkway	No less than 3FT	3FT along southerly PL
Building Height	N/A	4-stories/ 5-levels / 60 FT <sup>2</sup>
<b>Building Setbacks (Overall Project):</b>		
Front (Harbor Blvd)	20 FT	20 FT
Side (North side- bike trail)	20 FT	20 FT
Side (South side)	NA	35 FT
Rear (West side)	NA	20 ft.
On-Site Parking:	503 spaces	503 spaces
Driveway Width	16 FT	28 FT
Back up Distance	25 FT	25 FT

NA = Not Applicable or No Requirement.

(1) Site specific density requires General Plan Amendment and Zoning Code Amendment (see staff report discussion).

(2) Site specific building height requires General Plan Amendment (see staff report discussion).

(3) Code allows these specified large balconies to be counted towards the open space required.

CEQA Status	Initial Study- Mitigated Negative Declaration (IS-MND #2015091026)
Final Action	City Council

## **BACKGROUND**

### ***Project Site/Environs***

The project site is located close to the northwest corner of Harbor Boulevard and Wilson Street. The project site is approximately 4.15 acres in size (180,795 square feet), and is currently occupied by the 94,500 square-foot 236-room Costa Mesa Motor Inn motel constructed in 1974, a surface parking lot, signage, and landscaped areas within the parking area and around the perimeter of the site. The property is currently zoned C1 (Local Business District) and has a General Plan Land Use Designation of General Commercial (GC). Surrounding land uses generally consist of residential, recreational, and commercial uses. Land uses immediately adjacent to the project site consist of the following:

<b>Direction</b>	<b>Zone</b>	<b>Use</b>
North	I&R (Institutional and Recreational) C2 (General Business District)	Public Bike Trail, Costa Mesa Golf Course Pal's Vacuum Cleaner
South	R3 (Multiple-Family Residential District) C2 (General Business District)	Multi-family Residential Units Avis car rental, AAMCO auto repair
East (across Harbor Blvd)	C1-S (Shopping Center District)	Harbor Center
West	R2-MD (Multiple-Family Residential District, Medium Density)	Multi-family Residential Units

### ***General Plan Screening GPS-14-02***

On May 20, 2014, City Council considered General Plan screening request GPS-14-02 for a site-specific density of 59 dwelling units per acre. The original proposal involved demolition of the 236 motel units and construction of up to 236 apartment units (59 du/acre). Council accepted the General Plan amendment request for processing an amendment to the land use designation from General Commercial to Planned Development Residential for the development of a 236-unit apartment complex project. A copy of the May 20, 2014, City Council meeting minutes is found at following link: (Link: <http://www.costamesaca.gov/modules/showdocument.aspx?documentid=15043>)

	<b>Original Proposal before General Plan Screening</b>	<b>Current Proposal after General Plan Screening</b>
Density	59 du/acre	54 du/acre
Number of Units	236	224

### ***Planning Commission Action***

On October 12, 2015, Planning Commission voted 5-0, recommending the City Council approve the IS/MND and Adopt General Plan Amendment GPA-14-04; approve/give first reading to the Ordinances for Rezone R-14-04 and Zoning Code Amendment CO-14-02;

and approve Master Plan PA-14-27, subject to conditions of approval and mitigation measures contained in the IS/MND.

A link to the Planning Commission staff report can be found on the City’s website here:

<http://www.costamesaca.gov/ftp/planningcommission/agenda/2015/2015-10-12/PH-3.pdf>

The excerpt of the Planning Commission meeting minutes for the item (unofficial) are provided as Attachment 13.

**ANALYSIS**

***Project Description***

The proposed project involves replacing the existing motel building and surface parking areas with an apartment building and parking structure as described above. The apartment units are comprised of one-bedroom; one-bedroom with den; two-bedroom; and two-bedroom with den. A breakdown of the unit types are summarized in the table below:

Type of Unit	Description	SF	Level 1 Units	Level 2 Units	Level 3 Units	Level 4 Units	Total Units	Percentage of Total Units
Unit A1	1 bed/1 bath	+/-750 SF	21	24	24	24	93	41%
Unit A2	1 bed/1 bath	+/-730 SF	7	8	8	8	31	14%
Unit A3	1 bed/1 bath/ 1 den	+/-780 SF	4	4	4	4	16	7%
Unit B1, B2, B3	2 bed/2bath	+/-1,050 SF	17	17	21	21	76	34%
Unit B4	2 bed/2 bath/ 1 den	+/-1,200 SF	2	2	2	2	8	4%
Total			51	55	59	59	224	100%

***Project Timeline***

According to the applicant, and as discussed in the Long-Term Occupant Relocation Assistance Plan, the property owner intends to close the Costa Mesa Motor Inn on Monday, August 1, 2016, and demolition and construction would commence thereafter. On June 1, 2016, the property owner will provide a 60 day advance “Notice of Motel Closure/Lease Termination” to all long-term occupants and provide relocation assistance, as described in the Long-Term Occupant Relocation Assistance Plan (attached as Attachment 4). As discussed further below, this Long-Term Occupant Relocation Assistance Plan is required for the project as a condition of approval.

