



# **PLANNING COMMISSION**

## **AGENDA REPORT**

MEETING DATE: APRIL 13, 2009

VI.4  
ITEM NUMBER:

SUBJECT: PLANNING APPLICATION PA-09-05  
1880 NEWPORT BOULEVARD

DATE: APRIL 2, 2009

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

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### **PROJECT DESCRIPTION**

The applicant is requesting approval of a conditional use permit to allow ancillary (i.e., incidental) pawnbroker services for a proposed watch and jewelry store.

### **APPLICANT**

The applicant is Terry Palms, representing American Commercial Equities Three, LLC, the property owner.

### **RECOMMENDATION**

Deny by adoption of Planning Commission resolution.

  
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MEL LEE, AICP  
Senior Planner

  
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KIMBERLY BRANDT, AICP  
Asst. Development Services Director

## **BACKGROUND AND ANALYSIS**

The property is located on the northeast corner of Newport Boulevard and Flower Street within the City's Downtown Redevelopment Project Area. In addition to the proposed CUP, the property has two prior use permits:

1. Zone Exception Permit ZE-83-86 for retail sales and service of motor scooters.
2. Planning Application PA-85-216 for a 680 square-foot storage building for motor scooters within the parking lot.

The sale and service of motor scooters (Newport Riva Scooters) ceased operation in October, 1998. Because the use has been discontinued, staff is processing a revocation of the use permits as a separate agenda item. LA Gym Equipment occupied the building until August, 2005, and the most recent business at this location, Busy Body Fitness Equipment, occupied the building since September 2005. Busy Body Fitness Equipment recently vacated the property.

### **Pawnbrokers - City and State Code Requirements**

Since 1998, the City's Zoning Code has required a conditional use permit (CUP) for pawnbroker services. A pawnbroker is defined under State law as a business that "receives goods, including motor vehicles, in pledge as security for a loan."<sup>1</sup> Typically, a written contract is prepared between the pawnbroker and the borrower for the loan in exchange for an item or items. After the pawnbroker issues the loan, the item(s) are placed in storage, and the borrower is given a specific period of time, usually four months, to repay the loan. If the loan is not repaid within the specified time period, the borrower is notified that the item(s) become the legal property of the pawnbroker and can be sold. A pawnbroker's license, which is reviewed and approved by the Police Department, is required in addition to a City business license.

### **Proposed Application**

The requested CUP is for ancillary (i.e., incidental) pawnbroker services in conjunction with a proposed jewelry and watch store. The floor plan consists of counter areas with display cases, an appraisal area, and jewelry and watch repair areas (Attachment 4). Below is a list of the current watch and jewelry stores with approved pawnbroker licenses within the immediate area, which is also shown in Attachment 3:

- 1808 Newport Boulevard – Estate Watch Jewelry & Loan, approved on October 27, 2008, as Planning Application PA-08-27-1 with a condition of approval limiting loan amounts to not less than \$2,500.00. This business closed January 2009.
- 1836 Newport Boulevard – Coast Jewelry & Loan. The pawnbroker operation at this location predates the CUP requirement and is legal nonconforming.
- 1860 Newport Boulevard – Newport Watch & Jewelry, approved on October 27, 2008, as Planning Application PA-08-24 with a condition of approval limiting loan amounts to not less than \$2,500.00 and prohibiting the words "pawn" or "loan" in

<sup>1</sup> California Financial Code Section 21000.

exterior signage. A request to modify the conditions of approval to allow the word “loan” in exterior signs was approved by Commission on March 9, 2009 as ZA-09-05. A request to also reduce the loan amount to \$500.00 was denied by Commission and has been appealed to City Council by the applicant, which is scheduled for the April 7, 2009 City Council meeting.

- 1872 Newport Boulevard – Estate Watch Jewelry & Loan, approved on October 27, 2008 as Planning Application PA-08-27-2 with a condition of approval limiting loan amounts to not less than \$2,500.00.

