



# **PLANNING COMMISSION AGENDA REPORT**

MEETING DATE: NOVEMBER 27, 2006

VI.5  
ITEM NUMBER:

SUBJECT: PLANNING APPLICATION PA-06-58  
780 AND 790 HAMILTON STREET

DATE: NOVEMBER 16, 2006

FOR FURTHER INFORMATION CONTACT: MEL LEE, AICP SENIOR PLANNER (714) 754-5611

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## **DESCRIPTION**

The applicant is proposing to convert an existing 2-story, 40-unit apartment complex into a common interest development (condominiums) with a variance from private open space requirements.

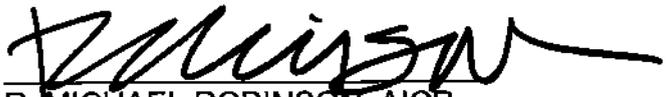
## **APPLICANT**

The applicant is David Stern of Mesa West, LLC, who is also the owner of the property.

## **RECOMMENDATION**

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

  
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MEL LEE, AICP  
Senior Planner

  
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R. MICHAEL ROBINSON, AICP  
Asst. Development Services Director

## PLANNING APPLICATION SUMMARY

Location: 780 and 790 Hamilton Street Application: PA-06-58

Request: To convert an existing apartment complex to a common interest development (condominiums) with a variance from private open space requirements.

Zone: R3 North: C1, Commercial uses  
 General Plan: High Density Residential South: (Acr. Hamilton St.) MG, Industrial uses  
 Lot Dimensions: 197 FT x 300 FT East: R1, Residences  
 Lot Area: 59,100 SF West: (Acr. Placentia Av.) MG & R3, Industrial uses and apartments

Existing Development: 2-story, 40-unit apartment complex

### **DEVELOPMENT STANDARD COMPARISON**

Development Standard	Required/Allowed	Proposed/Provided
<b>Lot Size:</b>		
Lot Width	100 FT	197 FT
Lot Area	12,000 SF	59,100 SF
<b>Density:</b>		
Zone	1 du/2,178 SF	1 du/1,477 SF(1)
General Plan	1 du/2,178 SF	1 du/1,477 SF(1)
<b>Building Coverage:</b>		
Buildings	NA	20,480 SF (35%)
Paving	NA	23,784 SF (40%)
Open Space	23,640 SF (40%)	14,836 SF (25%) (1)
TOTAL		59,100 SF (100%)
<b>Building Height:</b>		
	2 Stories/27 FT	2 Stories/20 FT
Private Open Space	10 FT minimum dimension	(2)
Private Storage	200 CU FT/unit	200 CU FT/unit
<b>Setbacks</b>		
Front (Placentia Av)	20 FT	15 FT (1)
Side (left/right-Hamilton St)	0 FT/ 10 FT (Accessory Structures) 5 FT/10 FT (Main Buildings)	9 FT, 6 IN/132 FT (Ac. Sl.) 95 FT/15 FT (Mn. Bldg.)
Rear	15 FT	10 FT (1)
<b>Rear Yard Lot Coverage</b>		
	NA	NA
<b>Parking:</b>		
Covered	40	40
Open	58	40
TOTAL	98 Spaces	80 Spaces (1)
Driveway Width	25 FT	25 FT

NA = Not Applicable or No Requirement

(1) The property is existing nonconforming.

(2) Does not comply with code – see staff report discussion.

CEQA Status Exempl, Class 1 (Existing Facilities)

Final Action Planning Commission

## **BACKGROUND**

The subject property contains a 40-unit, two-story, apartment complex (Mesa West Apartments) consisting of eight studio/bachelor units, 28 one-bedroom units, and 4 two-bedroom units. 40 covered parking spaces (garages) and 40 open parking spaces are also provided. The project was constructed in 1964.

The applicant proposes to convert the units to condominiums. Per Code Section 13-42(g), Planning Commission review is required when 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 variance is also required because the units do not comply with the minimum private open space standard.

If the request is approved, the applicant would be required to obtain approval of a tentative tract map before the units could be sold independent of one another.

## **ANALYSIS**

### **Common Interest Development Conversion**

Common interest developments must comply with additional development standards above those applicable to apartments. These additional development standards include minimum 10-foot by 10-foot private open space, having a break in the front façade of at least 4 feet for every 2 dwelling units, and provision of on-site lighting. The development, with the private patios proposed by the applicant (see discussion below), will comply with the façade breaks. Proposed site improvements include upgrading lighting to comply with on-site lighting requirements.

With regard to the private open space requirement, the applicant is proposing to provide private patios ranging in size from 6-foot deep by 7-foot wide, and 5-foot deep by 12-foot wide. Although these patios will enhance the appearance of the buildings by providing the façade breaks discussed above, they do not comply with the minimum 10-foot by 10-foot private open space dimensions required by Code. Consequently, the applicant is requesting approval of a variance, which is discussed later in this report.