***Long-Term Occupant Impact***

As discussed by the applicant and property owner at Planning Commission, the motel currently is approximately 50% occupied by both long-term occupants (more than 28 day stay) and short-term (less than 28 day stay) occupants. This equates to approximately 150 to 160 rooms (out of 236 rooms) currently being occupied. Based on the Transient Occupancy Tax Exemption Certificate records provided by the

property owner to the City, there are 49 rooms occupied by approximately 66 long-term residents. As mentioned by the applicant, only 17% of these long-term residents have a driver's license with a Costa Mesa address; the remaining balance are from outside city.

The property owner's Chief Operating Officer (COO), Lionel Levy, provided current long-term rental rates for the Costa Mesa Motor Inn at Planning Commission. According to Mr. Levy, the long-term rental rates at the motel, as of June 1, 2015, range between \$1,213 and \$1,334 for the 300 square-foot rooms. These rooms are similar to a studio type apartment. According to a citywide apartment survey conducted in 2012, as part of the Costa Mesa Housing Element update, rental rates for apartments in Costa Mesa range from \$955 a month for a studio, to \$1,855 a month for a two-bedroom/one-bath apartment. Table HOU-25 from the 2013-2021 Housing Element, as shown below, provides the rental ranges. In comparison to average rental rates in Costa Mesa, the Costa Mesa Motor Inn long-term rental rates are higher than average rent for a studio in Costa Mesa (approximately 30% higher).

**Table HOU-25: Apartment Rents (2012)**

Unit Size	Average Rent	Rent Range
Studio	\$955	\$550-\$1,360
One-Bedroom/One-Bathroom	\$1,250	\$800-\$1,609
Two-Bedroom/One-Bathroom	\$1,630	\$1,185-\$1,855
<b>TOTAL</b>	<b>\$1,590</b>	<b>\$550-\$3,150</b>
Source: Hogle-Ireland, Inc. 2012, based on an online survey of units available for rent in the City. A total of 75 complexes were reviewed.		

The applicant proposed a Long-Term Occupant Relocation Assistance Plan to provide financial assistance to long-term residents, as described in the October 12, 2015 communication (attached as Attachment 4). Planning Commission added a condition of approval requiring the applicant implement the Long-Term Occupant Relocation Assistance Plan prior to issuance of building permits, as described below.

**PC CONDITION OF APPROVAL NO. 27:** The applicant shall implement the Long-Term Occupant Relocation Assistance Plan, as described in the October 12, 2015 communication (attached as Exhibit B1), prior to issuance of building permit. An action report, indicating the relocation of long-term occupants, shall be submitted and approved to the satisfaction of the Development Services Director.

***Neighboring Uses Impacts***

The public comments received during Planning Commission's hearing addressed concerns related to the project's 60-foot height structure interfering with neighboring cellular reception, drainage, traffic, and parking. As discussed by Planning Commission, the concerns regarding interfering with neighboring cellular reception from the cellular towers is civil issue between the two property owners, and not part of City's jurisdiction. Concerns related to drainage will be addressed by conditions and requirement imposed by the City's Public Services Division to ensure the project provides proper drainage.

Regarding traffic and parking, the proposed project provides adequate parking per Zoning Code requirements (503 parking spaces required and provided within a five-level parking structure). The parking structure includes 69 guest spaces with the remaining 434 spaces for the residents; 12 guest spaces and the remaining 434 proposed residential spaces will be provided behind security gates.

Regarding traffic concerns, the IS/MND has determined that traffic impacts will be less than significant. The Level of Service at the nearby intersections will continue to operate at LOS B or better, which is considered acceptable. The Transportation Services Division has also required conditions of approval to mediate traffic concerns, including median modifications along Harbor Boulevard to restrict left-turn in and out of the project site, median modifications at the intersection of Harbor Boulevard/Harbor Center to provide a U-turn lane in the northbound direction, and signal modification at the intersection of Harbor Boulevard/Harbor Center to provide a U-turn phase.

### ***General Plan Amendment GP-14-04 for Site-Specific Density and Height***

The proposed project involves an amendment to the City's General Plan to facilitate the change of the existing land use designation from General Commercial to High-Density Residential (HDR). The HDR designation would allow a maximum density of 20 dwelling units per acre, or 83 units. Per the applicant's request, the proposed base density would be 166 units (40 du/acre) with a development incentive for an additional 58 dwelling units to be justified by (a) provision of 20 affordable units for moderate-income households; and (b) complete demolition of the Costa Mesa Motor Inn. Therefore, the proposed general plan amendment is requesting a site-specific density of 54 dwelling units per acre for this project. In addition, the project is requesting a site-specific building height of 60 feet for the 5-level parking structure (maximum 4 stories south of the San Diego [I-405] Freeway).