### Staff Concerns with the Proposed Use

A typical concern with pawn shops, pawnbroker services, and second-hand stores is that they may give the appearance of blight and deteriorated retail conditions. Specifically, staff has the following concerns with the proposed pawnbroker use:

- Proximity to Existing Pawnbroker Uses

If approved, this will be the fifth jewelry store permitted to have ancillary pawnbroker services within a 900-foot distance along Newport Boulevard and will be directly across the street from an existing jewelry store with ancillary pawnbroker services (Estate Watch Jewelry & Loan at 1872 Newport Boulevard). However, as noted earlier in this report, the ancillary pawnbroker for Estate Watch Jewelry & Loan at 1808 Newport Boulevard closed in January 2009. Although the City does not have a separation requirement between ancillary pawnbroker uses, it is staff’s opinion that there are several reasons an additional establishment will not be beneficial to the immediate area, as discussed below.

- Signs

Under the Zoning Code, the property is permitted to have a maximum of 138 square feet of signage. As shown in the site photos in Attachment 3, the existing signage for the previous Busy Body Fitness Equipment tenant is visible from Newport Boulevard and Flower Street. The proximity of the existing establishments with ancillary pawnbroker services has resulted in several complaints to the City’s Code Enforcement Division regarding excessive signage, including temporary banners and window signs. Planning and Code Enforcement staff recently initiated a comprehensive inventory of existing signs for all of the businesses within this area and are working with the business owners to obtain compliance with current signage requirements in terms of number and type. Staff believes the introduction of a new establishment with pawnbroker services in the immediate area will further fuel the competition between these businesses and thereby create an increase in the number and type of non-permitted signs.

- Intensity of Proposed Pawnbroker Use

Staff is also concerned as to whether the proposed pawnbroker services is truly “ancillary” to the proposed primary jewelry store and watch repair uses.

Commission approved PA-08-24 and PA-08-27 because these stores were proposed to operate as jewelry stores with minimal customer traffic for pawnbroker services. However, because of the current economy, there has been an increase in demand for pawnbroker services. In terms of floor area, this location would be the largest of the jewelry stores with pawnbroker services in the immediate area:

<b>Floor Areas for Existing Jewelry Stores With Pawnbroker Services</b>	
<b>Address</b>	<b>Floor Area</b>
1808 Newport Blvd. Estate Watch Jewelry & Loan - Closed	750 Sq. Ft.
1836 Newport Blvd. Coast Jewelry & Loan	1,200 Sq. Ft.
1860 Newport Blvd. Newport Watch & Jewelry	2,100 Sq. Ft.
1872 Newport Blvd. Estate Watch Jewelry & Loan	1,017 Sq. Ft.

- City/Area Image – as indicated earlier, the property is located within the City's Redevelopment Project Area. The redevelopment of surrounding privately-owned properties, including Triangle Square and the abutting property containing Borders Bookstore, as well as the current street enhancements under construction as the Newport Boulevard Improvement Project, are designed to improve the appearance and image of the overall area, thereby facilitating a more upscale variety of retail uses.

**ENVIRONMENTAL DETERMINATION**

The use, if approved, is exempt from the provisions of the California Environmental Quality Act (CEQA) Section 15301 for Existing Facilities. If the use is denied, it is exempt from the provisions of the California Environmental Quality Act (CEQA) Section 15270(a) for Projects Which Are Disapproved.

**GENERAL PLAN AND REDEVELOPMENT PLAN CONFORMITY**

General Plan Objective LU-1F encourages standards that minimize blighting influences of stable neighborhoods. General Plan Objective LU-2A encourages redevelopment to improve and maintain the quality of the environment. Staff believes that establishment of the proposed use will result in an overconcentration of pawnbroker services in the 1800 block of Newport Boulevard and will not minimize blighting influences to the surrounding area nor improve or maintain the quality of the environment. Therefore, the proposed use is not consistent with the General Plan and Redevelopment Plan.

**ALTERNATIVES**

The Commission has the following alternatives:

1. Deny the use. If the use is denied, the applicant cannot have ancillary pawnbroker services at this location, but is still able to have regular sales of watch and jewelry items. The applicant could not submit a request for substantially the same use for six months.
2. Approve the use with the recommended conditions of approval to ensure the use does not adversely impact the surrounding area, specifically limiting loan amounts to not less than \$2,500.00.

