



CITY COUNCIL AGENDA REPORT

MEETING DATE: JANUARY 17, 2017

ITEM NUMBER: PH-2

SUBJECT: GENERAL PLAN AMENDMENT GP-16-01 CHANGING THE LAND USE DESIGNATION OF A 1.66 ACRE SITE FROM NEIGHBORHOOD COMMERCIAL (NC) TO HIGH DENSITY RESIDENTIAL (HDR); AND CONSIDERATION OF FIRST READING OF ORDINANCE 17-XX OF THE CITY COUNCIL OF THE CITY OF COSTA MESA FOR REZONE R-16-01 TO REZONE (OR CHANGE) A 1.66-ACRE SITE LOCATED AT 440 FAIR DRIVE FROM C1 (LOCAL BUSINESS DISTRICT) TO PDR-HD (PLANNED DEVELOPMENT RESIDENTIAL-HIGH DENSITY) AND MASTER PLAN PA-16-46 AND TENTATIVE TRACT MAP TT-18064 FOR CONDOMINIUM PURPOSES FOR A 28-UNIT RESIDENTIAL COMMON INTEREST DEVELOPMENT LOCATED AT 440 FAIR DRIVE

DATE: JANUARY 5, 2017

FROM: PLANNING DIVISION/DEVELOPMENT SERVICES DEPARTMENT

PRESENTATION BY: RYAN LOOMIS, ASSOCIATE PLANNER

FOR FURTHER INFORMATION CONTACT: RYAN LOOMIS, AICP (714) 754-5608
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DESCRIPTION

On November 21, 2016, Planning Commission reviewed a project involving the demolition of an existing 20,750 square-foot two-story retail/office center, and construction of eight new three-story detached residential units and 20 four-story (includes rooftop deck) duplex units. The project includes approximately 26,643 SF of private and communal open space. The proposed project involves the following discretionary applications:

- 1) **Initial Study/Mitigated Negative Declaration (IS/MND)**
- 2) **General Plan Amendment GP-16-01** to change the land use designation from Neighborhood Commercial (NC) to High Density Residential (HDR).
- 3) **Rezone 16-01** to change the zoning classification from C1 (Local Business District) to PDR-HD (Planned Development Residential – High Density).
- 4) **Planning Application PA-16-46** to implement a Master Plan for the 28-unit residential project with specified deviations from the PDR-HD development standards, including the following:
 - Variance to allow a deviation from required open space requirements (42% required; 36.8% proposed);
 - Variance for an encroachment of block walls into required perimeter open space area (20 feet required; 6 feet on Fair Drive and 4.7 feet on Carnegie Ave proposed);

- Variance to allow a deviation from required landscaped parkway requirements (10 feet with no dimension less than 5 feet on house side of private street required; 10 feet/3.6 feet proposed);
- Variance to allow a reduction in guest parking spaces (14 guest spaces required; 5 guest spaces proposed) [NOTE: This variance was not reviewed by Planning Commission, although the same number of visitor spaces were proposed]
- Deviation from Residential Design Guidelines for multi-story to first floor ratio (100% multi-story to first floor ratio recommended; 150% for 4-story units and 114% for 3-story units proposed).
- Administrative Adjustment for encroachment of building into the required perimeter open space area along Fair Drive (20 feet required; 15 feet proposed).
- Minor Modification for encroachment of building into the required perimeter open space area along Carnegie (20 feet required; 18 feet proposed).

5) ***Tentative Tract Map 18064 for Condominium Purposes:*** Tentative Tract Map 18064 for residential subdivision for condominium purposes.

APPLICANT/AUTHORIZED AGENT

Steve Sheldon is the authorized agent for Dalessio Investments, the property owner.

RECOMMENDATION

At their meeting of November 21, 2016, Planning Commission recommended that the City Council deny the project.

