

**REGULAR MEETING OF THE REDEVELOPMENT AGENCY AND
SPECIAL JOINT MEETING WITH THE CITY COUNCIL**

APRIL 14, 2003

The Redevelopment Agency of the City of Costa Mesa, California, met in a regular meeting on April 14, 2003, in the Police Department Auditorium, 99 Fair Drive, Costa Mesa. The meeting was called to order at 6:55 P.M. by Chairperson Steel, who led the Pledge of Allegiance to the Flag.

ROLL CALL Agency Members Present: Chairperson Steel
 Vice Chairperson Mansoor
 Agency Member Cowan
 Agency Member Monahan
 Agency Member Robinson

 Agency Members Absent: None

 Officials Present: City Manager Roeder
 Executive Director Lamm
 Planning & Redevelopment Mgr. Robinson
 Agency Attorney Wood
 Special Counsel Stahl Brady
 Neighborhood Improvement Mgr. Ullman
 Management Analyst Veturis
 Associate Planner Flynn
 Associate Engineer Sethuraman
 Executive Secretary Thompson

POSTING The Redevelopment Agency meeting agenda was posted at the Council Chambers and Police Department on Thursday, April 10, 2003.

MINUTES On a motion by Agency Member Monahan, seconded by Agency Member Cowan, and carried 5-0, the Minutes of March 10, 2003, were approved as written.

OLD BUSINESS None.

NEW BUSINESS

Housing Mediation Services Neighborhood Improvement Manager Ullman reported, several months ago, staff was approached by Members of the City Council concerning the development of a housing mediator to better tenant/landlord relations, enhance code enforcement and improve the quality of life for City residents. The City is currently providing similar services through the Fair Housing Council of Orange County (FHCO). Federal funding regulations for the Community Development Block Grant and HOME Programs require that jurisdictions plan for and undertake actions to affirmatively further fair housing within their authority. Last year FHCO assisted approximately 917 Costa Mesa residents. Because of limited resources, FHCO is unable to assist all callers and does not maintain a local office. A pilot mediation 20-hour week program will cost approximately \$9,940; should the program be extended beyond that period to approximately 18 hours a week during the next fiscal year, it is estimated the cost would increase to \$25,000 per year.

Staff would return to the Redevelopment Agency with statistical information before deciding on the next phase. FHCO has requested an evaluation before a permanent program is entered into.

Neighborhood Improvement Manager Ullman reiterated there was no forced advocacy involved and it is stated so in the proposed professional services agreement.

**PUBLIC
COMMENT**

Martin Millard, 2973 Harbor Boulevard, No. 264, Costa Mesa, opined the same services are already being provided by the County. Money is being spent for the Human Relations Committee which is trying to justify its existence. The budget is tight and money would be better spent on repairing pot holes, etc. He said he felt although a pilot program, FHCOC would find ways to ensure it continued. It is only one Council Member who is behind this idea.

David Salceda, 954 West 17th Street, Costa Mesa, concurred with the previous speaker in that the program would be a duplication of effort. He felt the money should be used for something else.

Sandra Genis, 1586 Myrtlewood, Costa Mesa, said her experience has been there are very few mediations; the majority of calls relate to people unhappy with the way things are being done and not covered by Fair Housing regulations. Therefore, they are purely civil matters. She suggested the number of calls is being used to indicate need, but it should be the number of mediations.

Alma Marquez, Orange County Congregation Community Organizations (OCCCO), also a member of the Community Redevelopment Action Committee (CRAC), reported there is a lot of misunderstanding between landlords and tenants. This program would be a great opportunity to mediate some of those problems that seem so simple, but there is a lack of communication. She felt several CRAC members who are landlords would welcome a local service. Not only would many families benefit but it would relieve the stress some churches are experiencing in providing this service. The City was urged to address this problem.

David Levy, a representative of the FHCOC, did not see this program as a duplication of effort but as an expansion of services to residents of Costa Mesa. FHCOC is currently at capacity. A "fair share" methodology is used to allocate funding requests to all jurisdictions. Most services are provided through the telephone; and there is only one office which is located in Santa Ana. The single mediation program in place is through the County and is very much focused on the courts. The proposed program could head-off situations escalating to possible law suits. The highest number of disputes involve security deposits, termination of tenancy and habitability issues – all of which are amenable to mediation. Over 15,000 calls are received each year; of which, Costa Mesa accounts for approximately 6.5%. If parties agree to mediate and go through the process, they enter into an agreement which is subsequently enforceable.