**CONCLUSION**

It is staff's opinion that the proposed use will not be compatible with the uses in the surrounding area. Therefore, staff recommends denial of the proposed use.

- Attachments:
1. Draft Planning Commission Resolutions (Approval and Denial)
  2. Applicant's Description of the Use
  3. Location Maps and Photos
  4. Plans

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

Terry Palms  
c/o Prestige Trading  
170 East 17<sup>th</sup> Street, Suite 205  
Costa Mesa, CA 92627

American Commercial Equities Three, LLC  
22917 Pacific Coast Highway, #310  
Malibu, CA 90265

File: 041309PA0905	Date: 040209	Time: 10:00 a.m.
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# **PLANNING COMMISSION RESOLUTIONS**

**RESOLUTION NO. PC-09-**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE  
CITY OF COSTA MESA DENYING PLANNING APPLICATION  
PA-09-05**

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

WHEREAS, an application was filed by Terry Palms, authorized agent for American Commercial Equities Three, LLC, requesting approval of a conditional use permit to allow ancillary (i.e., incidental) pawnbroker services for a proposed jewelry and watch store located at 1880 Newport Boulevard in a C2 zone; and

WHEREAS, a duly noticed public hearing was held by the Planning Commission on April 13, 2009; and

BE IT RESOLVED that, based on the evidence in the record and the findings contained in Exhibit "A", the Planning Commission hereby **DENIES** PA-09-05 with respect to the properties described above.

**PASSED AND ADOPTED this 13th day of April, 2009.**

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James Righeimer, Chair  
Costa Mesa Planning Commission

**EXHIBIT "A"**

**FINDINGS (DENIAL)**

- A. The proposed use does not comply with Costa Mesa Municipal Code Section 13-29(e) because:
1. A compatible and harmonious relationship does not exist between the proposed use and existing buildings, site development, and uses on surrounding properties.
  2. The proposed use is not consistent with the General Plan or Redevelopment Plan. Specifically, General Plan Objective LU-1F encourages standards that minimize blighting influences of stable neighborhoods. General Plan Objective LU-2A encourages redevelopment to improve and maintain the quality of the environment. Establishment of the proposed use will result in an overconcentration of pawnbroker services in the 1800 block of Newport Boulevard and will not minimize blighting influences to the surrounding area nor improve or maintain the quality of the environment.
- B. The information presented does not comply with Costa Mesa Municipal Code Section 13-29(g)(2) with regard to the conditional use permit in that the proposed use is not compatible with developments in the same general area. Granting the conditional use permit will be materially detrimental to the health, safety, and general welfare of the public or otherwise injurious to properties or improvements within the immediate neighborhood. Specifically, if approved, this would be the fifth jewelry store permitted to have ancillary pawnbroker services within a 900-foot distance of the 1800 block of Newport Boulevard. An additional establishment with pawnbroker services will not be beneficial to the immediate area because of the potential for excessive signage, the promotion of pawnbroker services as the primary use in the 1800 block of Newport Boulevard, and it will not be ancillary to the primary jewelry store and watch repair use. The overconcentration of pawnbroker services will not be consistent with the City's image in the Downtown Redevelopment Project Area.
- C. The Costa Mesa Planning Commission has denied Planning Application PA-09-05. Pursuant to Public Resources Code Section 21080(b)(5) and CEQA Guidelines Section 15270(a) CEQA does not apply to this project because it has been rejected and will not be carried out.
- D. The project is exempt from Chapter XII, Article 3, Transportation System Management, of Title 13 of the Costa Mesa Municipal Code.