**PLANNING APPLICATION SUMMARY
(DENIED BY COMMISSION)**

Location:	440 Fair Drive	Application Numbers:	GP-16-01/R-16-01/PA-16-46/T-18064
Request:	General Plan Amendment, Rezone, Master Plan, and Tentative Tract Map for development of 28 units		

SUBJECT PROPERTY:

SURROUNDING PROPERTY:

Zone:	C1 (Current); PDR-HD (Proposed)	North:	C1 Local Business District (retail)
General Plan:	NC (Current); HDR (Proposed)	South:	C1 Local Business District and CL Commercial Limited District (auto dealership); R3 Multiple Family Residential District (apartments)
Lot Dimensions:	216 FT x 398 FT	West: (across Harbor)	I&R Institutional and Recreation District (golf course); PDR-MD, Planned Development-Medium Density (detaches residences)
Lot Area:	72,310 SF (1.66 ac)	East:	R1 Single-Family Residential District (single family homes)
Existing Development:	Commercial retail use and surface parking		

DEVELOPMENT STANDARD COMPARISON (Based on PDR-HD Zoning)

Development Standard	Required/Allowed PDR-HD zone	Proposed/Provided
Development Lot Area	43,560 SF (1.0 ac)	72,310 SF (1.66 ac)
Density	Max. 20 du/ac (33 Units Max)	16.25 du/ac (28 Units Proposed)
Maximum Site Coverage (Overall Project):		
Buildings	NA	NA
Open space	42% (30,370 SF) of total lot area	26,643 SF– 36.8% ¹
Perimeter Open Space	20 feet abutting all public ROW	Perimeter wall located 6 feet from PL (Fair Dr) ¹ Front Courtyard retaining wall located 4.7 feet from PL (Carnegie Ave) ¹
Landscape Parkway	10FT/No dimension less than 5FT on house side of private streets	10 FT/3.5FT ¹
Building Height	N/A Four-Stories per General Plan	Plan 1-- 4-stories/ 37 FT -6 IN Plan 2-- 3-stories/ 33 FT
Building Setbacks (Overall Project):		
Front (Fair Drive)	20 FT	15 FT ² (Unit 8)
Side (Carnegie Ave)	20 FT	18 FT ³
Side (west side)	NA	10 FT
Rear (North side)	NA	11 FT
% ratio of 2nd floor to 1st floor	100%	Plan 1 149.7% 2 nd Floor 148.8% 3 rd Floor 59.5% 4 th Floor Plan 2 114.1% 2 nd Floor 23.4% 3 rd Floor
On-Site Parking:	112 SPACES	117 SPACES
Driveway Width	16 FT	18FT
Back up Distance	25 FT	24 FT ⁴

NA = Not Applicable or No Requirement.
 (1) Requires a Variance
 (2) Requires Administrative Adjustment
 (3) Requires a Minor Modification
 (4) 24-foot back okay with 18-foot wide driveway per Transportation Division.

CEQA Status	Initial Study- Mitigated Negative Declaration (IS-MND #)
Final Action	City Council

BACKGROUND

Project Site/Environs

The 1.66-acre project site is located at the northwest corner of Fair Drive and Carnegie Way (see Attachment 1). Surrounding land uses generally consist of residential and commercial uses. Land uses immediately adjacent to the project site consist of the following:

- **North:** Commercial uses (Orange Coast Fiat) are zoned C1 and are located directly north of the site.
- **East:** Single-story, single family residences are located east of the site across Carnegie Avenue, and are zoned R1.
- **South:** An auto dealership (South Coast Mitsubishi) is located southwest of the site across Fair Drive, and is zoned C1 and CL. Also, a two-story apartment complex (Mediterranean Village) is located southeast of the site across Fair Drive and is zoned R3.
- **West:** Commercial uses (US Gas and Orange Coast Fiat) within the C1 zone are located west of the site.

The project site is currently occupied by a 20,750 square-foot two-story commercial building and a large, asphalt paved parking lot. The current structures were constructed at the site around 1962, originally as medical buildings. Today, the two-story building is used for commercial retail and general and medical office uses.

City Council General Plan Screening

On October 6, 2015, City Council considered General Plan screening request GPS-14-04 to amend the land use designation from Neighborhood Commercial to High Density Residential (HDR) related to the development of a 28-unit residential development at 440 Fair Drive. During the meeting, City Council provided direction on a 5-0 vote that the City accept for processing an application to amend the General Plan Designation and zoning for the subject property as described earlier. The applications were filed on May 19, 2016. A link to the General Plan Screening staff report is found below:

<http://www.costamesaca.gov/ftp/council/agenda/2015/2015-10-06/NB-3.pdf>

Community Meetings

Prior to the General Plan Screening in 2015, the applicant held two community meetings, including one on Friday September 11, 2015, and Saturday September 12, 2015. Residents expressed concerns with the proposed high density, project ingress/egress on Carnegie Drive, lack of on-site parking and impacts of the project on street parking and traffic, and privacy impacts to neighbors with the proposed roof decks. A summary of the 2015 community meetings concerns are provided in the November 14, 2016 Planning Commission staff report (see Attachment 7).

