



PLANNING COMMISSION AGENDA REPORT

VI.5

MEETING: SEPTEMBER 13, 2010

ITEM NUMBER:

SUBJECT: PLANNING APPLICATION PA-10-16 FOR CONVERSION OF MOTEL TO SINGLE/FAMILY ROOM (SRO/FRO) RESIDENTIAL HOTEL
2278 NEWPORT BLVD.

DATE: AUGUST 24, 2010

FOR FURTHER INFORMATION CONTACT: MINOO ASHABI, SENIOR PLANNER
(714) 754-5610 or mashabi@ci.costa-mesa.ca.us

DESCRIPTION

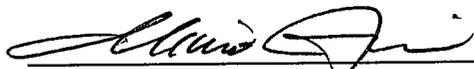
The applicant is requesting approval of a conditional use permit to convert an existing motel into Single Room or Family Room Occupancy (SRO/FRO) residential hotel.

APPLICANT

The applicant is Corey Donaldson on behalf of the owner of the property.

RECOMMENDATIONS

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



MINOO ASHABI, AIA
Senior Planner



KHANH NGUYEN
Asst. Development Services Director

BACKGROUND:

SRO/FRO – Definitions

For zoning purposes, SRO development is considered a residential use and identified as a residential hotel. SRO units are comparable in size to small efficiency apartments, or extended stay hotel suites. Units are typically 200 - 400 square feet with kitchen facilities, a full bathroom, storage and living space, creating a self-sufficient residential unit. Three SRO projects are currently operating in Costa Mesa as follows:

- Costa Mesa Village at 2450 Newport Blvd. – 96 very-low and low-income SRO units
- Park Place Village at 1662 Newport Blvd. – 60 very-low and low-income SRO units
- Newport Senior Village at 2080 Newport Blvd. – 91 very-low and low-income SRO units

Similar to SROs, Family Resident Occupancy (FRO) units provide affordable housing to small families. FRO units are larger in size and typically include a bedroom and living area. A motel conversion may include a mix of SRO and FRO units depending on the location or size of the units.

The following lists the background information in chronological order leading to submittal of the conditional use permit application.

1) City Council Policy 500-5 adopted in 1991

Due to the increasing need for affordable residential units in Costa Mesa, City Council adopted a policy in 1991 to establish the procedure for review of SRO projects. The policy allows SROs in commercial districts similar to hotels/motels (Attachment 6). The policy also sets the minimum unit size, development and operational standards such as parking requirements, management/security measures and rental terms/rates. The Council Policy does not address FRO units. The need for this type of housing was raised in the past several years due to limited affordable housing units for small families; however, the recently adopted Housing Element recognizes FRO units as another option for small families that cannot afford a market-rate apartment.

2) Adopted Housing Element

Every six years the City is required by State law to adopt a Housing Element. In 2006, the City received its Regional Housing Needs Assessment (RHNA) allocation from the State Department of Housing and Community Development (HCD) for 1,682 units. As described in the Housing Element program, one of the ways to satisfy new housing requirements is by providing SRO or FRO units. The 2008-2014 Housing Element includes goals and objectives in promotion of motel conversions to provide affordable housing for Costa Mesa residents as follows:

- The Housing Element identifies that the City of Costa Mesa has a smaller average household size in comparison with the County. In addition, SRO units are recognized as one of the housing types to accommodate the demand for variety of housing needs and job/housing balance.

- The Housing Element indicates that there are 15 independent motels in the City with an average size of about 53 units. The City anticipates the conversion of one motel of average size to residential use over the next five years.
- The Housing Element includes a program to promote the conversion of at least one motel of average size to SRO units.
- The Housing Element notes that the City may encourage the conversion of motels into SRO and FRO units to meet the demand for affordable housing by single-parent households or small families. The City may also allow increased flexibility with integration SRO and FRO units within in the same motel complex.

3) City's Outreach

On September 30, 2009, the City held a community workshop open to motel owners and SRO developers discussing non-monetary incentives for motel conversions such as: free inspections, and assistance with development of sample plans. The workshop was attended by non-profit housing advocates, several affordable housing developers and one motel owner. The participants expressed that the lack of financial incentives from the City presents a challenge to the success of or motel conversion program. Furthermore, it was expressed that given the low vacancy rates of the motels in Costa Mesa, motel conversions to SROs would not be a preferred business option for most motel owners.

Important Note:

It should be noted that the proposed application is the only interest the City received as a result of the community workshop. This proposal is **100 percent** privately funded.

4) Feedback from the Planning Commission

This motel conversion request was reported to the Planning Commission on April 12, 2010 for initial screening and feedback. The Commission expressed concerns about the number of occupants per unit and discussed a potential condition that would limit the number of occupants per unit.

The meeting minutes can be reviewed at the following link:
http://www.ci.costa-mesa.ca.us/council/planning/pm_100412.pdf

ANALYSIS

Property Details

The property currently operates as "Coast Motel" located at 2278 Newport Blvd. The motel shares 27 parking spaces with "Napa Valley Pizza and Pasta" within the same parcel. A wrought iron fence separates the motel from the restaurant (Attachment 3).

Each unit is 450 square feet in area and currently is set up as living quarters with full kitchen, bath, closet, and living area/bedroom. Interior photos and typical floor plans are provided as Attachments 4 and 5. The motel property includes a detached office

and the laundry room that are located in the front facing Newport Blvd. The applicant indicated that the following improvements have been installed in the past few years:

- New picnic table and umbrella – February 2010
- The buildings and fencing painted - January of 2010
- New landscape irrigation system and sod - October 2009
- New tile flooring for interiors – September 2007
- New roofing – August 2007
- Window replacement – August 2007
- Parking lot resurfaced – July 2007

The applicant noted that the kitchen appliances are replaced on as needed basis; typically four appliances are replaced in a year. The motel is currently advertising the rooms for weekly rentals with a small portable sign in front of the office. There are no other signs advertising the motel and the only sign on-site is for Napa Valley Pizza.

