



PLANNING COMMISSION AGENDA REPORT

MEETING DATE: OCTOBER 9, 2006

III.2
ITEM NUMBER:

SUBJECT: PLANNING APPLICATION PA-06-55
2550 ELDEN AVENUE, UNITS A THROUGH G

DATE: SEPTEMBER 28, 2006

FOR FURTHER INFORMATION CONTACT: WENDY SHIH, ASSOCIATE PLANNER (714) 754-5136

DESCRIPTION

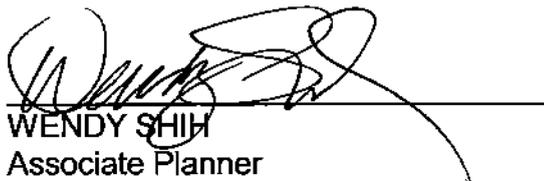
The applicant proposes to convert 7 apartment units into a common interest development (condominiums).

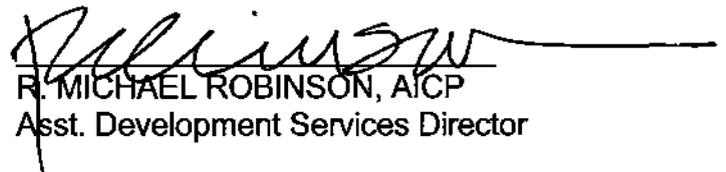
APPLICANT

Agnes Enterprises, LLC is the property owner and project applicant.

RECOMMENDATION

Approve by adoption of Planning Commission resolution, subject to conditions.


WENDY SHIH
Associate Planner


R. MICHAEL ROBINSON, AICP
Asst. Development Services Director

PLANNING APPLICATION SUMMARY

Location: 2550 Elden Avenue, Units A thru G Application: PA-06-55

Request: To convert 7 apartment units into a common interest development (condominiums).

Zone:	<u>R2-MD</u>	North:	<u>Surrounding properties</u>
General Plan:	<u>Medium Density Residential</u>	South:	<u>are all zoned R2-MD</u>
Lot Dimensions:	<u>66 ft. x 300 ft.</u>	East:	<u>and residentially</u>
Lot Area:	<u>19,800 sq.ft.</u>	West:	<u>developed.</u>
Existing Development:	<u>7-unit apartment complex (1 detached and 6 attached) with a 7-car garage.</u>		

DEVELOPMENT STANDARD COMPARISON

<u>Development Standard</u>	<u>Code Requirement</u>	<u>Proposed/Provided</u>
Lot size:		
Lot width	100 ft.	66 ft. ¹
Lot area	12,000 sq.ft.	19,800 sq.ft.
Density: Zone/GP	1 du/ 3,630 sq.ft.	1 du/ 2,828 sq.ft. ¹
Building coverage – overall project:		
Buildings	NA	31% (6,041 sq.ft.)
Paving	NA	29% (5,808 sq.ft.)
Open Space	40% (7,920 sq.ft.)	40% (7,951 sq.ft.)
TOTAL	100%	100%
Min. private open space dimension	10 ft. by 10 ft. minimum dimensions	10 ft. minimum dimension
Building Height:	2-stories/27 ft.	2-stories/ 20 ft.
Setbacks:		
Front	20 ft.	16 ft. ²
Side - apartments (left/right)	5 ft./5 ft.	5 ft. minimum/22 ft. minimum
Side – detached garage (left/right)	0 ft./0 ft.	0 ft./46 ft.
Rear (1 st floor/2 nd floor)	10 ft./20 ft.	15 ft./24 ft.
Separation between garage & apt. units	6 ft. minimum	17 ft. minimum
Parking:		
Covered	7	7
Open	11	8
Guest	4	0
TOTAL	22	15 ¹
Driveway Width:	16 ft.	15 ft. ¹

CEQA Status Exempt, Class 1
 Final Action Planning Commission

- 1 Existing, nonconforming.
- 2 Minor modification requested for addition of entry columns and trellises.

BACKGROUND

The subject property is located between Monte Vista Avenue and Del Mar Avenue, on the east side of Elden Avenue. The lot contains a detached unit at the front, a 6-unit apartment building to the rear, and a 7-car garage in between. The property has been undergoing substantial upgrades since March 2006 and all units are unoccupied. The property owner proposes to convert the apartment units into condominiums.

