

PLANNING DIVISION STAFF REPORTAGENDA NO. 6.1.SITE LOCATION 2450 Newport BoulevardAPPLICATION NO. PA-91-102AP # 439-281-48MANDATORY ACTION DATE April 25, 1992APPLICANT Shin Shen Chen
(Owner of Record)AUTHORIZED AGENT Merrill Butler, IIIADDRESS 2450 Newport Boulevard
Costa Mesa, CA 92627ADDRESS 401 Pirate Road
Newport Beach, CA 92663

Applicant is reminded that all ordinances and regulations governing the use of the land or building(s) to which this application pertains must be complied with whether specified herein or not.

PREPARED BY Alice B. Angus
Senior PlannerDATE PREPARED November 25, 1991LAST UPDATE November 25, 1991**REQUEST:**

Conditional Use Permit to convert an existing hotel (The Travelodge) into a 96 room, single-room occupancy (SRO) development.

STAFF RECOMMENDATION:

Approve, subject to conditions.

FINAL COMMISSION ACTION: November 25, 1991

Approved, based on Planning Staff analysis and findings contained in the Planning Division Staff report, subject to conditions.
(4-0, Mr. Palme absent)

APPLICANT NOTIFIED es DATE 12/3/91

CITY OF COSTA MESA, 77 FAIR DRIVE, COSTA MESA, CA 92628-1200 (714) 754-5245



I. DESCRIPTION

A. Subject Property

1. Location - 2450 Newport Boulevard
2. General Plan Designation - Neighborhood Commercial
3. Zone - C2
4. Present Development - Two-story motel (Travelodge)
5. Lot Area - 69,300 sq.ft.
6. CEQA - Exempt

B. Surrounding Property

1. North - commercial, vacuum repair shop and construction contractor's office
2. South - auto repair
3. East - multi-family residential
4. West - Newport Boulevard and Costa Mesa Freeway

C. Request

A Conditional Use Permit (CUP) to convert the existing motel into a Single Room Occupancy residential hotel (SRO).

D. Background

Earlier this year the City Council adopted policy Number 500-5 to guide SRO development. This policy, which is attached, states that SRO projects will be processed as a CUP in zones where hotels are allowed with a CUP.

The policy also encourages potential projects to be reviewed informally by the Planning Commission prior to actual submittal. Accordingly, this project was brought before the Planning Commission at an informal Study Session in October for initial feedback. Subsequent to that meeting, the applicant submitted the application for this CUP.

In addition, the applicant has submitted requests for funding assistance to the Orange County Housing Authority and requested City approval to seek tax-exempt mortgage revenue bonds to finance the purchase and conversion of the project. The City Council did adopt an Inducement Resolution on November 4th to consider bond financing. Further action on the project's financing is pending the outcome of the project's review (this CUP).

Although this project is being processed as a CUP, it is unique in that it is the first SRO development to be considered by the City. To guide the review of this development is Policy 500-5. As a policy, the parameters given are not absolutes, but rather general guidelines against which to review specific projects. As such, if the project does not "meet" a particular parameter, a variance is not required. The reason the City adopted the SRO parameters as a policy instead of an ordinance was to allow flexibility to account for both conversion projects and possible new construction.

II. PROJECT DESCRIPTION

The applicant is requesting to convert the existing Travelodge motel built in 1985 to a 96 unit SRO. As part of this project, the applicant wants to convert some of the existing parking spaces into a common open space area for use by the tenants.

III. PLANNING STAFF ANALYSIS

The following analyzes how the proposal compares with the City's SRO Policy.

1. Process. The site is zoned C2, developed with an existing hotel and has a Neighborhood Commercial General Plan designation. The Policy states that SRO should be located in General Commercial or Commercial Center designations. This commercial area along Newport Boulevard is intended to be changed to General Commercial in the 1990 General Plan, although the Planning Commission has recommended that it remain Neighborhood Commercial.

During the public hearing on the SRO Policy, the City Council was alerted to the fact that the City may receive applications for SRO development along this segment of Newport Boulevard which is currently designated Neighborhood Commercial. While the Council did not change the Policy to include reference to this particular area of the City, the Council did indicate that this area is as appropriate for SRO development as other areas designated General Commercial.