MOTION

A motion by Agency Member Monahan to approve the mediation pilot program was seconded by Agency Member Cowan. Agency Member Robinson said she was supporting the motion because she and Agency Member Cowan spent time going through apartments in the community and saw deplorable conditions in which some residents live. This pilot program is a mechanism to affect change; if successful, it is worth the expenditure.

Vice Chairperson Mansoor asked if the funds could be used for infrastructure improvement. Neighborhood Improvement Manager Ullman responded the funds come from twenty-percent of the tax increment which flow into the Low-Moderate Income Fund, and can only

be used to increase the supply of housing or for housing services. Infrastructure could not be covered unless it was directly related to housing. Vice Chairperson Mansoor announced he would not support the motion as he believed mediation already exists. It is a civil matter in which the City should not get involved.

Agency Member Cowan reiterated the FHCOC offered mediation on habitability – a maintenance issue that works for the tenant and property owner. Discussions by both the City Council and Redevelopment Agency have involved rehabilitation of the City’s housing. This pilot program offers a low cost opportunity to provide assistance to code enforcement for improving the housing stock, with no City involvement beyond the contract already in place with FHCOC.

Chairperson Steel said given the density in the City, he hoped staff would continue to look for complexes for conversion to home ownership.

Approved Carried The motion carried 3-2, Chairperson Steel and Vice Chairperson Mansoor voting no.

Response to Public Comments From March 10, 2003 Meeting Planning and Redevelopment Manager Robinson reported a directive was received by staff to provide a written response to all comments made at the March 10, 2003, Redevelopment Agency meeting. The report is prepared similarly to the format of comments received in connection with Environmental Impact Reports. It is anticipated this document will likely be used as a resource in future hearings on the Plan Amendment process which was continued to approximately September 2003.

In response to Agency Member Cowan’s query, Planning and Redevelopment Manager Robinson reported hard copies of the report were mailed to each speaker who had completed cards and provided addresses. A copy could be put on the website and a link to the “Frequently Asked Questions” page. He agreed to provide copies to the CRAC.

MOTION Approved Carried On a motion by Agency Member Monahan, seconded by Agency Member Cowan, and carried 5-0, the report was received as submitted, and filed.

REPORTS

Executive Director None.

Agency Attorney None.

WARRANT RESOLUTION CMRA-310 On a motion by Agency Member Monahan, seconded by Agency Member Robinson, and carried 5-0, Warrant Resolution CMRA-310 was approved.

ORAL COMMENTS

Martin Millard, 973 Harbor Boulevard, No. 264, Costa Mesa, said the City Council recently made a good decision in turning down the Kohl project. He recommended the Segerstrom Company be persuaded to turn the site into residential to blend with the Mesa Verde area. Perhaps a bowling alley and skate park could be located on the Westside on Placentia. As a member of the CRAC, he felt the meetings were a waste of time; however, he was hopeful something may come from them in helping improve the Westside. In his opinion, the demographics must be

increased by rezoning the bluffs; many health issues exist because of air pollution from a couple of industrial sites; he feared soil may be affected also. Many of the industrial property owners live outside the City.

Mr. Millard responded to Chairperson Steel's question asking if he had contacted the Segerstrom Company about his housing idea, by stating he had spoken to David Wilson who, he felt, was receptive.

David Salceda, 954 West 17th Street, Costa Mesa, said a sliver of 17th Street and Whittier Avenue was included in the Redevelopment Area, and it should not have been because there is no blight.

John Hawley, resident of Newport Beach, said he would welcome a bowling alley and skate park to the Westside.

**MEMBER
COMMENTS AND
SUGGESTIONS**

Agency Member Robinson announced this was her last meeting, and she wanted to express support for Westside redevelopment. Private industry had not stepped up to participate, even though invitations have been extended. She encouraged the Redevelopment Agency to keep that option open; a compromise can be reached with some of the industrialists if they stayed in the process. Any Westside improvement will impact the entire City.

**ADJOURN TO
SPECIAL JOINT
MEETING WITH
CITY COUNCIL**

At 7:30 p.m. Chairperson Steel adjourned the regular Redevelopment Agency meeting to a special joint meeting with the City Council. He conceded the Chair to Mayor Robinson

ROLL CALL

Council Members present:
Mayor Robinson
Mayor Pro Tem Steel
Council Member Cowan
Council Member Mansoor
Council Member Monahan

**Combine
Public Hearings**

Planning and Redevelopment Manager Robinson recommended, as all the items for discussion relate to the 1901 Newport Plaza project, all public hearings be incorporated into one. It was noted that separate actions will be required by the City Council and/or Redevelopment Agency.