#### **Site-Specific Density Proposed by Applicant**

As discussed, the applicant's request for a site-specific density of 54 dwelling units per acre is contingent on providing 20 affordable units for moderate-income individuals. This site specific density request is not related to a density bonus allowance per State Government Code Section 65915 et. seq. regarding Density Bonuses and Other Incentives; as such, the project is not requesting the City provide incentives or concessions. The public comments received during Planning Commission hearing addressed concerns related to a significant loss of existing, low-income units with the demolition of the Costa Mesa Motor Inn, and the lack of new low-income units proposed by the project. The current 2013-2021 Housing Element does not include the Costa Mesa Motor Inn, or any other motels, as required to meet the RHNA obligation for providing affordable housing. Also, as discussed earlier, the current long-term rents at the Costa Mesa Motor Inn are not considered affordable, as rents range between \$1,213 and \$1,334 for a 300 square-foot room. Such rental rates are approximately 30% higher than the rent for an average studio.

Site-Specific Height Proposed by Applicant

The Zoning Code does not specify a maximum building height for the PDR-HD zone; however, the General Plan limits building height to a maximum four stories for buildings south of the San Diego (I-405) Freeway, which is established as an objective and a policy in the General Plan Land Use Element (Objective LU-1C and Policy LU-1C.2). Because the subject property for the proposed development is south of the I-405 Freeway, the four-story maximum height would apply to the project. Although the parking structure is technically four stories high and equivalent in height to the proposed 4-story apartment buildings, Code defines that the fifth level of the four-story parking structure be counted as a “story” for zoning purposes. The site specific building height is only applicable to the garage structure, which is wrapped by the four-story apartment building on three sides. The side visible to Harbor Boulevard is in keeping with the overall height of the building and is not an increase in the overall building height. The fifth level is needed to meet the parking requirements without undergrounding a full level.

**Regional Housing Needs Allocation (RHNA)**

*Costa Mesa received a 2-unit RHNA allocation.*

For the 2013-2021 RHNA period, the City of Costa Mesa has been allocated a total of two RHNA units: one unit for low-income households and one unit for very-low income households. For reference purposes, the following table identifies the RHNA allocation of select nearby cities.

RHNA Allocation of Select Cities in Orange County

City	RHNA Allocation
Costa Mesa	2 units
Newport Beach	5 units
Santa Ana	204 units
Fullerton	358 units
Fountain Valley	358 units
Orange	363 units
Huntington Beach	1,353 units
Irvine	12,149 units

The Southern California Association of Governments (SCAG) is responsible for the allocation of the state-determined regional housing needs among all jurisdictions in the SCAG region. SCAG and the California Department of Housing and Community Development (HCD) officially started the consultation process to determine the total housing need for the SCAG region in June 2011.

*Housing Element complies with State law.*

The 2013-2021 Housing Element has been certified by the City Council. It should be noted that the RHNA allocation is a planning goal and not a housing production requirement. The Housing Element complies with State law by describing all necessary

actions to encourage, promote, and facilitate the development of housing to accommodate the two-unit RHNA allocation. State law recognizes, however, that future housing production may not equal the regional housing need established for planning purposes.

*Housing Element does not mandate an Inclusionary Housing requirement.*

The 2013-2021 Housing Element does not contain goals, policies, or objectives that encourage the retention of motels to serve as housing for low-income persons. With specific regard to the RHNA allocation, the Housing Element does not apply motels to the 2-unit allocation.

*Project represents a private proposal for 20 moderate-income units.*

The project applicant is proposing the inclusion of 20 affordable units to moderate-income households as part of the development project to justify the site-specific density request. This is a private initiative from the applicant and is not related to the State Law density bonus program.

#### ***Rezone R-14-04***

A rezone of the zoning classification of the 4.15-acre development site from Local Business District (C1) to Planned Development Residential – High Density (PDR-HD) is proposed. The rezone to PDR-HD would be consistent with the High Density Residential General Plan designation proposed for the project site.

#### ***Zoning Code Amendment CO-14-02***

A zoning ordinance to amend Costa Mesa Municipal Code Title 13 for a site-specific density of 54 dwelling units per acre would be required. The proposed 224-unit project would require an amendment to Table 13-58 (Planned Development Standards) to make reference to the site-specific density of 54 dwelling units per acre for this project (pursuant to the approval of the General Plan Amendment).

#### ***Conformance with the City of Costa Mesa General Plan***

Future development of all land within the City of Costa Mesa is guided by the General Plan adopted in 2002. The Land Use Element of the General Plan directs long-range development in the City by indicating the location and extent of development to be allowed. The General Plan sets forth land use goals, policies, and objectives that guide new development.

The following analysis evaluates the proposed project's consistency with specific goals, objectives and policies of the General Plan.