2. Location. The nearest bus lines are on Orange Avenue and Del Mar Avenue. While not within 1,000 feet, they do seem within a reasonable walking distance. The two bus lines both run through-out the day with good service during the morning and evening peak hours. The Orange Avenue route extends south to Newport Beach and

north by South Coast Town Center, up Main Street past Main Place and further north to the Mall of Orange. The Del Mar Avenue route extends east through the airport area to Irvine Valley College and west by Orange Coast College then along Adams to Huntington Beach. From this route connections can be made at Adams and Harbor to continue either north or southbound. A current schedule for both bus lines is attached.

While Newport Boulevard is not a major employment area, there are an array of commercial businesses to the north and south of the site, with a convenience market to the south (within 1,000 ft.) at the corner of Wilson and Newport. The attached map indicates various retail and service uses located within proximity to the proposed project.

3. Room Sizes and Occupancy Limits. The existing units (even when divided to eliminate existing suites) have an average size of 340 sq.ft., slightly in excess of the recommended 300 sq.ft. average. The proposal consists of 96 SRO units: 95 "studios" and 1 one-bedroom unit. The applicant is proposing that all of the units be reserved for single occupancy but this may change as the applicant works through the funding process.
4. Unit Requirements. Each unit is currently furnished with bed(s) chairs, table(s), night stands, television, and telephone. The applicant plans to retrofit kitchenettes into the existing sink/closet alcoves. The bathrooms would remain intact. The kitchenette design is still being worked out. At a minimum, the kitchenette will include a sink with garbage disposal, a refrigerator, a microwave oven and cabinets.
5. Parking. There are 94 existing parking spaces on-site. The applicant plans to reduce the number of parking spaces to accommodate a larger outdoor landscape/recreation area adjacent to the pool. Depending on the number of double occupancy units proposed, the parking based on the Policy parameters should be as follows:

no double occupancy = 79 parking spaces
10% (9 units) double occupancy = 86 spaces
20% (19 units) double occupancy = 94 spaces

The current plan allows for 85 on-site parking spaces. This parking would adequately provide parking if all of the units are designated as single person occupancy.

Staff has researched parking standards and studies regarding SRO parking and low income residential parking. In San Diego, the standard requirement is 0.2 space per SRO unit. Actual parking at SROs that Staff contacted ranged from a low of 3% of occupants having automobiles to a high of 33%. According to Myles Pomeroy with the City of San Diego, a study of low income residents revealed the average automobile ownership among this income group was .6 autos per unit (non-SRO).

Bicycle parking has not been designated, but the applicant has indicated that it could be provided within the secured parking area adjacent to the lobby.

6. Management and Security. The applicant is working in conjunction with a non-profit corporation to develop a complete management plan. The applicant does have plans to secure the parking lot entry through a code activated gate and to restrict pedestrian access through the front lobby area. The site is already equipped with exterior video cameras and monitors in the lobby area.

The applicant has also indicated a willingness to install wrought iron on top of the existing block wall that surrounds the site.

The draft Management Plan details operational characteristics of the SRO development.

7. Rental Term. The applicant is proposing all monthly rentals to qualify for low interest housing loans.
8. Rental Rates. The City's Policy would equate to 48 units (50%) affordable to low income tenants (\$665/month maximum), 24 units (25%) affordable to very low income tenants (\$456/month maximum), and 24 units (25%) affordable to the low end of very low income tenants (\$304/month maximum). The applicant is investigating various financing options and rental rate scenarios, including keeping a minimum number of units affordable to minimum wage workers. The latest rental rate scenario submitted by the applicant is as follows: 78 units (81.25%) affordable to very low income tenants (\$456/month), and 18 units (18.75%) affordable to minimum wage earners at \$250/month.

Staff is concerned about the amount of security deposit that may also be charged to new tenants, the draft

management plan states that a "full security deposit is also payable at the signing of the lease". Staff believes that although the City's policy does not address limits on the amount of this deposit, it may be justified to do so to ensure affordability for future tenants.

9. Common Areas. The common area standard for this size of project would be approximately 1,060 sq.ft. divided between interior and exterior, with neither having less than 420 sq.ft.