The applicant also proposes providing additional landscaping within the parking lot area, including an approximately 4-foot wide landscape planter along the Placentia Avenue frontage. This will soften the appearance of the rear (parking lot) portion of the project from the street. Additionally, staff is requiring an increase in the amount of site landscaping, by incorporating more planter areas between buildings and within the driveway and open parking areas. This requirement, reflected in condition of approval number one, is required to be completed under the direction of Planning staff.

As indicated earlier, the development was constructed in 1964. As a result, the development is legal nonconforming - whether as apartments or as condominiums - with

regard to density, parking, and common open space. The proposed conversion will not increase the project's degree of nonconformity.

The Zoning Code establishes a "critical vacancy rate" of 3% as the threshold for discouraging conversion of apartments to common interest developments, the idea being that conversions could diminish the supply of rental housing and displace residents unreasonably, particularly senior citizens and very low- and low-income families, as well as families with school age children. 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 tenants are currently paying approximately \$725 a month in rent for the studio units, \$950 for the 1-bedroom units, and \$1,150 a month in rent for the 2-bedroom units. Current affordable rental rates are summarized in the table below:

	Very-Low Income	Low-Income	Moderate Income
Studio Units	\$685 a month	\$823 a month	\$977 a month
1-Bedroom Units	\$783 a month	\$939 a month	\$1,086 a month
2-Bedroom Units	\$881 a month	\$1,057 a month	\$1,300 a month

Affordable Rental Rate Based Upon Fair Market Rent Established by US Dept. of Housing and Urban Development (HUD) for 2006 and 2007.

Conversion would result in a loss of affordable units as some residents are paying rent lower than the above affordable levels based upon the number of bedrooms. However, staff supports the conversion because these units are not required to remain affordable and the tenants will be offered right of first refusal as discussed below. Conversion of the units could result in the displacement of long-term residents and families with school age children. To mitigate the displacement of these residents, the owner will be required, as a condition of approval (condition no. 6) to offer right of first refusal to the tenants, with terms more favorable than those offered to the general public. As conditioned, if the tenants confirm that they are not interested in purchasing the units, the property owner will be required to pay the registration fee for an apartment referral service to assist displaced households in finding replacement housing.

As required by Code, a property inspection report and a termite report were submitted by the applicant, and a City property inspection was conducted by Building Safety staff. A copy of all three reports are attached for reference. Based on those reports, and to allow a general upgrading of the site, staff recommends the following improvements:

1. Improvements listed in applicant's property report. This condition is required to be completed under the direction of the Planning staff.
2. Comply with all building, plumbing, and electrical, and mechanical corrections and upgrades listed in the memo prepared by the Building Safety Division.
3. Treat termite infestations and repair dryrot damage as recommended by a termite control company.

4. Decorative paving and upgraded landscaping under the direction of the Planning Division.

### Variance

As indicated earlier, the applicant is proposing to provide patio areas for the units that do not to comply with the minimum 10-foot by 10-foot private open space dimensions per code. Code Section 13-29(g)(1) allows granting a variance where special circumstances applicable to the property exist, such as an unusual lot size, lot shape, topography, or similar features, and where strict application of the zoning ordinance would deprive the property owner of privileges enjoyed by owners of other properties in the vicinity under an identical zoning classification. Other factors (such as existing site improvements) may also be considered.

Because of the design of the existing buildings, code compliant patios cannot be provided, creating a special circumstance based upon the existing site improvements. Additionally, it should be noted that the project does have two common pool areas. As a result, staff supports the variance request.

### Other Issues

The property is located within the 19 West Urban Plan, which encourages non-traditional residential uses, such as live/work units and urban lofts. Although the applicant is not taking advantage of the incentives offered by the Urban Plan, the project will increase the supply of ownership units in this area, which is consistent with the intent of the Urban Plan and the City's General Plan.

### GENERAL PLAN CONFORMITY

Approval of the conversion is consistent with the City's General Plan, particularly Goal LU-1A.4, which encourages additional home ownership opportunities in the City to improve the balance between rental and ownership housing within the City.

### ALTERNATIVES

The units could continue to be rented, without the proposed site upgrades, 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 apartment units will result in a general upgrading of the property, as well as providing additional home ownership opportunities within the area. Additionally, current tenants will be offered right of first refusal to purchase, or the property owner will pay registration fees for an apartment search service to help them find a new apartment if they decide not to purchase. The variance can be supported on the basis of the existing site improvements and the existing common open space amenities provided within the project.