- **Policy LU-1F.4:** *Ensure that residential densities can be supported by the infrastructure and that high-density residential areas are not permitted in areas, which cause incompatibility with existing single-family areas.*

**Consistency:** As discussed in the IS/MND, the proposed project has a less than significant impact, and can be supported by the existing infrastructure, including water conveyance systems, wastewater conveyance systems, and local transportation networks. The two key intersections along Harbor Boulevard near the project site, including Harbor Blvd/Harbor Center and Harbor Blvd/Wilson Street, are expected to maintain acceptable levels of service (LOS). In addition, the proposed project is located near several OCTA bus stops and bus routes located within walking distance of the project site.

- **Policy LU-2A.8:** *Encourage increased private market investment in declining or deteriorating neighborhoods.*

**Consistency:** The project proposed project is designed as a high-quality apartment development. The existing Costa Mesa Motor Inn provides for transient residential uses that has historically been a source of criminal activity and public nuisance to the area. The proposed project will provide and encourage redevelopment in an area with buildings considered outdated and deteriorating.

On July 14, 2014, the City of Costa Mesa Planning Commission voted 5-0 to revoke Conditional Use Permit PA-98-31 to discontinue allowing long-term occupancies due to numerous violations of the Conditional Use Permit, as well as a variety of public nuisance findings. In addition, the motel has historically been a source of criminal activity and public nuisance. As such, the proposed project is consistent with the City's desire to encourage private investment in declining and deteriorating neighborhoods.

- **Policy HOU-1.8:** *Encourage the development of housing that fulfills specialized needs.*

**Consistency:** The proposed development of high-density residential uses will improve the City's share of housing opportunities. The project proposes 20 affordable units for moderate-income households. In addition, the project provides housing within proximity to bus transit service and commercial uses. The nearest bus route to the project site is located along Harbor Boulevard, 141 feet east of the project site. The expansive Harbor Center commercial center is located across Harbor Boulevard, providing future residents' direct access to a variety of retail businesses.

- **Policy HOU-1.1:** *Develop standards and/or guidelines for new development with emphasis on site (including minimum site security lighting) and building design to minimize vulnerability to criminal activity.*

**Consistency:** The project proposed project is designed as a high-quality apartment development with multiple on-site amenities for future residents. The project site includes private courtyards with landscaping, indoor gym, pool/spa, and both passive and active recreational opportunities within the gated property.

In addition, the project provides for an enclosed and well-lit parking structure, which will provide access to each individual floor of the apartment complex.

- **Policy HOU-1.1:** *Encourage the conversion of existing marginal or vacant commercial and/or industrial land to residential, where feasible and consistent with environmental conditions that are suitable for new residential development.*

**Consistency:** The project proposed project includes the complete demolition of the outdated Costa Mesa Motor Inn. The motel was built in the early 1970's, and includes non-conforming long-term residential uses within a commercial zone. As such, the proposed project is consistent with the City's desire to convert marginal commercial land for residential uses.

The project includes twenty affordable housing units for moderate-income households. Per the applicant's request, these affordable units are intended to justify the increased density to 54 du/acre (from the base density of 40 du/acre). A condition of approval requires that an Affordable Housing Agreement be finalized and recorded on the property prior to issuance of the first certificate of occupancy.

## **JUSTIFICATIONS FOR APPROVAL**

Pursuant to Title 13, Section 13-29, Planning Application Review Process, of the Costa Mesa Municipal Code, the Planning Commission shall find that the evidence presented in the administrative record substantially meets specified findings. Staff recommends approval of the proposed project, based on the following assessment of facts and findings which are also reflected in the draft resolution.

### ***Rezone R-14-04***

The following are justifications for approval of the rezone request per Title 13, Section 13-29 (g)(11):

- *Rezone to Planned Development Residential – High Density (PDR-HD) is consistent with the proposed General Plan.* The HDR General Plan land use designation anticipates development on the subject site at 20 dwelling units per acre. The applicant is seeking a proposed base density of 40 du/acre (166 units), with a development incentive for an additional 58 dwelling units to be justified by (a) provision of 20 affordable units for moderate-income households and (b) complete demolition of the Costa Mesa Motor Inn (236 motel rooms), and redevelopment to an upscale apartment building with security, structured parking, and significant amenities. The rezone will reflect the site-specific density for this property.
- *Rezone of property is within General Plan development capacity.* Since the master plan proposes a site specific density of 54 du/ac, the project traffic conditions are proposed to be comparatively higher to existing conditions. According to the IS/MND, the existing 236 room motel at full capacity generates

approximately 1,258 daily trips, which include approximately 66 a.m. peak hour trips and approximately 118 p.m. peak hour trips. The proposed 224-unit apartment project forecasts approximately 1,490 daily trips, which include approximately 114 a.m. peak hour trips and approximately 139 p.m. peak hour trips. This is an increase of 232 additional daily trips, including 48 additional a.m. peak hour trips and an additional 21 p.m. peak hour trips. The City of Costa Mesa considers a significant traffic impact when project-generated trips causes the peak hour level of service of the study intersection to change from acceptable operation (Level of Service A, B, C, or D) to deficient operation (LOS E or F). Currently the Harbor Boulevard/Harbor Center intersection is operating at LOS A during both the a.m. peak hour and p.m. peak hour, and is forecast to continue to operate at LOS A during both peak hours with the addition of project trips. The Harbor Boulevard/Wilson Street intersection is operating at LOS A during the a.m. peak hour and LOS B during p.m. peak hour. This intersection is forecast to continue to operate at LOS A during the a.m. peak hour, and LOS B during p.m. peak hour with the proposed project. Therefore, the two key study intersections would continue to operate under acceptable LOS for both a.m. and p.m. hours.