Non-conforming Use of Coast Motel

The Municipal Code allows conversion of motels/hotels into SRO residential hotels pursuant to a Conditional Use Permit in the C1 (Local Business District) and C2 (General Business District) zones. In addition, motels can rent their rooms for longer occupancy with approval of a conditional use permit. The Coast Motel was originally constructed in the 1950s. The motel is considered a “legal nonconforming use” because motel uses are prohibited in the R2-MD zone. As a nonconforming use, Code allows the Coast Motel to continue to operate. However, the motel could not be structurally altered except to change the use to a conforming use.

In this case, the applicant’s proposal involves terminating the motel use and converting the rooms into single-room occupancy / family-room occupancy units. As an SRO development, this proposal would promote more permanent residents as opposed to transient residents who are required to move out every 28 days.

Code identifies a single-room occupancy development as a “residential hotel.” While this use is still considered a nonconforming use in the R2-MD zone, staff believes that the residential nature of a “residential hotel” brings the property closer to conformity compared to the existing motel use.

Staff Justifications for Approval

- Contribute to diverse mix of housing - While these SRO’s are not proposed to include affordability covenants, the units will be offered close to market rates. If approved, the conversion would contribute to a diverse mix of housing options and would ease the community’s demand for single-room occupancy apartments by seniors and single parent families.
- Promote permanent residents – Dealing with the transient nature of the tenants has been costly to the property owners in terms of eviction process and property damages. The conversion allows the operator to sign long-term leases with the tenants. The applicant indicated that they screen each prospective tenant very carefully for both criminal and credit checks; however, given the transient nature of motel use, many cases lead to legal actions and a lengthy eviction process.

- Meet the City's Goal in providing SRO/FRO units – The City's Housing Element contains goals and policies promoting conversion of motel rooms into SRO units as a way of providing a housing type for working poor, single households, single parents and seniors. The proposed conversion will provide 11 of the of the 53 motel conversion units anticipated by the 2008-2014 Housing Element.
- Provide housing for single parent households - Even though only 11 units are provided, the location and size of the units can provide adequate housing within close proximity to transportation corridors to working single parents in a safe and apartment-setting environment. City Council stressed the importance of providing housing options to the single-parent families during adoption of the Housing Element
- Adequate Shared Parking is provided – The motel shares 27 parking spaces with a restaurant. A condition of approval requires that rooms are rented for maximum double occupancy. Therefore, with full occupancy, 16 parking spaces will be available for restaurant use, which is conforming to the parking requirements for both commercial and the SRO residential hotel. As conditioned, the rooms are allowed for maximum double occupancy that will regulate the parking demand for the SRO use.

To assure that the SRO/FRO units are not overcrowded and adequate parking is available; Condition of Approval No. 2 requires that the applicant maintain a maximum double occupancy for all units. The applicant will be required to report the number of occupants per unit on annual basis to Planning Division.

- Overall appearance of property will be upgraded - The property will be operated as SRO residential hotel with no advertisement for daily or weekly rentals and no motel signage will be allowed. The applicant will also be required to regularly maintain the exterior and interior of the units, which will improve the overall appearance of the property.

To assure that minimum on-site amenities are provided, Condition of Approval No. 11 requires that the applicant maintain at the minimum the existing 400 square feet of the open space picnic area and provide a secured area for bicycle racks.

- Proposed project complies with the Newport Boulevard Specific Plan. This Specific Plan emphasizes redevelopment of marginal commercial properties and provides incentives for residential development. The conversion of an existing motel to a residential hotel is consistent with these objectives. Additional, a conditional of approval requires upgrading the landscaping to comply with the Newport Boulevard Landscape & Sign Guidelines (adopted October 1996).

Compliance with City Council Policy

The following lists the proposal in comparison with the guidelines set forth by City Council Policy 500-5:

City Council Guidelines	Proposed
Location Within 1,000 feet of transit stops or proximity to major employment	The project site is facing Newport Blvd., a major transit corridor with bus service and bike lanes.
Room Size Minimum size for single occupancy Maximum size for double occupancy	All units are at least 450 SF and meet the minimum requirements
Minimum furniture* Bed, chair, table, color television and telephone	The applicant is proposing to provide unfurnished units.
Parking 0.5 space for each SRO unit 1.0 for each FRO unit with double occupancy	<ul style="list-style-type: none"> • 27 parking spaces are provided that are shared with the restaurant use. • With double occupancy for all units, 16 spaces will be available for the restaurant.
Management/Security A complete management plan including staffing, live-in manager, janitorial and maid service	<ul style="list-style-type: none"> • The property is currently operated with an on-site part time manager. • The units are currently being rented by the week. There is no maid service.*
Rental Term Weekly or monthly rentals. Daily rentals for up to 10% of the units	<ul style="list-style-type: none"> • The intent of the conversion is to have long-term stable tenants with monthly leases. • The applicant is not requesting for daily rentals.
Rental Rates* SRO should be rented at or below the low-income affordable rentals with at least 50% of the units to very low income tenants.	The applicant owns and operated other apartment units in Costa Mesa. Their philosophy is to keep rents 5-10% below market to attract the best, long term tenants.
Common Area A minimum 400 SF of common area should be provided	This is a small motel facility. A picnic area, approximately 400 SF is provided.
Storage Area 40 cu. ft. for each unit	Each unit includes a closet with at least 40 cu. ft. of storage space.
Laundry Facilities Coin-operated washer and dryers should be provided	The motel includes a coin-operated laundry room with 1 washer and 1 dryer.
Uniform Building Code All requirements of the Uniform Building Code/Uniform Fire Codes are applicable	The building can continue to operate under the current occupancy. There are no open code violations.