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

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

Mesa West, LLC  
Attn: David A. Stern  
227 Broadway #201  
Santa Monica, CA 90401

Occupant  
790 Hamilton Street, Unit 1  
Costa Mesa, CA 92627

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790 Hamilton Street, Unit 2  
Costa Mesa, CA 92627

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Occupant  
780 Hamilton Street, Unit 41  
Costa Mesa, CA 92627

File: 112706PA0658	Date: 111506	Time: 9:00 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-06-58**

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

WHEREAS, an application was filed by David Stern of Mesa West, LLC owner of the real property located at 780 and 790 Hamilton Street, requesting approval to convert an existing 2-story, 40-unit apartment complex into a common interest development (condominiums) to allow the units to be sold independent of one another, in an R3 zone; and

WHEREAS, a duly noticed public hearing was held by the Planning Commission on November 27, 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-06-58 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-06-58 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 27<sup>th</sup> day of November, 2006.**

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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 significantly diminish affordable housing stock within the City. Conversion of the apartments will result in an upgrade of the property, as well as satisfying General plan Goal LU-1A.4 of providing additional home ownership opportunities within the City. To ensure that existing tenants are not displaced unreasonably, tenants will be offered right of first refusal to purchase, or the property owner pay registration fees for an apartment search service to help them find a new apartment if they decide not to purchase.
- 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.
  - d. The planning application is for a project-specific case and is not to be construed to be setting a precedent for future development.
  - e. The cumulative effect of all the planning applications has been considered.
- C. The information presented complies with Section 13-29(g)(1) of the Costa Mesa Municipal Code in that special circumstances applicable to the property exist to justify granting of the variances from private open space requirements. Specifically, because of the design of the existing buildings, code complaint patios cannot be provided, creating a special circumstance based upon the existing site improvements. Additionally, it should be noted that the project contains two common pool areas.
- 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 (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. All improvements listed in the applicant's property report shall be completed in all units under the direction of the Planning staff. In addition, the applicant shall provide decorative paving and upgraded landscaping, including increasing in the amount of landscaping by incorporating more planter areas between buildings and within the driveway and open parking areas where appropriate, under the direction of the Planning Division.
2. Applicant shall contact the Building Safety Division to provide proof that the Uniform Building Code requirements for condominiums have been satisfied, and to complete any additional items created through this conversion, prior to final Planning Division inspection.
3. Applicant shall treat termite infestations and repair dryrot damage as recommended by a termite control company prior to Planning Division final.
4. The conditions of approval and ordinance or code provisions and special district requirements of Planning Application PA-06-58 shall be blueprinted on the face of the site plan.
5. The applicant shall contact the Planning Division to arrange for an inspection of the site prior to the final Building Safety Division inspections. This inspection is to confirm that the conditions of approval and code requirements have been satisfied.
6. The applicant shall offer the existing tenants right of first refusal to purchase the units with terms more favorable than those offered to the general public. If the existing tenants confirm in writing that they are not interested in purchasing the units, the property owner will pay the registration fee for an apartment referral service. The applicant shall provide Planning Division staff a copy of the written offer and the tenant's written response to the offer prior to final inspections. The applicant shall also provide evidence of the payment of the registration fee for an apartment referral service for tenants not accepting the purchase offer.
7. The CC&R's shall disclose that the available parking on-site is short of the current condominium parking standards because of its existing nonconforming status.
8. The applicant shall expand the existing patio areas, where appropriate, to comply with the minimum 10-foot by 10-foot private open space dimensions per code.
9. Utility meters shall be screened from view of streets and adjacent properties.
- Bldg. 10. Comply with all building, plumbing, electrical, and mechanical corrections listed in the Building Safety Division memo.

Mesa West, LLC  
227 Broadway, #201  
Santa Monica, CA 90401  
(310) 395-3066 fax (310) 395-6761  
email: [davidstern9@gmail.com](mailto:davidstern9@gmail.com)

September 14, 2006

Willa Bouwens-Killeen  
The City of Costa Mesa Planning Division  
2<sup>nd</sup> Floor, 77 Flair Drive  
Costa Mesa, CA 92628

Re: Mesa West Apartments, 780-790 Hamilton Street

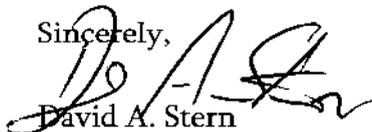
Dear Ms. Bouwens-Killeen

This letter is part of a submittal package to the City of Costa Mesa for the purpose of obtaining the City's approval for the conversion of the 40 apartment units at 780-790 Hamilton Street to condominiums.

The project was designed and constructed in 1964, and therefore reflects the mid-century style. To preserve this look, we have retained an architect to render the proposed additional balconies in a style consistent with the original design. With the added balconies and existing private landscaped patios, we will provide space for most units, although they will be smaller than the suggested 10'x10'. In total, we will provide about half of the required private space, but this is off-set by the preponderance of public space in the project, including two pools and extensive landscaping. This will be further augmented by additional tree planting along the west (Placentia Avenue side) and north (commercial neighbor side). Since there is a private garage for each unit, we will construct 200 cubic feet of over-the-hood storage space in each garage.

The City building department has inspected the units, and attached herewith are reports from DMG Inspection Services and Pollard Termite, the architects rendering of the balconies, and the radius map mailers. Please call with any comments or additional requirements.

Sincerely,

  
David A. Stern



# **CITY OF COSTA MESA**

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

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DEVELOPMENT SERVICES DEPARTMENT

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