The existing exterior pool area is approximately 2,000 sq.ft. The applicant intends to remodel the lobby area to serve as the interior common area, the open lobby area is currently approximately 700 sq.ft. As stated in the parking section, the applicant also proposes to remove some of the parking and replace it with landscaping, picnic tables, chairs, and bar-b-ques. Based on the current plan this area would add approximately 3,400 sq.ft. of outdoor recreation area.

10. Storage Areas. The applicant is proposing to build-in closet storage areas within the existing sink/alcove areas. The issue of lockers has not been addressed yet.
11. Laundry Facilities. The hotel has a large laundry facility as well as coin operated laundry room. The applicant is proposing to retain both of these services.

CONCLUSIONS

The proposed SRO conversion meets most of the policy guidelines of the City. In the cases where there is some deviation, it seems justified by the particulars of the project, i.e. since it is an existing, fairly new hotel that is being converted. Some of the details have not yet been worked out and some of the proposals may change due to funding qualification requirements. Therefore, conditions have been worded to allow for some fine tuning of the project.

IV. PLANNING STAFF FINDINGS

- A. The information presented substantially complies with Costa Mesa Municipal Code Section 13-347 in that the proposed conversion of the existing motel into a Single Room Occupancy residential hotel (SRO) is

substantially compatible with developments in the same general area; granting of the Conditional Use Permit will not be detrimental to the health, safety and general welfare of the public or other properties or improvements within the immediate vicinity; and granting of the Conditional Use Permit will not allow a use, density or intensity which is not in accordance with the General Plan designation for the property.

- B. As required by Article 22-1/2, Transportation Systems Management of the City of Costa Mesa Municipal Code, pay applicable traffic impact fees identified for the Traffic Analysis Zone the project is located in prior to issuance of building permits.

V. PLANNING STAFF RECOMMENDATION

Approve, subject to conditions.

V. CONDITIONS, IF APPROVED

Shall meet all requirements of the various City Departments, copy attached hereto.

CONDITIONS OF APPROVAL

- Plng. 1. The Conditional Use Permit herein approved shall be valid until revoked, but shall expire upon discontinuance of the activity authorized hereby for a period of 180 days or more. The Conditional Use Permit may be referred to the Planning Commission for modification or revocation at any time if the Conditions of Approval have not been complied with, if the use is being operated in violation of applicable laws or ordinances, or if, in the opinion of the Development Services Director or his designee, any of the findings upon which the approval was based are no longer applicable.
2. A copy of the conditions of approval for the Conditional Use Permit 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.
3. Decorative wrought iron shall be added to the top of the existing perimeter block wall, under the direction of the Planning Division.
4. Securable bicycle storage shall be provided under the direction of the Planning Division.
5. Linens and regular laundry service for the room linens shall be provided at no additional charge to the tenants. Coin-operated washers and dryers shall be provided for tenant use.
6. Tenant income shall be limited to low and/or very low income levels with rental rates tied to these income levels. Any change in the proposed rental rate structure of 18 units affordable to minimum wage earners, and 78 units affordable to very low income wage earners shall require approval by the Planning Division. If any change would not comply with the Council Policy No. 500-5, such change shall be referred back to the Planning Commission for review and approval.
7. Security deposits shall be limited to one-half the first month's rent unless a higher limit is approved by the Planning Division.
8. The draft Management Plan shall govern the operation of the SRO. Any modification to the Management Plan shall require review by the Planning Division. If any change would not comply with Council Policy No. 500-5, such change shall be referred back to the Planning Commission for review and approval.
9. The Planning Division shall be provided with the name, address, and telephone numbers for contact persons of

- the management company and of any change made in the management company.
10. During the first year of operation, quarterly reports (due March 1st, June 1st, September 1st and December 1st) shall be submitted to the Planning Division pertaining to the level of occupancy, certification of tenant income and rental rates charged, automobile ownership of tenants, and job locations of tenants. Thereafter, such report shall be submitted on an annual basis, due each March 1st.
 11. Securable lockers or similar storage exterior to the tenants rooms shall be provided under the direction of the Planning Division.
 12. All units shall be single occupancy. Any proposed change to double occupancy shall be reviewed by the Planning Division. Any proposed change that would not comply with Council Policy No. 500-5 relative to either double occupancy limits or parking requirements based on occupancy shall be referred back to the Planning Commission for review and approval.
 13. The project shall conform with sections 4 - Unit Requirements and 7 - Rental Term of Council Policy No. 500-5.