*Deviations from City Council guidelines.

Deviations from City Council Policy

Rental Rates – Typically, SRO projects receive financial assistance from the City's Redevelopment Agency. This proposal is 100 percent privately funded. When public funds are involved, a covenant is required to maintain the rental rates at an affordable level. The applicant has indicated that the rental rates are typically 10 to 15 percent lower than the market rates for Orange County, approximately \$900 a month (plus or minus 10% depending on the market) for single occupancy. The 2010 Fair Market Rate for Orange County is \$ 1,183.00 for an efficiency apartment. Staff believes that given the location, size, and age of the units, the rental rates will likely remain affordable.

To meet the intent of the SRO Council Policy related to affordable housing:

- Condition of Approval No. 2 requires that the majority of the units be affordable to below moderate income households for 20 years. This condition includes

annual reporting requirements to verify rental rates, household incomes, and occupancy of the SRO units.

- Condition of Approval No. 9 requires a Land Use Restriction specifying the affordability terms.

Unfurnished Units – The units are currently rented furnished and on weekly basis. The long-term leases typically foster a more stable population with personal belongings. Therefore, in this case staff believes that giving residents the option to bring their own furnishing would promote long-term occupancy. Condition of approval No. 1 requires monthly rentals only, which enforces a more stable population.

Maid Service – Since the units are provided for long-term occupancy and a laundry facility is available on-site, maid service is not proposed. Condition of Approval No. 6 requires janitorial services for maintenance of the common areas on regular basis.

In compliance with the City Council Policy the applicant shall provide:

- No daily rentals; all units to be available for weekly or monthly rates.
- All units shall be offered at below moderate income level.
- A 24-hour on-site manager shall be provided.
- A 24-hour security camera shall be provided, as well as a service contract with a 24 hr/7 day security company.
- A washer and dryer in good working condition in the laundry facility.
- Weekly janitorial service shall be provided for maintenance of the common areas.

ENVIRONMENTAL DETERMINATION

If approved, the use would be exempt from the provisions of the California Environmental Quality Act under Section 15301 for Existing Facilities. Denial of the request would be subject to statutory exemption from CEQA under Section 15270 for projects that are disapproved.

GENERAL PLAN CONFORMITY

Approval of the motel conversion would be consistent with the General Plan which promotes SRO/FRO units in commercial areas. The proposed conversion will not intensify the current non-conforming use. In fact, SROs are more compatible with a residential zone than motel use in that it provides for an apartment setting with a more stable population. In addition, the Housing Element encourages motel conversions to SRO/FRO units to address an alternative housing demand for individuals, single parents or seniors.

ALTERNATIVES

The Commission has the following alternatives:

1. Approve PA-10-16 to convert the existing motel rooms into SRO/FRO units with the recommended conditions of approval. The motel use would not be allowed to re-establish.

2. Deny PA-10-16 to convert the existing motel rooms into SRO/FRO units. The applicant could not submit a similar application for six months. The motel would continue to operate as a non-conforming use along with associated transient population issues.

CONCLUSION

As a requirement of the Housing Element, City staff sponsored a workshop promoting conversion of motels to Single Family Occupancy (SRO) uses. Workshop participants indicated that without financial incentives from the City, it would be difficult to participate in a SRO conversion program.

The applicant is the only motel owner in the City who expressed interest in the SRO program, and his proposal is 100% privately funded.

Staff supports approval and believes that the conversion of the motel would result in a number of positive outcomes, including:

- Elimination of motel use in the R2-MD zone and problems with transient population.
- Providing additional housing opportunities for seniors and a more stable resident population.
- Provision of housing in an apartment setting for single-parent households.
- Provision of overall upgrades to the property.

Attachments:

1. Planning Commission Approval and Denial Resolutions
2. Applicant's Request Letter
3. Location Map
4. Site Photos and Submitted Interior Photos
5. Submitted Plans
6. City Council Policy 500-5
7. Excerpt of Planning Commission Minutes

cc: Development Svs. Director
Deputy City Attorney
Public Services Director
City Engineer
Transportation Svs. Manager
Fire Protection Analyst
Staff (4)
File (2)

Corey Donaldson
Newport Blvd. Trust
1927 Harbor Blvd. #610
Costa Mesa, CA 92627

RESOLUTION NO. PC-10-

**A RESOLUTION OF THE PLANNING COMMISSION OF THE
CITY OF COSTA MESA APPROVING PLANNING
APPLICATION PA-10-16 FOR 2278 NEWPORT BOULEVARD.**

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

WHEREAS, an application was filed by Corey Donaldson on behalf of, owner of real property located at 2278 Newport Blvd., requesting approval of a Conditional Use Permit for conversion of an existing motel into 11 Single and Family Room Occupancy (SRO/FRO) units.;

WHEREAS, a duly noticed public hearing was held by the Planning Commission on September 13, 2010;

BE IT RESOLVED that, based on the evidence in the record and the findings contained in Exhibit "A", the Planning Commission hereby **APPROVES** PA-10-16 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-10-16 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 September, 2010.