### **Zoning Code Amendment CO-14-02**

- The Code Amendment is consistent with the PDR-HD zoning district, as amended per GP-14-04 and R-14-04. The applicant is seeking a proposed base density of 40 du/acre (166 units), with a development incentive for an additional 58 dwelling units to be justified by (a) provision of 20 affordable units for moderate-income households and (b) complete demolition of the Costa Mesa Motor Inn (236 motel rooms), and redevelopment to an upscale apartment building with security, structured parking, and significant amenities. Once established, the site specific density and building height for the five-level parking structure will be reflected in the Zoning Code.

Note: The City is currently undergoing a General Plan Update, which has highlighted strategic locations along Harbor Boulevard and Newport Boulevard to allow new high-density residential uses of up to 40 du/acre. The proposed “Residential Incentive Overlay Zone” includes the Costa Mesa Motor Inn property.

### **Master Plan PA-14-27**

The following are justifications for approval of the Master Plan request per Title 13, Section 13-29 (g)(5):

- The project features quality construction and materials and meets broader goals of the General Plan and Zoning Code.

GOAL CD-6                      *Enhance opportunities for new development and redevelopment to contribute to a positive visual image for the City of Costa Mesa.*

*OBJECTIVE LU-2A. Encourage new development and redevelopment to improve and maintain the quality of the environment.*

As noted earlier, the building design and roof elements reflect a modern style, i.e., characterized by simplified square and rectangular building forms with a variety of flat planes, projections, and recesses. The exterior consists of alternating white smooth stucco finish, limestone finish, metal finish, and clear glass windows. Additional accents include metal finish balcony rails, welded wire mesh grid systems that support the growth of landscape vines, and woven metal wire cloth used for screening the 5-level parking structure, as shown below. The developer will also be required to replace the existing block wall and razor wire fence along the westerly and southerly property line with a decorative 6-foot block wall.



An alternative design for the apartment project was discussed at Planning Commission, such as traditional Mediterranean style. City Council may decide to require the project provide a more traditional architectural style.

Landscaping throughout the proposed project will include drought tolerant landscape materials. The landscaping will be planted using the practice of hydrozoning, or grouping of plants with similar water requirements. Irrigation will be provided using water efficient irrigation equipment, including matched precipitation heads, drip lines, separate valves for turf and ground cover areas, and rain shut-off devices.

Conditions confirming these improvements are provided and include the following:

**CONDITION OF APPROVAL No. 6:** No modification(s) of the approved building elevations including, but not limited to, changes that increase the building height,

removal of building articulation, or a change of the finish material(s), shall be made during construction without prior Planning Division written approval. These include fiber reinforced cement siding, limestone finishes, metalwork accents, and woven metal wire cloth.

**CONDITION OF APPROVAL No. 16:** Prior to final inspection, the applicant shall demolish existing block wall with razor fencing along the south and west property lines, as well as any existing wall/fencing along the neighboring commercial property abutting the northeasterly portion of the development lot, and replace with a 6-foot high decorative block wall under the direction of Planning staff. Metal fencing is permitted along the north and east perimeter of development lot abutting the existing bike trail and Harbor Boulevard only.

- *The proposal provides on-site amenities comparable with quality residential projects of this size and density.* The proposed project is designed as a high-quality apartment development with multiple amenities. The proposed residential amenities include a two-story fitness center gym and recreation room, business center and computer library center, internet café, multi-purpose room with surround sound theater, and indoor/outdoor lounge and fireplace.