Pursuant to Code Section 13-42(g), Planning Commission review is required when previously occupied apartments are proposed to be converted to a common interest development. The review is required to confirm compliance with applicable development standards and to consider potential impacts on the rental housing supply and displacement of tenants if the City's vacancy rate is below 3%.

A parcel map will be required to be processed and recorded before the units can be sold independent of one another. The applicant is aware of this requirement but did not want to incur the cost of having the map prepared until Planning Commission acted on the conversion.

ANALYSIS

Common interest developments must comply with additional development standards above those applicable to apartments. These additional development standards include provision of a 10-foot by 10-foot private open space for each unit, having a break in the front plane of the building of at least 4 feet every 2 dwelling units (unless alternate designs approved), and provision of on-site lighting. The existing development already complies with the common interest development requirements with respect to private open space. The original apartment structure containing units B through G does not have any breaks in the elevation. However, the applicant is in the process of upgrading the exterior elevations by adding siding, stone veneers, trellises, and additional trim features to soften the appearance of the building mass. This work is in conjunction with other improvements being made to the property, including on-site lighting and landscaping.

The existing development is situated on a lot with nonconforming lot width. The front unit was constructed in 1943 and the rear apartment building was constructed in 1976. The development is legal, nonconforming because the project was permitted and constructed under previous requirements that do not satisfy current Zoning Code requirements for density and parking – whether as apartments or condominiums. The proposed change in the type of ownership will not increase the project's degree of nonconformity.

There is concern that conversions may diminish the supply of rental housing and displace long-term residents unreasonably, particularly senior citizens, low- and moderate-income families, and families with school-age children. Consequently, City Council established a "critical vacancy rate" of 3% as the threshold for discouraging conversion of apartments to common interest developments. When the citywide rental

vacancy rate is 3% or less, Planning Commission may deny any requested conversions. The 2000 census data indicates the City's rental vacancy rate is 2.8%.

The property contains seven, 2-bedroom units, all of which are currently unoccupied. The tenants (who moved out by June 2006) were paying an average rent of \$1,150 a month. The current affordable rental rates for 2-bedroom units are \$881 for very-low, \$1,057 for low-, and \$1,300 for moderate-income persons as established by United States Department of Housing and Urban Development (HUD).

Based on this information, the monthly rents for the units (which were not renovated) exceeded the affordable rental rates for low- and very-low income households. Therefore, conversion of the units would not result in a loss of affordable rental units for the low and very-low income households. When the property was purchased by the current owner in January 2006, his plan was to renovate the buildings and substantially upgrade the image of the property, whether or not the conversion occurs. If the units remained apartments, the upgrades would most likely result in rents exceeding affordable rental rates for moderate income households. Therefore, conversion of the units will not result in the loss of rental units for the low- or moderate-income households. According to the applicant, conversion of the units would provide additional affordable housing opportunities within the City. It is staff's opinion that conversion of the units into condominiums will not substantially diminish the supply of rental housing since 60% of the City's housing units are renter occupied (40% is generally the norm) and General Plan Goal LU-1A.4 seeks to "improve the balance between rental and ownership housing opportunities".

As required by Code, a property inspection report as well as a termite report was submitted, and a City property inspection report was prepared. Based on those reports, Planning staff's inspection of the site, and to allow a general upgrading of the site, staff recommends the following improvements:

1. Complete all exterior and interior improvements listed in applicant's project summary letter, under the direction of the Planning staff.
2. Treat termite infestations as recommended by a termite control company.
3. Building and electrical corrections or upgrades as noted in the City property inspection report.

On July 10, 2006, Planning Commission denied a condominium conversion application for 2379 through 2381 Elden Avenue because the development does not meet current parking requirements, exceeds density allowance, and lacks sufficient open space. The applicant subsequently appealed the decision and on September 5, 2006, City Council approved the applicant's request. As mentioned above, the subject development is legal, nonconforming with respect to density and parking. However, it does satisfy open space requirements.

MINOR MODIFICATION – FRONT SETBACK

The applicant is also requesting a minor modification to allow a 4-foot encroachment into the required 20-foot front setback to accommodate an enhanced entry area for the front unit. Specifically, proposed is a covered porch area with columns and trellis accents. It is staff's opinion that the improvements will enhance the architecture and design of the existing building for an attractive development.