James Righeimer, Chair
COSTA MESA PLANNING COMMISSION

EXHIBIT "A"

FINDINGS – APPROVAL (PA-10-16)

- A. The proposed project complies with Costa Mesa Municipal Code Section 13-29(e) because:
1. The proposed use is compatible and harmonious with uses on surrounding properties.
 2. Safety and compatibility of the SRO/FRO units with the adjacent commercial uses, parking areas, landscaping, and other site features including functional aspects of the site development such as automobile and pedestrian circulation have been considered.
 3. The project, as conditioned, is consistent with the General Plan and Newport Boulevard Specific Plan.
 4. The planning application is for a project-specific case and does not establish a precedent for future development.
- B. The information presented substantially complies with Costa Mesa Municipal Code Section 13-29(g)(2) in that the proposed motel conversion is continuing a non-conforming use which is compatible with the surrounding commercial and residential uses and would not be materially detrimental to other properties within the area. Granting the conditional use permit will not be materially detrimental to health, safety and general welfare of the public or otherwise injurious to property or improvements within the immediate neighborhood in that conversion of the motel units to SRO/FRO units provides for an apartment living environment to more stable tenants. Adequate on-site parking is provided that is shared with a commercial use; the motel units are separated from the restaurant use by a wrought iron fence for security purposes. In addition, development or conversion of motel units into SRO/FRO units is one of the goals of the City's Housing Element to provide affordable workforce housing to individuals and single parents or seniors that cannot afford market rate apartments. The proposed project would provide 11 of the 53 total number of anticipated SRO units in the adopted Housing Element. The conversion of the motel would result in a number of positive outcomes, including:
- Elimination of motel use in the R2-MD zone and problems with transient population.
 - Providing additional housing opportunities for seniors and a more stable resident population.
 - Provision of housing in an apartment setting for single-parent households.
 - Provision of overall upgrades to the property.
- C. 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 construction.
- D. The project is exempt from Chapter IX, Article 11, Transportation System Management, of Title 13 of the Costa Mesa Municipal Code.

EXHIBIT "B"

CONDITIONS OF APPROVAL (PA-10-16 for 2778 Newport Blvd.)

1. Weekly and daily rentals are prohibited. SRO/FRO rooms shall be only rented on a monthly basis at a minimum.
2. The applicant shall comply with the following annual self-reporting requirements:
 - Applicant shall provide documentation to the City certifying that all units have maximum double occupancy. This documentation can be in the form of lease agreements which identify the number of individuals living in each unit.
 - Applicant shall provide documentation of the rental rates of each unit in compliance with the following requirement: a) The majority of the units (a minimum of 7 of the 11 units) shall be offered at affordable rental rates for below moderate income households for 20 years; and, b) These affordable rental rates shall be pursuant to the Housing and Urban Development Department's Fair Market Rents.
3. Each unit should be provided with a closet and/or storage area of at least 40 cubic feet.
4. The units shall be parked at 0.5 space per single occupancy guest room and 1 space per unit for double occupancy. There are 27 on-site parking spaces including two disabled stalls. The restaurant use is allocated 16 parking spaces based on gross floor area of approximately 1,800 square feet and parking ratio of 10/1000 SF. The existing seating/public area for the restaurant shall be maintained and not expanded unless approved by a shared parking application.
5. A management plan shall be submitted for operation of the units. The plan should describe provisions for staffing, 24-hour live-in manager, desk clerk, security, and janitorial services. The plan should also address interior and exterior security including controlled entry and exit. The applicant shall maintain an active contract with a 24-hour/7-days a week security company to provide private on-site security to the premises.
6. Weekly Janitorial service shall be provided to maintain the interior and exterior common areas.
7. Quarterly inspection of the units shall be conducted by the on-site manager to ensure that no unauthorized activity is occurring, no unauthorized improvements have been made, and the property is adequately maintained.
8. The property shall not be reestablished as a motel.
9. A Land Use Restriction shall be approved by the Development Services Director and recorded against the property to notify prospective buyers of the following: (1) prohibition of any future conversion of the SRO back to a motel use; (2) affordable rental rates requirement; (3) double occupancy restrictions. The Land Use Restriction shall also refer to the conditions of approval for PA-10-16 and shall be in form/substance/content that is acceptable to the Development Services Director.

10. A laundry facility containing a minimum of one washer and one dryer in good working condition shall be provided.
11. The motel facility shall maintain the approximately 400 square feet common area in clean and usable condition with landscaping and picnic table. A secured area for a bike rack shall also be provided on-site.
12. The open area at the northeast corner of the site shall be maintained in a clean manner. Storage of any item in this area shall be fully screened from the adjacent streets and properties.
13. The property shall be maintained in accordance with landscape maintenance requirements contained in Costa Mesa Municipal Code Section 13-108.
14. A copy of the conditions of approval for must be kept on premises and presented to any authorized City official upon request. New business/property owners shall be notified of conditions of approval upon transfer of business or ownership of land.
15. In keeping with the adjacent residential neighborhood, no additional on-site signs other than permitted for rental residential units shall be permitted. New freestanding signage shall be in the form of monument signage. Pole signs shall not be allowed.
16. Landscaping in the street setback along Newport Boulevard shall be upgraded to be in compliance with the Newport Boulevard Landscape and Sign Guidelines. This may involve planting new trees, shrubs, and groundcover to the satisfaction of the Development Services Director. A landscape plan shall be submitted for review/approval within 90 days of approval of the CUP, and upgraded landscaping installed prior to issuance of a certificate of occupancy for the SRO residential hotel or within 120 days of approval of the CUP, whichever occurs first.

RESOLUTION NO. PC-10-

**A RESOLUTION OF THE PLANNING COMMISSION OF THE
CITY OF COSTA MESA DENYING PLANNING APPLICATION
PA-10-16 FOR 2278 NEWPORT BOULEVARD.**

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

WHEREAS, an application was filed by Corey Donaldson on behalf of, owner of real property located at 2278 Newport Blvd., requesting approval of a Conditional Use Permit for conversion of an existing motel into 11 Single and Family Room Occupancy (SRO/FRO) units.;

WHEREAS, a duly noticed public hearing was held by the Planning Commission on September 13, 2010;

BE IT RESOLVED that, based on the evidence in the record and the findings contained in Exhibit "A, the Planning Commission hereby **DENIES** Planning Application PA-1016 with respect to the property described above.

PASSED AND ADOPTED this 13th day of September, 2010.