**RESOLUTION NO. PC-09-**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE  
CITY OF COSTA MESA APPROVING PLANNING  
APPLICATION PA-09-05**

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

WHEREAS, an application was filed by Terry Palms, authorized agent for American Commercial Equities Three, LLC, requesting approval of a conditional use permit to allow ancillary (i.e., incidental) pawnbroker services for a proposed jewelry and watch store located at 1880 Newport Boulevard in a C2 zone; and

WHEREAS, a duly noticed public hearing was held by the Planning Commission on April 13, 2009; and

BE IT RESOLVED that, based on the evidence in the record and the findings contained in Exhibit "A", the Planning Commission hereby **APPROVES** PA-09-05 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-09-05 and upon applicant's compliance with each and all of the conditions contained in Exhibit "B" as well as with compliance of all applicable federal, state, and local laws. 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 13th day of April, 2009.**

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James Righeimer, Chair  
Costa Mesa Planning Commission

STATE OF CALIFORNIA )  
 )ss  
COUNTY OF ORANGE )

I, Kimberly Brandt, secretary to the Planning Commission of the City of Costa Mesa, do hereby certify that the foregoing Resolution was passed and adopted at a meeting of the City of Costa Mesa Planning Commission held on April 13, 2009, by the following votes:

AYES: COMMISSIONERS

NOES: COMMISSIONERS

ABSENT: COMMISSIONERS

ABSTAIN: COMMISSIONERS

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Secretary, Costa Mesa  
Planning Commission

**EXHIBIT "A"**

**FINDINGS (APPROVAL)**

- A. The proposed project complies with Costa Mesa Municipal Code Section 13-29(e) because:
  - 1. A compatible and harmonious relationship exists between the proposed use and existing buildings, site development, and uses on surrounding properties.
  - 2. The proposed use will comply with the performance standards as prescribed in the Zoning Code.
  - 3. The proposed use is consistent with the General Plan and Redevelopment Plan.
  - 4. The cumulative effect of all the planning applications have been considered.
  
- B. The information presented substantially complies with Costa Mesa Municipal Code Section 13-29(g)(2) with regard to the conditional use permit in that the proposed use is substantially compatible with developments in the same general area. Granting the conditional use permit will not be materially detrimental to the health, safety, and general welfare of the public or otherwise injurious to properties or improvements within the immediate neighborhood. Specifically, the pawnbroker services will be ancillary to the primary watch and jewelry retail business and the conditions will ensure compatibility with the intent of the City's Zoning Code and the surrounding neighborhood.
  
- C. The project has been reviewed for compliance with the California Environmental Quality Act (CEQA), the CEQA Guidelines; and the City's environmental procedures, and has been found to be exempt from CEQA per Section 15301 for Existing Facilities.
  
- D. 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 (IF USE IS APPROVED)**

- PIng.
1. The use shall be limited to the type of operation described in this staff report. i.e., a jewelry store with ancillary pawnbroker services. Any change in the operational characteristics shall require approval of an amendment to the conditional use permit, subject to Planning Commission approval.
  2. Pawnbroker services shall be limited to watches and jewelry only.
  3. Except as permitted by the City of Costa Mesa Municipal Code for temporary window signs, windows shall not be blocked or obscured.
  4. No loans less than \$2,500.00 shall be permitted.

**APPLICANT'S DESCRIPTION OF THE  
USE**

# PRESTIGE TRADING

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170 East 17<sup>th</sup> Street, Suite 205, Costa Mesa, California 92627 (949) 683-0722

February 12, 2009

City of Costa Mesa  
Planning Commission  
77 Fair Drive, 2<sup>nd</sup> Floor  
Costa Mesa, California 92626

Re: 1880 Newport Boulevard, Costa Mesa, California 92627

To Whom It May Concern:

The purpose of this location is to be of service to the community by supplying an expert, reputable full service jewelry store.

Daily operations would include: sales, jewelry repair department, watch & clock service department, consignment center, certified GIA graduate gemologist on staff for appraisal services, loan department, estate purchasing and custom jewelry/design services.

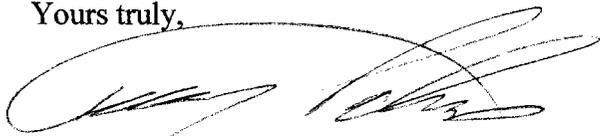
Daily operating store hours would be: Monday-Friday 10:00am to 6:00pm and Saturday 10:00am to 4:00pm.

We would be a professional high-end jeweler featuring up-scale merchandise including pieces ranging from \$500.00 to \$1,000,000.00.

Prestige Trading brings over 30 years of jewelry experience to the community. We have been established and servicing the great City of Costa Mesa for the past 17 years.

Thank you for the opportunity to continue serving the city of Costa Mesa.