ORDINANCE AND/OR CODE PROVISIONS

- Plng. 1. All contractors and subcontractors must have valid business licenses to do business in the City of Costa Mesa. Final occupancy and utility releases will not be granted, and final inspections will not be granted until all such licenses have been obtained.
2. Parking stalls shall be double-striped in accordance with City standards.
 3. Two (2) sets of detailed landscape/irrigation plans per the requirements set forth in Costa Mesa Municipal Code Sections 13-263 through 13-266, shall be submitted for review and approval by the Planning Division prior to issuance of any building permits. The two approved sets shall be attached to the two final building plan sets. Drought resistant vegetation together with a water conserving irrigation system shall be utilized. Landscaping shall be installed in accordance with the approved plan prior to release of utilities.
 4. All landscaped areas shall be separated from paved vehicular areas by 6" high continuous Portland cement concrete curbing.
 5. Permits shall be obtained for all signs, including banners and other special event signing, according to the provisions of the Costa Mesa Sign Ordinance.
 6. The paving under required covered parking spaces shall

- be portland cement concrete (PCC).
- Bldg. 7. Concrete wheel stops shall be installed 2' from the front edge of open parking spaces.
- Fire 8. Comply with the requirements of the Uniform Building Code as to design and construction.
9. Provide fire extinguishers with a minimum rating of 2A to be located within 75 feet of travel distance from all areas. Extinguishers may be of a type rated 2A,10BC as these extinguishers are suitable for all types of fires and are less expensive.
10. Provide approved smoke detectors to be installed in accordance with the 1988 Edition of the Uniform Fire Code.
11. Provide an automatic fire sprinkler system per Orange County SRO Housing Development Guide.
12. Provide 12" address numerals which conform to Fire Department standards with respect to size.
13. Provide a fire alarm system per Uniform Fire Code, 1985 Edition.

SPECIAL DISTRICT REQUIREMENTS

The requirement of the following special district is hereby forwarded to the applicant:

- Sani. 1. Developer to contact the Costa Mesa Sanitary District at (714) 631-1731 for current District requirements.

ABA (pa91102) sro

Condition #5 requires the provision of linens and laundry service as part of the basic rent. The developer has requested and Staff concurs that the laundry service may not be necessary or desired by all tenants. The financial consultant and the County believe that this service should qualify as an added cost rather than being included within the base rent.

The following changes to Planning Conditions of Approval #5 and #6 are recommended to facilitate the public participation in funding of this project. Additional text is in italics and deleted text is shown with strike-outs.

- * 5. ~~Linens and regular laundry service for the room linens~~ shall be provided at no additional charge to the tenants. *Regular laundry service for the room linens shall be available to tenants at a reasonable additional charge. This service schedule and charge shall be approved by the Planning Division.* Coin-operated washers and dryers shall be provided for tenant use.
- * 6. Tenant income shall be limited to low and/or very low income levels with rental rates tied to ~~these income levels the very low income level.~~ *Any change in the proposed rental rate structure of 18 units affordable to minimum wage earners, and 78 units affordable to very low income wage earners shall require approval by the Planning Division.* The maximum rental rate would be 30% of 50% of the Orange County median income as published by HUD and adjusted for single person household size. If any change would not comply with either the Council Policy No. 500-5 or this condition, such change shall be referred back to the Planning Commission for review and approval.

ABA(PA91102A.CND)

Attachment: PA-91-102 Staff Report

cc: Deputy City Mgr. - Dev. Services
Assistant City Attorney
Assistant City Engineer (2)
Fire Protection Analyst
Staff (4)
File (2)

Butler-O'Bryon & Associates
485 E. 17th Street Suite 501
Costa Mesa, CA 92627

Shin Shen Chen
2450 Newport Boulevard
Costa Mesa, CA 92627