GENERAL PLAN CONFORMITY

Approval of the conversion will satisfy General Plan Goal LU-1A.4 that encourages additional home ownership opportunities in the City. The proposed conversion meets the General Plan's Land Use and Housing Element goals and objectives for additional ownership housing and will improve the balance between rental and ownership housing opportunities within the City. The units, whether utilized as apartments or condominiums, are consistent with the Medium Density General Plan land use designation because they are existing legal nonconforming.

ALTERNATIVES

The units could still be rented, if the request is denied.

ENVIRONMENTAL DETERMINATION

The project is exempt from the provisions of the California Environmental Quality Act under Section 15301 for Existing Facilities.

CONCLUSION

Conversion of the units will not result in a loss of affordable rental units for the very-low, low- or moderate-income households. The conversion will ensure substantial upgrades to the property and provide additional affordable home ownership opportunities, helping to balance the ratio of rental to ownership housing within the City.

Attachments: Draft Planning Commission Resolution
 Exhibit "A" - Draft Findings
 Exhibit "B" - Draft Conditions of Approval
 Applicant's Project Description and Justification
 Inspection Reports
 Location Map
 Plans

cc: Deputy City Manager - Dev. Svs. Director
 Sr. Deputy City Attorney
 City Engineer
 Fire Protection Analyst
 Staff (4)
 File (2)

Hugh Siler
Agnes Enterprises, LLC
1835 Newport Blvd., A109-174
Costa Mesa, CA 92627

File: 100906PA0655	Date: 092606	Time: 11:45 a.m.
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RESOLUTION NO. PC-06-

**A RESOLUTION OF THE PLANNING COMMISSION OF THE
CITY OF COSTA MESA APPROVING PLANNING
APPLICATION PA-06-55**

THE PLANNING COMMISSION OF THE CITY OF COSTA MESA HEREBY
RESOLVES AS FOLLOWS:

WHEREAS, an application was filed by Agnes Enterprises, LLC, property owner with respect to the real property located at 2550 Elden Avenue, Units A through G, requesting approval of the conversion of 7 apartment units into a common interest development (condominiums) with a minor modification to encroach 4 feet into the required 20-foot front setback for architectural accents, in the R2-MD zone; and

WHEREAS, a duly noticed public hearing was held by the Planning Commission on October 9, 2006.

BE IT RESOLVED that, based on the evidence in the record and the findings contained in Exhibit "A", and subject to the conditions contained in Exhibit "B", the Planning Commission hereby **APPROVES** Planning Application PA-06-55 with respect to the property described above.

BE IT FURTHER RESOLVED that the Costa Mesa Planning Commission does hereby find and determine that adoption of this Resolution is expressly predicated upon the activity as described in the Staff Report for Planning Application PA-06-55 and upon applicant's compliance with each and all of the conditions contained in Exhibit "B". Any approval granted by this resolution shall be subject to review, modification or revocation if there is a material change that occurs in the operation, or if the applicant fails to comply with any of the conditions of approval.

PASSED AND ADOPTED this 9th day of October 2006.

Bill Perkins, Chair
Costa Mesa Planning Commission

EXHIBIT "A"**FINDINGS**

- A. The information presented substantially complies with Costa Mesa Municipal Code Section 13-29(10) in that, although the critical vacancy rate is less than the rate established in Section 13-42(c) (Residential Common Interest Development Conversions), the condominium conversion will not result in the displacement of residents since the apartment complex is currently unoccupied. Conversion of the apartments will ensure general upgrading of the property, as well as providing additional home ownership opportunities within the City.
- B. The information presented substantially complies with Costa Mesa Municipal Code Section 13-29(e) in that:
- a. The project is compatible and harmonious with existing development and uses in the general neighborhood.
 - b. Safety and compatibility of the design of buildings, parking areas, landscaping, luminaries and other site features, which includes functional aspect of the site development such as automobile and pedestrian circulation, have been considered.
 - c. The project is consistent with the General Plan's Land Use and Housing Element goals and objectives for additional ownership housing and to improve the balance between rental and ownership housing opportunities within the City.
 - d. The planning application is for a project-specific case and is not to be construed to be setting a precedent for future development.
- C. The information presented substantially complies with Costa Mesa Municipal Code Section 13-29(g)(6) in that the minor modification for the 4-foot encroachment of a porch into the required 20-foot front setback will not be materially detrimental to the health, safety and general welfare of persons residing within the immediate vicinity of the project or to property and improvements within the neighborhood. The porch is compatible and enhances the architecture and design of the existing development. This includes site planning, land coverage, landscaping, appearance, scale of structures, open space and any other applicable features relative to a compatible and attractive development.
- D. The project has been reviewed for compliance with the California Environmental Quality Act (CEQA), the CEQA Guidelines, and the City environmental procedures, and has been found to be exempt from CEQA under Section 15301 for Existing Facilities.
- E. The project is exempt from Chapter XII, Article 3, Transportation System Management, of Title 13 of the Costa Mesa Municipal Code.