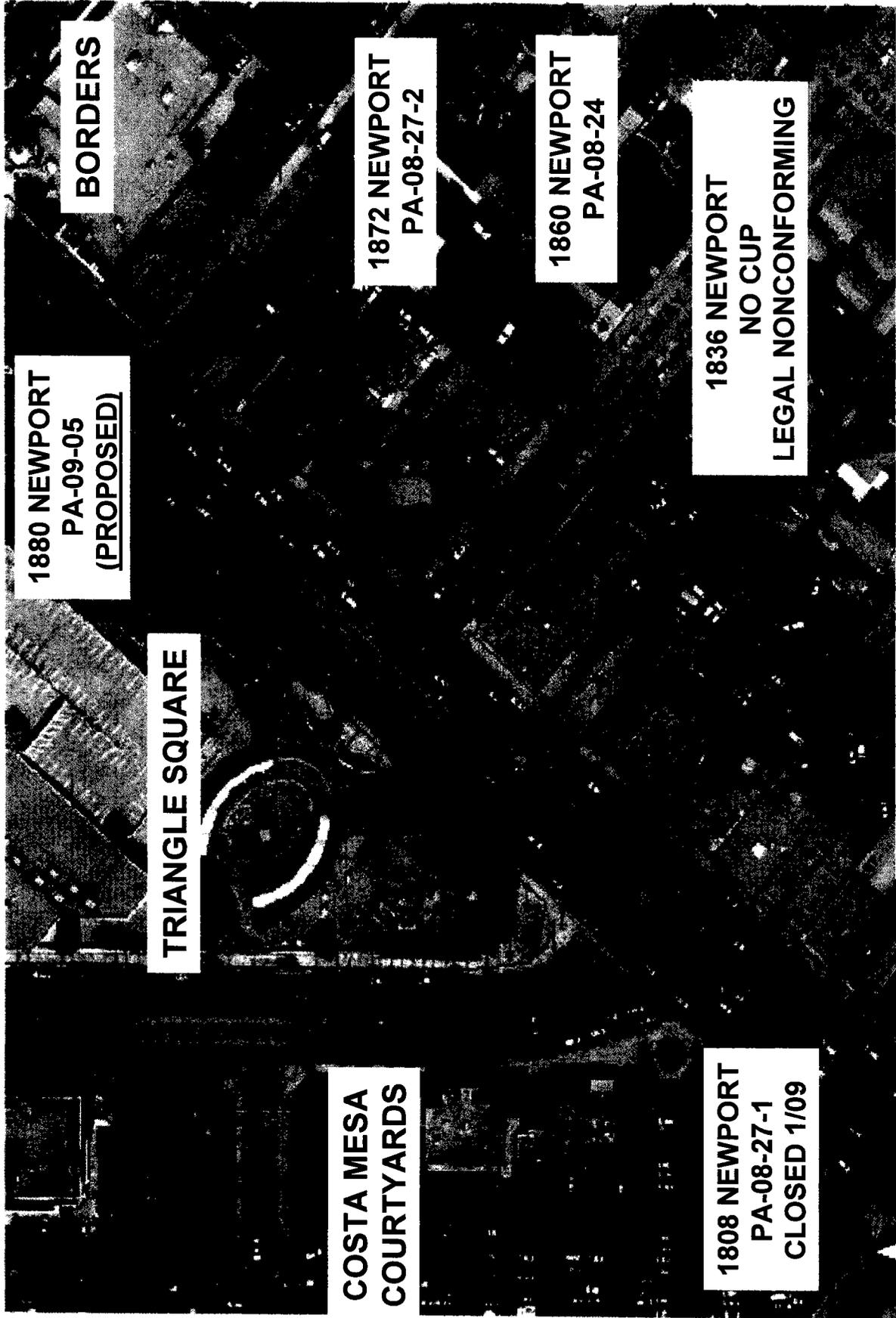
Yours truly,



Terry Palms  
Owner

## **LOCATION MAP AND PHOTOS**

**Map Display**



**BORDERS**

**1880 NEWPORT  
PA-09-05  
(PROPOSED)**

**1872 NEWPORT  
PA-08-27-2**

**1860 NEWPORT  
PA-08-24**

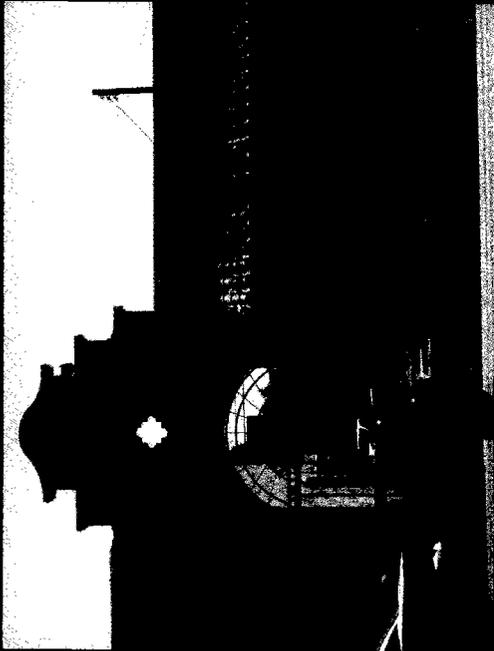
**1836 NEWPORT  
NO CUP  
LEGAL NONCONFORMING**