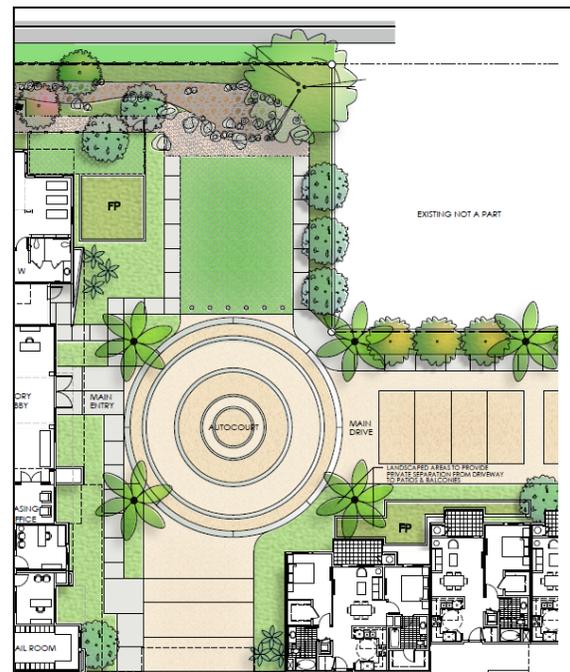
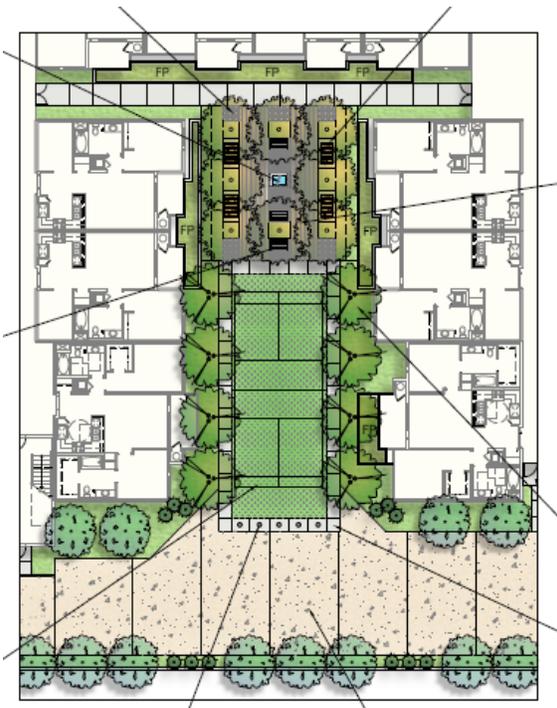
INTERIOR VIEW AT THE GYM LOOKING INTO THE POOL AND COURTYARD

Outside the gym is an enclosed 1,144 square feet courtyard with a pool, spa and two 64 square-foot cabanas. Beyond, and to the north of the pool and spa courtyard, is a passive dry creek linear park. The dry creek linear park is located along the 20-foot wide setback running along the northern and western property line. This linear park includes a dry creek bed of rock, boulders, and gravel as the thematic element of the park. The park will provide a variety of features, including a 4-foot decomposed granite pathway for walking, benches along the pathway for sitting, exercise stations, and dog waste stations for dog-walkers. These features are located all within a natural landscape of native and drought tolerant trees, shrubs and grasses. The dry creek will also function as part of the stormwater treatment system for the project. In addition, filtration planters will be located throughout the project site along the building to treat rainwater from the roof above before discharge into the stormwater system.





In addition to dry creek linear park and pool/spa courtyard, the proposed project includes four additional open space courtyards. A main entry court is located at the terminus of the long entry driveway. The entry court includes a curvilinear paved roundabout to facilitate vehicular travel, a covered turf area behind bollards, which will also act as a hammerhead turnaround for emergency vehicles, a dog run, and decorative hardscape and landscaping. A second open space courtyard is on the northwestern corner of the property, and includes passive and active amenities, including a yoga deck, BBQ facilities, banquette seating, a firepit, fountains, and dining niches. A third open space courtyard is located along the southwestern portion of the project site, and contains both active and passive amenities, including paved turf block area behind retractable bollards for active recreation (also to be used as a turnaround area for emergency vehicles), a fountain, wood benches, citrus groves, and other drought tolerant landscaping. A fourth open space courtyard will be provided along the eastern portion of the project site (adjacent to Harbor Boulevard), and provides passive amenities, including elongated fountain, large trees and grasses along a walkway, and bench seating.



- The proposed project meets the parking requirements per the Zoning Code. The project proposes a new 5-level parking structure containing 503 covered parking spaces. A total of 503 spaces are required per Table 13-85 of the City's residential parking standards, including a ratio of 1.75 cars per 1-bedroom unit (140 units), 2.25 cars per 2-bedroom unit (84 units), and guest parking at a rate of 0.5 spaces per unit for the first 50 units, and 0.25 spaces for each unit above 50 units for the remaining 174 units. The parking structure provides for subterranean parking for a portion of guest spaces, and includes privacy gates for added security. The 5-level structure will be wrapped around on three sides (excluding south elevation) by the proposed apartment building. As discussed earlier, a welded wire mesh grid system that supports the growth of landscape vines, and woven metal wire cloth will be used for screening the 5-level parking structure (see below).



The following condition is proposed to help facilitate how the parking is used:

**CONDITION OF APPROVAL No. 5:** A parking management plan shall be submitted to the Development Services Director and the Transportation Services Manager prior to final occupancy of the building. The parking management plan shall denote the following:

- a. Method of allocation of assigned parking.
  - b. Method of allocation of assigned parking.
  - c. Location of visitor parking, including appropriate signage.
  - d. Location of employee parking.
  - e. Provide proof of a contract with a towing service to enforce the parking regulations if parking problems arise.
- The project has been designed to be compatible with the surrounding uses in the area. The project has been designed as a self-contained residential community with on-site amenities as discussed above. The architectural style of the building, with its clean modern lines, glass, wood and metal accents, is visually compatible with the architecture of the surrounding commercial area, including the modern style architecture found at Harbor Center.