EXHIBIT "B"**CONDITIONS OF APPROVAL**

- Plng. 1. The following improvements shall be made:
- a. Complete all exterior and interior improvements listed in applicant's project summary letter, under the direction of the Planning staff.
 - b. Treat termite infestations as recommended by a termite control company.
2. The address of the property and individual units (A through G) shall be blueprinted on the site plan and on all floor plans in the working drawings as part of the plan check submittal package.
 3. Prior to issuance of building permits, applicant shall contact the US Postal Service with regard to location and design of mail delivery facilities. Such facilities shall be shown on the site plan, landscape plan, and/or floor plan.
 4. Street addresses shall be displayed on the complex identification sign or, if there is no complex identification sign, on the wall in a manner visible to the public street. Street address numerals shall be a minimum 6" in height with not less than ½" stroke and shall contrast sharply with the background. Identification of individual units shall be provided adjacent to the unit entrances. Letters or numerals shall be 4" in height with not less than ¼" stroke and shall contrast sharply with the background.
 5. Applicant shall contact the Building Safety Division, prior to the release of utilities for any units, to provide proof that the Uniform Building Code requirements for condominiums have been satisfied, to obtain a change of occupancy permit, and to complete any additional paperwork created through this conversion.
 6. The site plan shall show provisions for the placement of centralized mail delivery units, if applicable. Specific locations for such units shall be to the satisfaction of the Planning Division, Engineering Division, and the US Postal Service.
 7. The conditions of approval and code requirements of Planning Application PA-06-55 shall be blueprinted on the face of the site plan.
 8. The applicant shall contact the Planning Division to arrange for an inspection of the site prior to the final Building Division inspections. This inspection is to confirm that the conditions of approval and code requirements have been satisfied.
 9. The CC&Rs shall disclose that the available parking on-site is 7 spaces short of the current (2006) condominium parking standards because of its legal nonconforming status.
 10. The applicant shall show proof of compliance with all applicable conditions of approval and code requirements prior to recordation of the final map. This condition shall be completed under the direction of the Planning Staff.
 11. The CC&R's shall require that garage spaces be used for parking

purposes only. Any changes made to this provision require prior review and approval by the City of Costa Mesa.

- Bldg. 12. The following Building Division corrections shall be made to all units:
- a. Provide smoke detectors as required by the CBC.
 - b. Install water heaters as required by the CPC.
 - c. Provide GFCI protection for receptacle outlets at the kitchen, bathrooms, and outdoors.

2550 Elden Avenue Project Summary

In January 2006, the seven-unit apartment complex located at 2550 Elden Avenue was purchased and the new owners charted a course whereby they would work closely with city officials to create a project that would:

- a) improve and beautify the street and neighborhood**
- b) upgrade the units and**
- c) provide new opportunities for improved living conditions.**

The new owners set out to significantly improve both the exterior and interior of the units, resolve tenant issues (for example, two tenants were living on the premises without gas, electricity or both), and proactively renovate the property from top to bottom.

The property is completely vacant with the last tenant moving out during early summer.

What the owners of 2550 Elden Avenue would like to do is create a condominium conversion project that is quite unique.

What sets this project apart from other condominium conversion projects is the fact that the owners are passionate about providing high-quality home-ownership opportunities to those who, until now, may have been locked out due to escalating prices.

The Elden Avenue property is owned by Agnes Enterprises, LLC, whose managing partner is a 38-year resident of Costa Mesa who, by his own admission, wants "to bring home-ownership opportunities to people who likely work in the city but can't afford to purchase homes within city limits."