James Righeimer, Chair
CITY OF COSTA MESA PLANNING COMMISSION

EXHIBIT "A"

FINDINGS – (DENIAL)

- A. The proposed project does not comply with Costa Mesa Municipal Code Section 13-29(e) because:
 - 2. The project is not compatible and harmonious with uses on surrounding properties.
 - 3. The project is not consistent with the General Plan.
 - 4. The planning application is for a project-specific case and does not establish a precedent for future development.
- B. Granting the conditional use permit will be materially detrimental to the health, safety and general welfare of the public or otherwise injurious to property or improvements within the immediate neighborhood.
- C. The Costa Mesa Planning Commission has denied Planning Application PA-10-16. 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 IX, Article 11, Transportation System Management, of Title 13 of the Costa Mesa Municipal Code.

Newport Blvd Land Trust
1927 Harbor Blvd #610
Costa Mesa, CA 92627
949-463-2223

June 4th, 2010

Re: Conditional Use Permit
2278 Newport Blvd
Costa Mesa, CA 92627

We are requesting the zoning to be changed from motel to SRO/FRO occupancy for the property located at 2278 Newport Blvd, Costa Mesa, CA 92627. The property currently has 13 units zoned motel. The units are 450 square feet units and a studio configuration with a full bath and full kitchen. The neighborhood/property would be enhanced with the SRO/FRO zoning as this would allow us to rent to stable, long term tenants. Currently tenants have to move out after 28 days. With this requirement it forces us to rent to a more transient population. In our experience this population is more apt to have legal challenges, criminal challenges, alcohol/drug issues, overcrowding of housing unit and delinquency of rent payment.

The improvements that have been made:

- Tile Floors
- New Windows
- Units are painted
- Many stoves/refrigerators replaced
- New Landscaping – Flowers/completely re-sodded
- Buildings were repainted

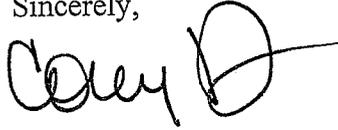
By changing the property from hotel zoning to SFO zoning we do not anticipate anything changing except the quality of the tenants due to the ability of them staying longer than 28 days. By rezoning the property to SRO/FRO we would be able to attract a stable, long term clientele.

The parking has not been an issue at the property. During the day the parking lot has about 5-8 cars at all times. At night when most people come back from work and the restaurant is serving dinner there are still 6-8 parking spaces still open.

Our units are currently occupied by single occupants, dual occupants and dual occupants with a small child. Our maximum is 2 adults in the unit. Small children are usually between the ages of newborn to 5 years old.

We would be looking to rent to stable clientele, there would be no age restrictions however seniors is one population that we would love to rent to.

Sincerely,

A handwritten signature in black ink, appearing to read "Corey D", with a long horizontal flourish extending to the right.

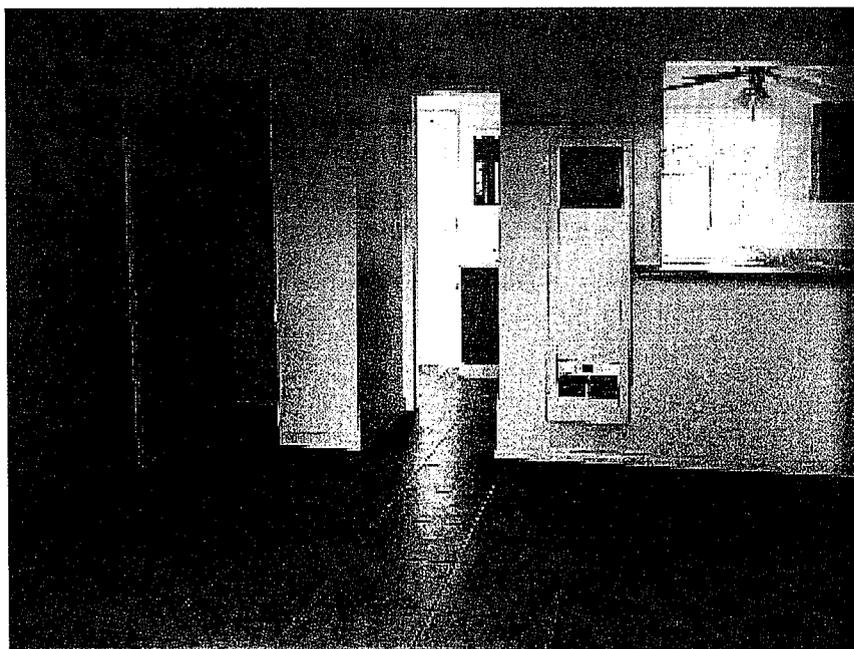
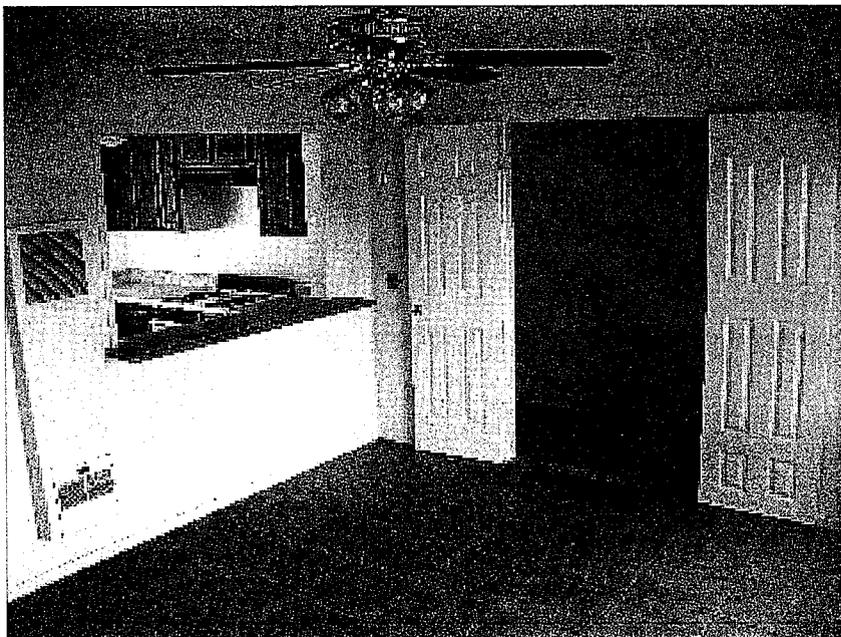
Corey Donaldson
Trustee, Newport Blvd Land Trust