The appropriate justification can be made for the requested deviations.

- Deviation for building levels/stories would help remediate the project from the strict application of development standards and does not constitute a grant of special privileges inconsistent with other properties in the vicinity. According to the General

Plan, structures with a maximum of four stories above grade are permitted in areas south of I-405. The deviation request would allow for a five level parking structure. The structure is considered 5-levels due to allowance of parking on the roof of the parking structure. As shown in the plans (See Attachment 12), the five level parking structure (approx. 50 feet overall height) would not exceed the height of the proposed of a four-story 224-unit residential apartment building (60 feet overall height) that wraps around a five-level parking structure. Although 5 levels high, the parking structure will be lower than the proposed apartment building, and therefore will not be visible above the apartments.

Recently, the City of Costa Mesa approved 125 East Baker Street project (PA-13-11), which allowed for a five-story (63 feet overall height) 240-unit residential apartment building that wraps around a six-level (57 feet overall height) parking structure in the PDR-HD zone. The proposed project is requesting one less “story” and “level”, as well as reduced building height, compared to the 125 East Baker project.

- Deviation for building levels/stories does not create a use, density, or intensity that is not in accordance with the general plan designation for the property. The proposed project proposes a High Density Residential General Plan land use designation, which allows a density up to 20 units per acre. As mentioned, the General Plan allows a maximum of four stories above grade for areas south of I-405. Although 5 levels high, the parking structure will be lower than the proposed apartment building, and therefore will not be visible above the apartments. Therefore, granting the deviation will not allow a use, density, or intensity which is not in accordance with the general plan designation for the property.
- The proposed development incentive is justified by the inclusion of twenty affordable housing units for moderate-income households, the demolition of the existing structures, and the construction of 224 units of housing. The density increase from a base density of 40 dwelling units/acre to 54 dwelling units/acre provides the property owner with a reasonable incentive to invest in a comprehensive redevelopment of the project site. The development incentive is necessary to enable physical construction of the 224-unit apartment project, which will replace an aging, 236-unit motel that includes non-conforming long-term residential uses within a commercial zone, and for it to be financially feasible. In addition to demolishing the existing structures and replacing them with a modern, high-quality apartment project, the property owner is designating 20 units as affordable housing for moderate-income households. This incentive is necessary to build a well-designed and highly amenitized residential development that will provide livable market-rate and affordable dwelling units of sizes that are marketable and desirable to the community.
- The proposed project provides a public benefit by replacing a non-conforming use that has served as a long-time nuisance property with a modern, high-quality residential apartment building including a portion reserved for affordable housing. The proposed project replaces an aging 236-unit motel that includes non-conforming long-term residential uses within a commercial zone. Over the past \_\_\_ years, the motel has generated \_\_\_ calls for Police and Fire Service between 20\_\_ and 20\_\_, resulting in a disproportionate amount of city resources dedicated to resolving public safety issues

at this single property. The proposed project replaces the functionally obsolete building with 224 apartment units, including 20 units of dedicated affordable housing for moderate income households, which will provide the City with new, amenity-rich housing stock to satisfy the significant market demand.

## **ENVIRONMENTAL DETERMINATION**

An Initial Study-Mitigated Negative Declaration (IS-MND) has been prepared for the project in accordance with the California Environmental Quality Act (CEQA). In accordance with CEQA Guidelines Section 15073, the Mitigated Negative Declaration was made available for a 30-day public review and comment period beginning on September 11, 2015, and remained available for comment until October 10, 2015. The IS/MND found that the environmental effects from the project would be less than significant with the incorporation of mitigation measures, standard conditions of approval and compliance with the Code requirements. The Mitigated Negative Declaration document can be found on the City's website at the below link:

<http://www.costamesaca.gov/index.aspx?page=151>

Electronic copies can also be obtained on CD's from the Planning Division at no charge. Hardcopies are also available for review at the following locations:

City of Costa Mesa  
Planning Division/Development Services Department  
77 Fair Drive  
Costa Mesa, CA 92628

The Costa Mesa/Donald Dungan Library  
1855 Park Avenue  
Costa Mesa, CA 92627

Mesa Verde Library  
2969 Mesa Verde Drive East  
Costa Mesa, CA 92626

### ***Brief Summary of Significant Environmental Impacts and Mitigation Measures***

Under CEQA, a "significant impact" represents a substantial or potentially substantial adverse physical change to the environment. In evaluating specific effects of the project on the environment, the IS/MND identifies thresholds of significance for each effect, evaluates the potential environmental change associated with each effect, and then characterizes the effects as impacts. With the implementation of the mitigation measures identified in the IS/MND for the proposed project, all potentially significant impacts have been reduced to less than significant levels, as briefly summarized in the table below:

<b>Summary of Significant Environmental Impacts</b>		
<b>Potentially Significant Environmental Effects</b>	<b>Mitigation Measure Summary (1)</b>	<b>Level of Significance After Mitigation</b>
Air Quality	<ul style="list-style-type: none"> <li>• Maintain equipment during construction</li> <li>• Paint and building coatings to comply with air quality standards</li> </ul>	Less than significant
Hazards and Hazardous Materials	<ul style="list-style-type: none"> <li>• Confirm regulatory status of the Chevron site and provide appropriate documentation to City.</li> </ul>	Less than significant
Noise	<ul style="list-style-type: none"> <li>• Minimize noise impacts during construction</li> </ul>	Less than significant

(1) Refer to the IS/MND document for detailed descriptions of each mitigation measure.

## **PUBLIC NOTICE**

Pursuant to Title 13, Section 13-29(d), of the Costa Mesa Municipal Code, three types of public notification have been completed no less than 10 days prior to the date of the public hearing:

1. Mailed notice. A public notice was mailed to all property owners within a 500-foot radius of the project site. The required notice radius is measured from the external boundaries of the property. (See attached Notification Radius Map.)
2. On-site posting. A public notice was posted on each street frontage of the project site.
3. Newspaper publication. A public notice was published once in the Daily Pilot newspaper.

## ***Pubic Correspondence/ Response to Comments***

As of October 23, 2015, there have been 12 comment letters, including 9 regarding the IS/MND and 3 public hearing comments. All comments received are provided as Attachment 11 in chronological order received. Regarding the letters received commenting on the IS/MND, a “Response to Comments” will be provided in future Supplemental Memo.

## **LEGAL REVIEW**

The IS/MND and draft resolutions have been reviewed and approved as to form by the City Attorney’s Office.

## **CONCLUSION**

With implementation of the mitigation measures identified in the Mitigated Negative Declaration for the proposed project, all potentially significant impacts have been reduced to less than significant levels. With the implementation of the recommended conditions of approval, the proposed project will be compatible and harmonious with uses that exist within the general neighborhood. The project features quality construction and materials. The proposal provides on-site amenities expected of quality residential developments of this type. The proposed 5-level parking structure will

provide for adequate parking spaces required per Table 13-85 of the City's residential parking standards. Therefore, staff recommends that the City Council approve the Mitigated Negative Declaration prepared for the project and approval of the project subject to Conditions of Approval and the Mitigation Monitoring and Reporting Program.

## **ALTERNATIVES**

The City Council has the following alternatives:

1. Recommend approval of the project with modifications. The City Council may suggest specific changes that are necessary to alleviate concerns. If any of the additional requested changes are substantial, the item should be continued to a future meeting to allow a redesign or additional analysis. In the event of significant modifications to the proposal, should the City Council choose to do so, staff will return with a revised resolution incorporating new findings and/or conditions.
2. Recommend denial of the project. If the City Council believes that there are insufficient facts to support the findings for approval, City Council must deny the application and provide facts in support of denial to be included in the attached draft resolution for denial. If the project were denied, the applicant could not submit substantially the same type of application for six months.

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RYAN LOOMIS  
Associate Planner

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GARY ARMSTRONG, AICP  
Economic Development & Development  
Services Director/ Deputy CEO

Attachments:

1. [Vicinity Map, Zoning Map and 500' Radius Map](#)
2. [Existing Color Site Photos](#)
3. [Applicant's Project Description](#)
4. [Long-Term Occupant Relocation Assistance Plan](#)
5. [Draft City Council Resolution for General Plan Amendment and IS/MND](#)
6. [Draft City Council Ordinance for Rezone](#)
7. [Draft City Council Ordinance for Zoning Code Amendment](#)
8. [Draft City Council Resolution for Master Plan](#)
9. [Draft City Council Resolution for Denial](#)
10. [IS/MND Response to Comments](#)
11. [Public Correspondence/Emails](#)
12. [Plans and Color Elevations/Renderings](#)
13. [Planning Commission meeting minutes \(unofficial\)](#)
14. [IS/MND](#) (Provided separately) Also Available on the City Website at <http://www.costamesaca.gov/index.aspx?page=151>
15. [Signed Planning Commission Resolutions](#)

cc:

Chief Executive Officer  
Assistant Chief Executive Officer  
Director of Economic & Development / Deputy CEO  
City Attorney  
Public Services Director  
Transportation Svs. Mgr.  
City Engineer  
City Clerk (9)  
Staff (7)  
File (2)

Distribution List – Agencies and Persons Who Provided Comment  
on the IS/MND

Diamond Star Associates, Inc.  
Attn: Don Lamm, Managing Principal  
4100 MacArthur Blvd, #330  
Newport Beach, CA 92660

Century Quality Management  
Attn: Lionel Levy, Chief Operations Officer  
4221 Wilshire Blvd., Suite 480  
Los Angeles, CA 90010