**MOTION
Approved
Carried**

Mayor Robinson motioned that Public Hearing Item Number 1 be incorporated into Public Hearing Item Number 2 when staff deems appropriate. The motion was seconded by Mayor Pro Tem Steel, and carried 5-0.

**For David Eadie,
Rutter Develop-
ment, authorized
agent for
property owner
Kennedy/Rutter
Development, for
a 161 unit
residential
condominium
project at 1901
Newport Boule-
vard, in a PDC
zone:**

Associate Planner Flynn presented an overview of the entire project bounded by Harbor Boulevard, 19th Street, Bernard Street and Newport Boulevard, described as Item Number 2. Included in a slide presentation was an aerial view of the project site plan. The proposed development is 161 residential condominiums, with a 5-level parking structure, a 2-level subterranean parking structure and associated amenities. The two existing commercial buildings will be retained as part of the proposed project. The Planning Commission recommended certification of a final EIR 1050, a General Plan Amendment, Title 13 zoning code amendment for site specific FAR for the commercial component, a site specific density increase for the residential component, and site specific building height increase for the 5-level parking structure. The Planning Commission has approved the vesting tentative track map. The action required of both the City Council and Redevelopment Agency was outlined.

Final Environmental Impact Report

Associate Planner Flynn reported the City's employment rate has increased and this project is considered a way to achieve a job/housing balance. She highlighted statistics on home supplies/demands. There are no long term adverse impacts from this project, as supported by the EIR.

General Plan Amendment GP-02-04

Associate Planner Flynn detailed the parking variance requested by the developer; currently the zoning code requires a total of 455 residential parking spaces be provided. The developer is proposing 415. Technically, there is a parking credit in the zoning code which would allow a .25 space credit for every unit if the open parking spaces were provided in a carport or parking structure. If garage doors were removed and not part of this project, then the parking variance would not be needed.

Plan PA-02-11 Final Master

The traffic analysis results were presented. A total of 1,103 average weekday trips would be generated from the proposed project. A significant impact was identified on Newport Boulevard and a mitigating measure requiring a prorated share for the addition of one north bound and one south bound lane on Newport Boulevard. There are no changes on the levels of services on weekends for year 2005 and no new impacts were identified.

Associate Planner Flynn compared the proposed project (45 units) to The Lakes, an apartment complex which has 41 units per acre. She introduced Eddie Font, of Font Design, hired by Bonterra Consulting to provide a shade/shadow impact report on the homes located on Bernard Street. He read a passage from a reference manual describing the process used to obtain data. The findings are considered highly accurate. In response to Mayor Robinson's questions, Mr. Font agreed the Bernard Street homes would not have sunlight on front yard areas during the winter solstice, the shortest day of the year, at certain times of the day. The shade interval times studied were 9:00 A.M. 12:00 noon and 3:00 P.M. giving approximately 20 minutes of shade from 10:00 A.M. until 3:00 P.M. Outside of those hours, three hours forty-five minutes of shade would be cast on the properties. During the summer months, there is only minimal impact. Although a worse-case scenario, Mayor Robinson expressed concern that substantial shade would be a burden on the Bernard Street residents.

Dana Privitt, Bonterra Consulting, addressed some of the confusion on the shade/shadow impact report. Shade is cast beyond the curb line to the existing residences for a longer time during December 21. With very limited difference, most jurisdictions were found not to have any thresholds of significance related to shade/shadow. The sources of research were listed. According to licensed landscape/gardening firms, the optimal amount of sunlight should be six hours; the landscape materials in place on the Bernard residences will not be adversely affected. Joe Font, Font Design, reiterated the timeframe when shadows are cast five feet in front and eventually on the Bernard houses. Mayor Robinson said the materials supplied seemed inconsistent with the statements made. Discussion continued to clarify data.

Council/Agency Member Monahan asked what time shadows would touch the homes if the proposed buildings were not in place. Ms. Privitt responded, except for trees, no shadows are cast until sunset because everything is set back.

Amendment to 1999-2004

Management Analyst Veturis presented a précis of the Implementation Plan, the Amendment thereto, and the Inclusionary Housing Plan for 1901

Implementation Plan for Downtown Redevelopment Plan to include Inclusionary Housing Provisions

Newport Plaza residency project.