On Wednesday, October 19, 2016, the applicant held a third community meeting to showcase the changes of the project from the first meeting, as well as to listen to the concerns from the residents. Residents expressed similar concerns discussed at the previous two community meetings, including concerns with high density, traffic and parking impacts, and privacy impacts to neighbors with the proposed roof decks. A summary of the October 19, 2016 community meeting is provided in the November 14, 2016 Planning Commission staff report (see Attachment 7).

On Wednesday, December 14, 2016, the applicant held two additional community meetings (one in morning and one in evening) to showcase a revised project in response to the Planning Commission action and concerns from the residents. Residents continued to express similar concerns discussed at the previous community meetings. A summary of the concerns brought up at the December 14, 2016 community meetings are below.

Neighborhood Concerns	Applicant Response
Traffic increase from high density	The project has been revised to eliminate the Carnegie Avenue entrance. The revised plans shows the entrance off of Fair Drive
Project does not provide enough guest parking	No change is proposed for parking. The project provides an overall surplus of 10 spaces.
High density is still an issue	No change to number of units. The 8 detached units along Carnegie Avenue are moderate density, and the higher density duplex units are closer to the neighboring commercial properties. The revised plan removes the third story from the 8 detached units and is now two-story. Buildings now meet setback requirements.
Rooftop Decks are an issue	Rooftop decks for duplexes look west toward commercial properties and are not visible from Carnegie Avenue due to line of sight. Screening for rooftop decks for unit along north property line could be provided

Planning Commission Action

The project was originally scheduled for review on November 14, 2016; however, due to the large number of items on the agenda, the item was continued to the November 21, 2016, Special Planning Commission meeting. Prior to the November 14th meeting, staff received 29 public comments stating opposition for the project. Additionally, 19 members of the public spoke in opposition to the project during the public comments at the November 14th Planning Commission.

Prior to the November 21 meeting, staff received a total of 109 public comments, with the majority in opposition to the project and 4 in favor of the project. At the meeting, the Planning Commission heard presentations from staff and the applicant and took public testimony. Approximately 42 persons spoke in opposition to the request, the majority of whom were residents of College Park neighborhood. Based on the testimony presented by the residents at the hearing, the Commission recommended denial of the project on by a 3-0 vote (Chair Dickson and Commission Mathews absent). The denial was based on neighboring residents' concerns related to the request for high density zoning, traffic and parking impacts, and building height. A link to the November 14 Staff Report and the November 21 Supplemental Memo is found below:

<http://www.costamesaca.gov/ftp/planningcommission/agenda/2016/2016-11-21/PH-4.pdf>

ANALYSIS

Project Description

The proposed project reviewed by the Planning Commission involved a request to amend the City's General Plan to change the existing land use designation from Neighborhood Commercial to High-Density Residential and to rezone of the 1.66-acre development site from Local Business District (C1) to Planned Development Residential – High Density (PDR-HD). The rezone to PDR-HD would be consistent with the High Density Residential General Plan designation proposed for the project site. The HDR designation would allow a maximum density of 20 dwelling units per acre, or 33 units. The proposed project includes a Master Plan application (PA-16-46) for the development of 28 units, which would create a density of 16.25 dwelling units per acre.

The Zoning Code does not specify a maximum building height for the PDR-HD zone; however, the General Plan limits building height to a maximum four stories for buildings south of the San Diego (I-405) Freeway (Policy LU-2.8). Because the subject property for the proposed development is south of the I-405 Freeway, the four-story maximum height would apply to the project. As revised by the Applicant at the December 14 community meeting, the project now proposes eight two-story units (previously three-story), with building height of 27 feet, and 20 four-story units, with a building height of 37.5 feet. An Initial Study/Mitigated Negative Declaration was prepared to determine the environmental impacts associated with the original project submittal (see Attachment 11).

The 28-unit development is required to provide a total of 107 parking spaces, including 28 covered spaces, 65 open parking spaces, and 14 open guest spaces. This includes a five space reduction allowed due to carports being provided within each driveway (0.25 space per unit for the 20 duplex units).