**TRIANGLE SQUARE**

**COSTA MESA  
COURTYARDS**

**1808 NEWPORT  
PA-08-27-1  
CLOSED 1/09**

**JEWELRY STORES WITH ANCILLARY PAWNBROKERS  
NEWPORT BLVD.**



1808 Newport Bl.  
Estate Watch Jewelry & Loan  
PA-08-27 CLOSED 1/09



1860 Newport Bl.  
Newport Watch & Jewelry  
PA-08-24



1836 Newport Bl.  
Coast Jewelry & Loan  
No CUP (Legal Nonconforming)



1872 Newport Bl.  
Estate Watch Jewelry & Loan  
PA-08-27



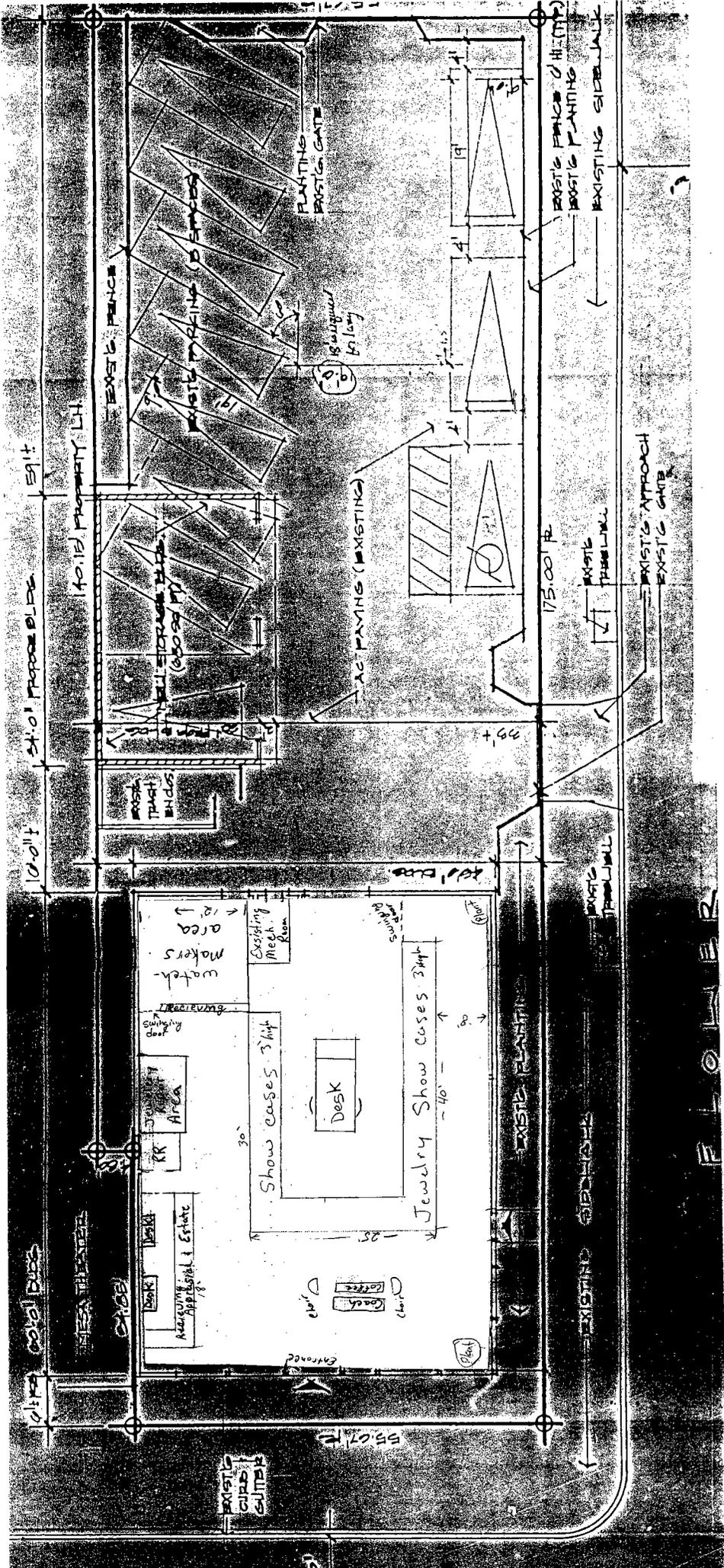
1880 Newport Boulevard  
PA-09-05





EXAMPLE OF JEWELRY STORE WITH EXCESSIVE  
SIGNAGE ON WEST 19<sup>TH</sup> STREET

# PLANS



FLOUNDER



**Woodco Investment  
Company, Inc.**

www.woodcoinv.com

VI.4  
PA-09-05

**Received**  
City of Costa Mesa  
Development Services Department

**APR - 7 2009**

APRIL 4TH, 2009

CITY OF COSTA MESA  
P.O. BOX 1200  
COSTA MESA, CALIF. 92628 1200

RE: PA 09 05 PAWNBROKER SERVICES ETAL

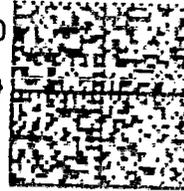
HOW ABOUT NO ON HOCK SHOPS AND YES ON THE RETAIL  
SERVICE OF MOTOR SCOOTERS?

HOW ABOT NO ON THE 68 SQ FT. STORAGE BLDG ON A  
PARKING LOT.



City of Costa Mesa  
 P.O. Box 1200  
 City of Costa Mesa 92628-1200  
 Development Services Department

APR - 9 2009



Haster

VI.4  
 PA-09-05  
 012426503147  
 \$00.270  
 04/09/2009  
 Mailed From: 92628  
 US POSTAGE

425-452-07 29  