To that end, if the condominium conversion project is approved, the price of the units will be some of Eastside Costa Mesa's most affordable homes.

In fact, as of August 6, 2006, there were *ZERO* single-family homes on the multiple listing service (MLS) listed at under \$550,000, and only two Eastside Costa Mesa condominiums listed for under \$550,000.

If the project is approved by the City, the owners will proudly offer units starting in the low \$500,000 range – significantly increasing the number of much-needed homes available in this price range in Costa Mesa.

All of the current apartments at the property are undergoing expansive upgrades, with the goal of creating architecturally distinct, high-quality Craftsman-styled bungalow units (designed by award-winning architect Marcus Kemmerer) that are reminiscent of years gone by when bungalows dotted the Southern California landscape including numerous on the Eastside of Costa Mesa.

The renovation of the homes embodies the spirit of the Arts and Crafts movement with fine attention to detail, simple yet distinct architectural lines, all renovated using the highest-quality materials.

Keeping with the Arts and Crafts theme, each of the homes will feature a unique "California indoor-outdoor" design that includes both a front *and* rear patio area, surrounded by lush, mature landscaping.

Among the numerous renovations completed or in progress on six of the seven units are the following:

Interior:

- New, attractively accented front doors with beveled glass
- New Maple butcher block kitchen countertops
- New Moen plumbing fixtures, including brass drains and Kohler bathtubs
- New travertine flooring in kitchen, dining room, both bathrooms and the shower surround
- New bathroom vanities
- UL Listed Quiet rock sound proofing on all common walls
- New dual-paned, energy efficient Milgard windows throughout each unit
- New 40 gallon water heater and ancillary plumbing
- Installed one-hour draft stop/fire stop in all attics
- New closet doors, casings and mouldings
- New kitchen cabinetry
- Completely re-textured drywall on all interior walls
- New light fixtures
- New 6-inch baseboards and detailed trim work around all windows and door casings
- New stair balusters, newel posts and solid maple stairway hand rails
- New, custom built-in entertainment center underneath stairway
- Two new energy efficient, dual paned patio doors per unit
- Units have individual attic access

Exterior/Garages

The exterior has been highly upgraded and shows no resemblance whatsoever to what the property looked like when the owners purchased it just eight months ago, including:

- New siding
- New Craftsman-style entry ways including porch covers over each unit and large stone pillars
- New cedar shingle details over each set of two units
- New front patio areas, featuring new sliding glass doors (a new feature; formerly there were only small windows in the fronts of the units)

- Newly landscaped common areas with extensive use of El Dorado stone, flagstone and used river rock
- New stucco
- New patio covers
- New sidewalk
- Removed satellite dishes and unsightly cable wiring that was wrapped around building and worked with Comcast to perform a custom cable installation in each unit whereby all bedrooms and living room are hardwired with cable inserted into the walls and behind baseboards
- New 1/3 horsepower garage door openers
- New, heavy gauge rollup garage doors
- Moved the trash can receptacle which can no longer be seen from the street; installed new split faced cinder block wall around the receptacle
- New decorative landscape elements include extensive use of outdoor low-voltage lighting accenting various elements of the property including authentic 1906 El Camino Real Bells, widely regarded as one of Southern California's most recognizable roadside icons.

While working with the City on the condo conversion plan, the owners seek to simultaneously renovate and upgrade the existing front unit in a similar manner, look and quality of the other six units.

In summary, the new owners are extremely proud of Costa Mesa's history and heritage, and believe that pride – along with our ongoing commitment to improve the street, neighborhood and community – shows through the painstaking attention to detail and craftsmanship that have completely transformed 2550 Elden Avenue.

We have enjoyed working with the city to date as our plans have been processed and our work inspected, and look forward to working with the city in the future as you consider our application.

Respectfully submitted,
 Agnes Enterprises, LLC



CITY OF COSTA MESA

P.O. BOX 1200 • 77 FAIR DRIVE • CALIFORNIA 92628-1200

DEVELOPMENT SERVICES DEPARTMENT

**FOR ATTACHMENTS NOT INCLUDED IN THIS REPORT,
PLEASE CONTACT THE PLANNING DIV. AT (714)754-5245.**