VICINITY MAP

2278 Newport Blvd.

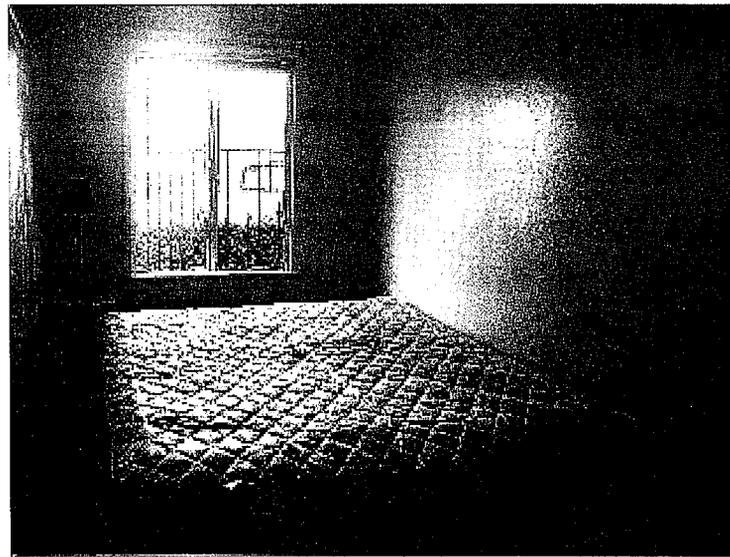
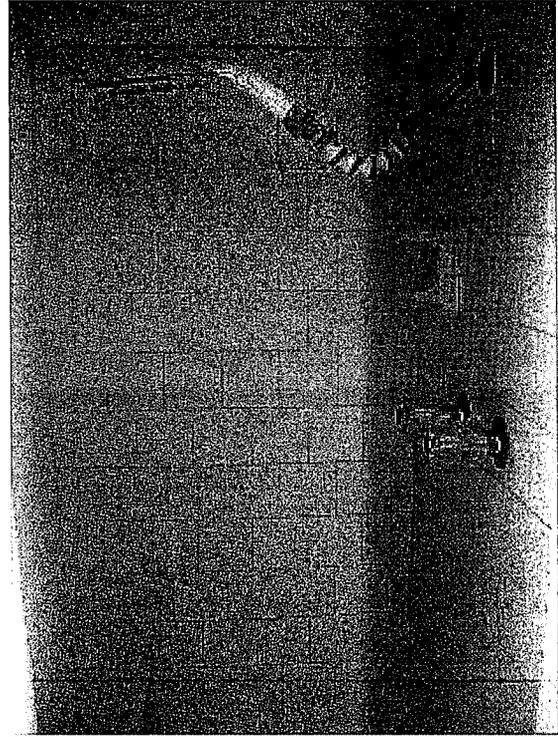
ATTACHMENT 4



Interior photos of Units 9 and 11



Interior photos of Units 9 and 11

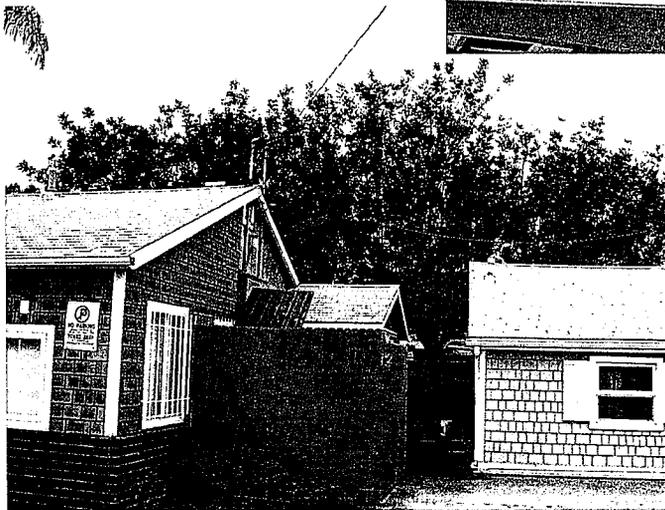
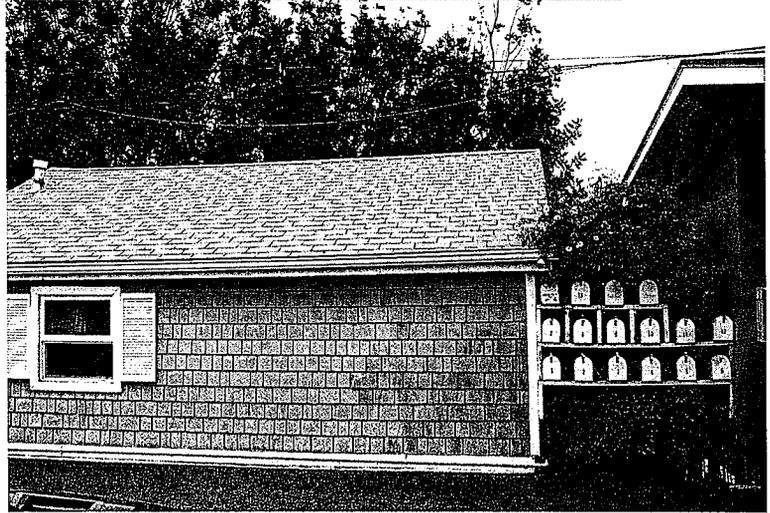