 GLENDA LEWIS  
 PO BOX 2286  
 NEWPORT BEACH CA 92659

Official Notice  
 Affects Your Property  
 PLEASE READ!



**OFFICIAL CITY NOTICE**

The Costa Mesa Planning Commission will hold a public hearing at City Hall, 77 Fair Drive, Costa Mesa, California at 6:30 p.m. or as soon as possible thereafter on Monday, April 13, 2009:

Planning Application PA-09-05, for Terry Palms, authorized agent for American Equities Three, LLC, for a conditional use permit to allow ancillary pawnbroker services in conjunction with a proposed watch and jewelry store. In addition the revocation of two previously approved conditional use permits: 1.) Planning Application PA-85-216 to allow a 680 sq. ft. storage building within a parking lot  
 2.) Zone Exception Permit ZE-83-86 to allow retail sales and service of motor scooters. The property is located at 1880 Newport Blvd.  
 Environmental determination: exempt.

YES

NO

If you challenge this action in court, you may be limited to raising only those issues you or someone else raised at the public hearing held April 13, 2009, and described in this notice, or in written correspondence delivered to the Planning Commission at, or prior to the public hearing.

Planning Division phone number: (714) 754-5245  
 Internet Address: [www.ci.costa-mesa.ca.us](http://www.ci.costa-mesa.ca.us).