Inclusionary Housing Provision

The first Implementation Plan for the Downtown Project Area was adopted in December, 1994; in December 1999, the Second Implementation Plan was adopted. The "Plan" is a five-year blue-print for project planning within the Downtown Redevelopment Project Area. In January 2003, a mid-cycle review was conducted and resulted in adoption of Addendum #1 to incorporate new housing programs based on the US Housing and Urban Development (HUD) Consolidated Plan and 2000 General Plan Housing Element. The proposed 1901 Newport Plaza Residences development will be located within the Downtown Redevelopment Project Area on property that was added in 1977 and 1980, and will trigger inclusionary housing obligations. Therefore, the 1999-2004 Implementation Plan must be amended to include the inclusionary housing provisions. At least 15% of all new residential units developed within a redevelopment project area must be available to low- and moderate- income households. Of these units, 40% must be available to very low income households. Management Analyst Veturis outlined the specific obligations imposed by the inclusionary housing requirements. Every two units developed outside the Downtown Redevelopment Project Area, will be counted as one inclusionary housing production unit (the production outside the Project Area doubles the requirement). The 14 units required to be provided by the developer do not have to be made a part of the new project but can be located elsewhere in the Downtown Redevelopment Project Area. If located outside that area, then it is mandated the affordable housing obligation is doubled from 14 to 28 units.

As an alternative to meeting the state required mandate, the Redevelopment Agency may accept payment of an in-lieu fee in the amount of \$245,000 from the developer, and accept the responsibility of facilitating the construction or substantial rehabilitation of 14 units within the Project Area, to be done within a ten year period.

\$100,000 per unit fee for an affordable unit was established by financial consultant Keyser Marston Associates in its analysis of all projects undertaken by the City since 1973. Therefore, the Redevelopment Agency's cost to provide the 14 units would be \$1.4 million. The tax increment generated by the project is estimated to be \$1,155,000. The \$245,000 figure equates to the difference.

Council Member/ Agency Vice Chairperson Mansoor asked if there was a specific location/way to use the in-lieu fee. Neighborhood Improvement Manager Ullman responded, at this time, it is unknown. Existing resources do not allow for building that number of units over the ten year period. Staff would need to develop a strategy to perhaps borrow money from existing tax increments or through State CHFA funds. A Request for Proposal would be issued to find out if developers are interested in purchasing properties or if existing property owners are interested in buying down covenants. If the obligation was not met, the City would be out of compliance with the State Health and Safety Code.

Council/Agency Member Cowan asked why staff was recommending acceptance of the in-lieu fee under such circumstances. Special Counsel Brady responded the project is estimated to produce revenues of \$1.5 million. The shortfall over the ten year period is where the \$245,000 figure came from. There are layers of on-going reporting requirements.

Council/Agency Member Monahan reiterated the 20% set aside money derived from this project came out to \$1.4 million; the \$245,000 was the difference.

Kathe Head, Keyser Marston Associates, stated the genesis of the recommendation is, if this project did not exist, \$1,155,000 would not exist. It created the obligation but also the revenues. It is unknown if the State will take some of the revenue in future fiscal years in light of the current budget constraints.

Council/Agency Member Monahan posed questions concerning fees involved in this project (traffic impact, parks, etc.), going into the General Fund. Planning and Redevelopment Manager Robinson said they do not need to be spent in the Redevelopment Project Area but open space and park facilities that serve the needs of the project. Traffic Engineer Sethuraman addressed the question regarding pro rated share on Newport Boulevard – a separate fee from the traffic impact fee. The estimated share is 5%. The primary access to the site would be from Bernard Street and a commercial driveway off 19th Street. The traffic flow patterns were described and the positioning of a traffic signal in five years. If it was decided the signal was not warranted, the deposit would be returned to the developer. The City could, at its digression, have the signal installed without the warrants being met. Other comparisons were made by staff between the proposed Newport Plaza project and The Lakes complex.

Mayor/Agency Member Robinson asked for the justification to allow a parking variance for the new project (415 proposed/455 required). Associate Planner Flynn responded if the new project meets the intent of the parking credit, then the variance would be justified. If a condition is placed on the Conditions, Covenants and Regulations (CC&Rs) requiring garages be used for parking only and not storage, then they would meet the “intent”. If garage doors are removed, the variance would not be required. Acting City Attorney Wood verified the City could require this condition within the CC&Rs and that the City could enforce compliance.