The proposed project will be providing a total of 117 spaces, 56 enclosed garage spaces, 56 open spaces on driveways (40 within carports), and five exclusive guest spaces within the development. The proposed project meets the overall parking space requirement; however, only five open guest parking spaces are provided instead of 14

required guest spaces. As such, a variance is requested to reduce guest parking from 14 spaces to 5 spaces. Although the proposed project provides ten more parking spaces than required, the number of guest open spaces is deficient. The variance request for reduced guest parking was not included as part of the Planning Commission evaluation as staff believed the excess parking provided offset the reduced guest parking. After further review, staff concluded the reduction in visitor spaces needs to be addressed as a variance request, even if excess parking is provided overall on the site.

Revised Site Plan

In response to the public testimony presented at the November 21, 2016 Planning Commission hearing, the applicant has revised the project, including removing the ingress/egress on Carnegie Avenue and relocating it to Fair Drive (see Attachment 5). This new design includes a new hammerhead configuration for fire truck turnaround along the north-south private street. A slight shift in the eight detached units facing Carnegie Avenue would also occur to accommodate the new hammerhead turnaround. The new hammerhead design will provide additional open space areas by incorporating a grasscrete type surface (requires Fire Department approval) for potential recreational opportunities. As such, the proposed project would provide 27,786 square feet of open space (38.5% open space), or 1,143 additional square feet than originally proposed. However, open space would remain deficient.

The revised design would remove two applications from the proposal reviewed by the Planning Commission:

1. The request for an Administrative Adjustment regarding the encroachment of the buildings into required perimeter open space area along Fair Drive would be removed as the new design proposes to meet the 20-foot setback requirement.
2. The revised design would also remove the request for a Minor Modification regarding the encroachment of the buildings into required perimeter open space area along Carnegie Avenue as the new design proposes to meet the 20-foot setback requirement.

Finally, the project would also include removing the third story from the eight detached units fronting Carnegie Avenue to reduce building height and massing. These eight units would meet the two-story/27-foot maximum building height standards allowed by the neighboring R1 properties.

With these changes, the project would now include the following five deviations from the PDR-HD development standards:

- Variance to allow deviation from required open space requirements (42% required; 38.5% proposed);
- Variance for encroachment of block walls into required perimeter open space area (20 feet required; 7 feet on Fair Drive and 4.7 feet on Carnegie Ave proposed);

- Variance to allow deviation from required landscaped parkway requirements (10 feet with no dimension less than 5 feet on house side of private street required; 10 feet/3.6 feet proposed);
- Variance to allow reduction in guest parking spaces (14 guest spaces required; 5 guest spaces proposed) [NOTE: This variance was not reviewed by Planning Commission. Overall, the project provides surplus of parking spaces (107 required; 117 provided)]
- Deviation from Residential Design Guidelines for multi-story to first floor ratio (100% multi-story to first floor ratio recommended; 150% for 4-story units and 114% for 3-story units proposed).

Measure Y

Measure Y, known as “An Initiative to Require Voter Approval on Certain Development Projects”, was passed on November 8, 2016 and became effective December 23, 2016. The measure amends the Costa Mesa Municipal Code to require voter approval of certain changes in land use (referred to as “Major Changes in Allowable Land Use”), which are defined as those projects that amend, change or replace the General Plan, the Zoning Code, a specific plan, or an overlay plan, and that involve any one of the following increases/changes:

- Generates more than 200 additional average daily trips;
- Increases the volume/capacity of an intersection based on specified formulas
- Changes the intersection capacity utilization or level of service based on specified formulas;
- Adds more than 40 dwelling units;
- Adds 10,000 square feet of retail, office or other nonresidential;
- Or, where the proposed project, combined with other projects within 8 years and a half-mile of each other, meet the above criteria.

The proposed project does not meet the first five Measure Y criteria listed above. However, when measuring a 0.5-mile radius map from the project’s boundary using city’s GIS (see Attachment 10), the proposed project at 440 Fair Drive is located within 0.5-miles of two projects approved in the last eight years resulting in an increase of 40 or more dwelling units. The two projects are:

1. A 224 apartment unit project located at 2277 Harbor Boulevard (GP-14-04/R-14-04/CO-14-02/PA-14-27), which included a General Plan Amendment, Rezone, Code Amendment, and Master Plan, approved by the City Council in November 2015; and
2. A 224 senior residential unit project located at 1500 Mesa Verde Drive East R-10-01/PA-10-10), which included a Rezone and Master Plan, approved by the City Council in December 2010.