Interior photos of Units 9 and 11

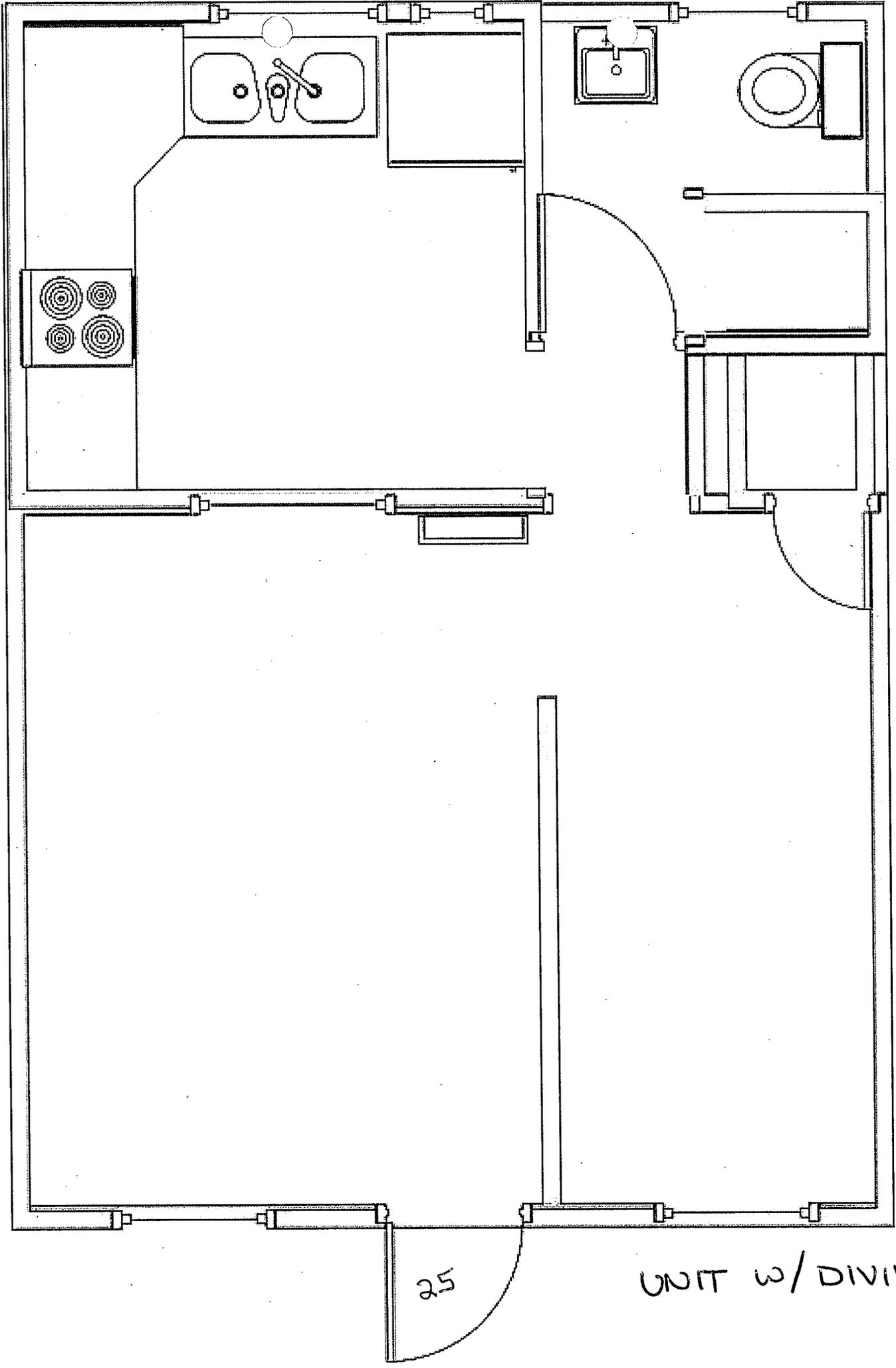




Motel, front office and restaurant buildings

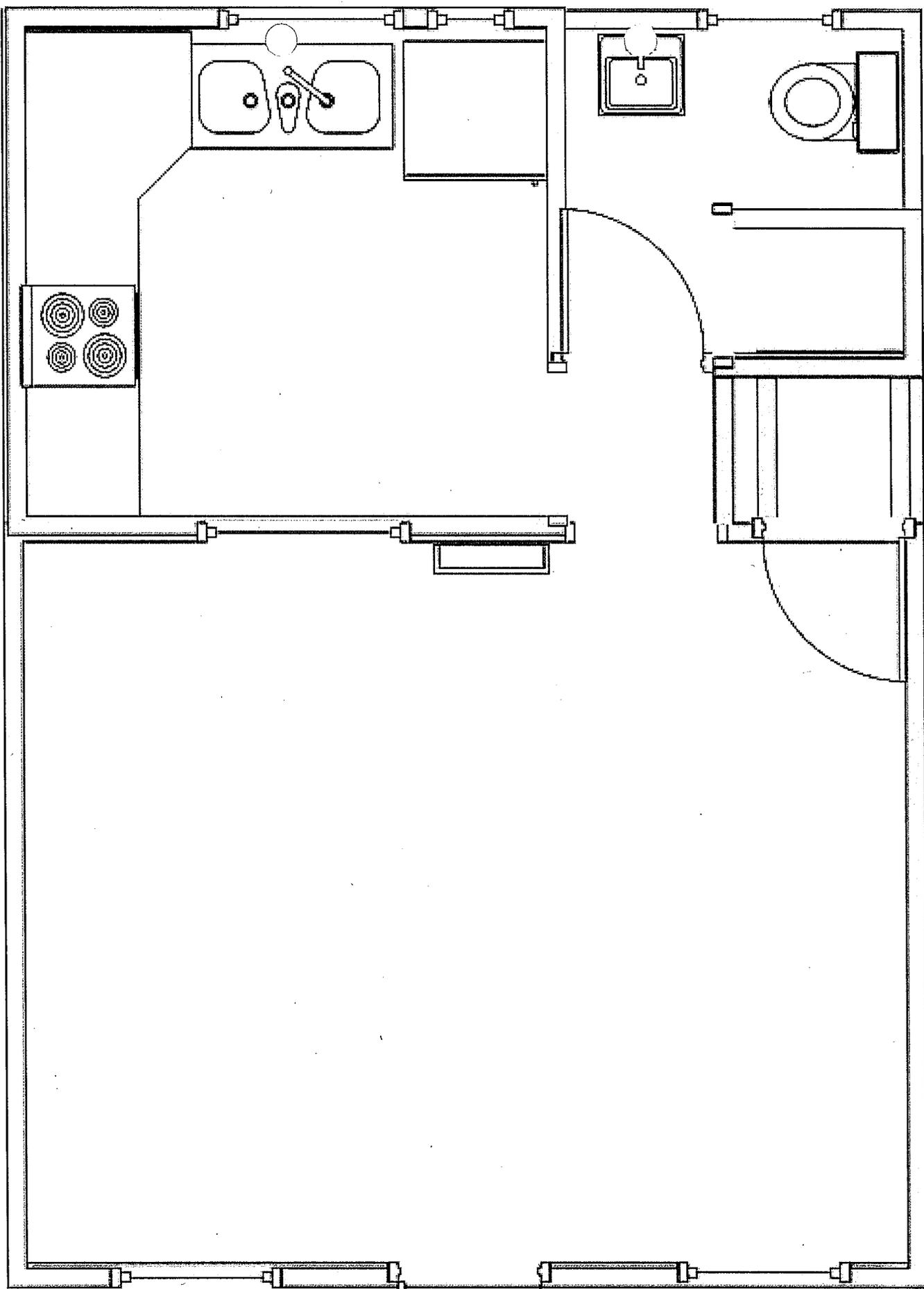


24
Motel, front office and laundry building



25

UNIT w/ DIVIDER



26

UNIT w/o DIVIDER

COUNCIL POLICY

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

BACKGROUND

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

PURPOSE

It is the purpose of this policy to:

1. Allow SRO residential hotels to be considered with a conditional use permit in all commercial zones where hotels are allowed with a conditional use permit.
2. Establish guidelines to assist the City in the future review of SRO proposals.
3. Provide the means for establishing housing available to citizens of Costa Mesa within the low and very low income segments of the population recognizing that there is a portion of the labor force within the business community that is in these lower income levels. Traditional housing in Costa Mesa is simply not affordable to this segment. SRO's should provide a new source of housing for this segment of the employment population of Costa Mesa.

POLICY1. Process

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

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

COUNCIL POLICY

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SINGLE ROOM OCCUPANCY (SRO) RESIDENTIAL HOTELS	500-5	09/01/91	2 of 4

2. Location

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

3. Room Sizes and Occupancy Limits

The following limits should apply to new SRO developments.

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

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

4. Unit Requirements

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

5. Parking

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

Secure bicycle parking should also be provided.

6. Management and Security

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

CITY OF COSTA MESA, CALIFORNIA

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7. Rental Term

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

8. Rental Rates

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

9. Common Areas

Common areas should be provided as follows:

400 sq.ft. minimum.

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

10. Storage Areas

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

11. Transient Occupancy Tax

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

CITY OF COSTA MESA, CALIFORNIA

COUNCIL POLICY

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12. Laundry Facilities

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

13. Additional Standards

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

04-12-10 Approved Minute Excerpt for New Business Item VIII.2

2. Proposed Motel Conversion to SRO/FRO Units at Coast Motel, 2278 Newport Boulevard.

Senior Planner Mino Ashabi reviewed the information in the staff report.

Mr. Donaldson, property owner, said he has 11 units with a couch and bed, and there is a 28-day rental cap. In response to the Chair's question if the rates are below market or low-income rental rates, Mr. Donaldson replied that they are 10% below the market rate.

In response to Commissioner Mensinger's question about the rents, Mr. Donaldson replied the rent is \$265 a week for one person and \$280 a week for two people.

The Chair and Commissioner Mensinger discussed the number of motels and the affordability factor.

Commissioner Fitzpatrick and Mr. Donaldson discussed the front office and parking.

The Chair, Vice Chair Clark, Commissioner Mensinger, and Ms. Ashabi discussed occupant limits, Single Room Occupancy (SRO) and Family Room Occupancy (FRO) units, FRO restrictions, and City Council Policy guidelines. There was a discussion on the rental rates and that it is based on the County's median income.

Commissioner Mensinger asked if the units exceed the market place and Mr. Donaldson replied the rents are below 10-20%.

Vice Chair Clark discussed conditioning SRO, looking at the long-term situation, and if ownership changes. Ms. Ashabi noted that an FRO could accommodate a small family, and the Vice Chair stated that if given the restriction of two people, he would not be in favor of a FRO.

Commissioner Fitzpatrick mentioned there are three successful SRO's in Costa Mesa and commented on best practices.

The Chair asked staff to e-mail the Commissioners and Deputy City Attorney Tom Duarte the addresses of the three SRO locations. Ms. Ashabi noted the address of 2080 Newport Boulevard. Mr. Donaldson added that the upside of these 11 units is the apartment-style living, and the downside is the nearby Napa Valley Pizza business.

The Chair stated the need for the number of occupants to be controlled.