According to Measure Y, if a proposed project, combined with one or more prior approved projects, increases or changes thresholds for traffic, density or intensity of use, is considered a Major Change in Allowable Land Use. Specifically, Measure Y provides:

The voters declare that dividing a Major Change in Allowable Land Use, that would otherwise require their approval, into partial changes that would not by themselves require their approval obviates their intent to have control over major changes in allowable land use and is contrary to the purposes of this ordinance. For the purposes of this ordinance, a “significant increase” occurs if the combination of a proposed minor change in allowable land use with one or more other minor or major changes in allowable land use within a half mile which were approved within eight (8) years preceding issuance of the notice of preparation of an environmental impact report or other environmental review document for the proposed minor change, or, where no such notice is issued, within eight (8) years preceding commencement of the City’s environmental analysis for the proposed minor change, meets any increase or change threshold for traffic, density or intensity of use defined in this ordinance.

If this project is approved, it would appear to be subject to Measure Y based on its proximity to the above referenced projects. Under Measure Y, the project would need to be placed on the ballot at the next regular municipal election following City Council approval, unless the applicant wished pay for a special election.

ENVIRONMENTAL DETERMINATION

An Initial Study/Mitigated Negative Declaration (IS/MND) has been prepared for the project in accordance with the California Environmental Quality Act (CEQA) (see Attachment 11). In accordance with CEQA Guidelines Section 15073, the IS/MND was originally made available for a 20-day public review and comment period from October 4, 2016 to October 24, 2016. The IS/MND found that the environmental effects from the project would be less than significant with the incorporation of standard conditions of approval and mitigation measures (see Exhibit C of Planning Commission Resolution in Attachment 7). A copy of the IS/MND prepared for the original project is included with this report under separate cover. Also, a Response to Comments to the IS/MND is also available (see Attachment 11)

PUBLIC NOTICE

Pursuant to Title 13, Section 13-29(d), of the Costa Mesa Municipal Code, three types of public notification have been completed no less than 10 days prior to the date of the public hearing:

1. Mailed notice. A public notice was mailed to all property owners within a 500-foot radius of the project site. The required notice radius is measured from the external boundaries of the property. Notices were also mailed to the existing retail center tenants.
2. On-site posting. A public notice was posted on each street frontage of the project site.
3. Newspaper publication. A public notice was published once in the Daily Pilot newspaper.

FISCAL REVIEW

Fiscal review is not required for this item.

LEGAL REVIEW

The City Attorney has reviewed the draft resolutions and it has been approved as to form by the City Attorney's Office.

ALTERNATIVES

The City Council may take the following actions:

1. *Uphold the Planning Commission's decision to deny the project.* If the City Council believes that there are insufficient facts to support the findings for approval, City Council must deny the application and adopt the attached resolution in Attachment 3. If the project were denied, the applicant could not submit substantially the same type of application for six months.
2. *Reverse the Planning Commission's decision and approve the project.* The City Council may suggest specific changes that are necessary to alleviate concerns. If any of the additional requested changes are substantial, the item should be continued to a future meeting to allow a redesign or additional analysis.
3. *Remit the project to the Planning Commission for review of the applicant's revised project.* After Planning Commission review and action, the project would return to the City Council for final action.

CONCLUSION

At the meeting on November 14 and November 21, 2016, public testimony was taken and comment letters submitted to the City were provided to the Planning Commission. Based on the high number of public comments and testimony at the hearing in opposition of the project, the Planning Commission recommended denial of the project by a 3-0 vote (Chair Dickson and Commission Mathews absent). In response to the Planning Commission's recommendation to deny the project, the applicant has revised the project and is requesting approval. If approved, the proposed project may require voter approval due to the passage of Measure Y.

RYAN LOOMIS, AICP
Associate Planner

JAY TREVINO, AICP
Economic Development and Development
Services Director / Consultant

- Attachments:
1. [Location Map and Zoning Map](#)
 2. [Site Photos](#)
 3. [Resolution of Denial](#)
 4. [Original Plans](#)
 5. [Revised Plans \(1/03/2017\)](#)
 6. [Correspondence From Public as of 1/05/17](#)

7. [November 14, 2016 Planning Commission Staff Reports and Attachments](#)
8. [November 21, 2016 Planning Commission Supplement Memorandum and Attachments](#)
9. [November 21, 2016 Planning Commission Supplement Memorandum #2](#)
10. [1/2 Mile Radius Map](#)
11. [Initial Study/Mitigated Negative Declaration and Response to Comments \(Under Separate Cover\)](#)
12. [Rezone R-16-01 Ordinance 17-xx](#)
13. [Supplemental Memo](#)

cc:

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