Applicant David Eadie, Rutter Development Corporation, stated what he had heard this evening was essentially an attempt to balance objectives. He truly believed this was the right project for the right location. He itemized the various elements of the project and proposed reasons why they are appropriate. All set backs, building heights, etc. are met as applicable to planned residential zoning. Technically, the parking structure is five stories and concealed on all sides. All long term environmental impacts have been evaluated and found there are no long term adverse affects. Jobs, housing balance, homeownership, etc. and reinvestment in the community will increase because of the project. This is the first time a developer has been required to provide affordable housing in the City. Over the tax increment period, the City will get \$10 – \$11 million. It is not practical to build the inclusionary housing on site; however, the solution presented by staff is fair and reasonable.

Council/Agency Member Monahan said he understood the tax increment must be spent in a redevelopment area. Executive Director Lamm confirmed all the property tax increment is spent within the current Downtown Redevelopment Project Area; 80% is not restricted but 20% is restricted to affordable housing. If the current Redevelopment Area is increased in size, he believed all tax increment money could be spent within the bounds of the increased Project Area. Agency Attorney Wood concurred with that belief.

In response to Council Member/Agency Vice Chairperson Mansoor's question concerning designating the inclusionary housing for seniors, Executive Director Lamm suggested the Redevelopment Agency may want to defer such a decision until it had an actual project. Rehabilitation of for-sale housing through Habitat for Humanity could be considered – the 14 units do not have to be additional units, they could be a conversion . There are ten years in which to use the money. Planning and Redevelopment Manager Robinson reported recent legislation limits the percentage of housing set-aside funds for senior housing to no more than the percentage equal to the elderly population in the community (as example: 10% of population is elderly – no more than 10% of these funds can be used).

RECESS

Mayor Robinson declared a recess at 9:10 p.m., and reconvened the meeting at 9:25 p.m.

PUBLIC COMMENT

Curtis Herberts, 234 E. 17th Street, Costa Mesa, indicated on a map the property he owns. When Harbor Boulevard was widened, his property lost 20 feet of parking. There is a 20 foot alley and then a fence. He understands the new building proposed is 20 feet passed the fence. His building will be in total shade from November through February. There will not be any sun until 11:00 a.m. He thinks the project is just too big with not enough parking. The proposal is a good one and it will provide a lot of needed condominiums, but it has a way to go.

Dave Ruffle, owner of commercial parcel between 19th and Bernard Streets, expressed concern about the project as proposed: it overwhelms the area, and condominiums on Harbor spoil the continuity. People park on his property to go to Triangle Square which adds pressure on the lot. He, too, suggested the City acquire a 20 foot strip from the proposed project and perhaps sell it to him at a reasonable price for additional parking.

Mayor Pro Tem/Agency Chairperson Steel felt the City could do something about people parking on Mr. Ruffle's property instead of Triangle Square, etc. Council/Agency Member Monahan responded the City cannot do anything about it; it is the responsibility of the private property owners who should post signs stating "tenant parking only".

Mr. Mayberry, 414 Bernard Street, Costa Mesa, wanted to go on record that all those neighbors in the area who are affected by the proposed project are not in favor of the project as presented. He likes the project design, but it is too big, too dense. Fire access, traffic and parking will be problems, and his own front yard would be in shade.

Sandy Johnson, 344 Cabrillo, Costa Mesa, stated the developer has asked something from the City for every issue that has come up tonight. She criticized the shade study. The project is too big, too dense, without enough parking. Parking and affordable housing is lacking throughout the City and needed now. She questioned why the City is taking on the burden of supervising development parking, where will children play, or go to school. She indicated possible traffic flow problems on the site plan.

Terry Shaw, 420 Bernard Street, Costa Mesa, voiced opposition to the project; it is too large, too dense. The General Plan should be adhered to. A major amendment is involved for the benefit of a developer and not the average citizen. The developer made no effort to contact residents. The impact of the shadow affect will not be known until the units are built. Financial compensation should be received by the Bernard Street

residents. The Planning Commission requested the eastern exit be opened – he was requesting it be closed by 10-11:00 p.m. so future night club patrons do not race down the street at 1 o'clock in the morning. He regrets his decision to move back to the City.

Robin Leffler, 3025 Samoa Place, Costa Mesa, referred to the shade/shadow report – the revised edition of the EIR Volume 2, page 52, shows the properties will be in shade about six hours a day. It is a very important issue. She asked where 14 units will go if not part of this project. Properties cannot be purchased for less than \$240,000. A Single Room Occupancy project could be done and put in by the park. A General Plan amendment is needed for this project.

Sara Barnett, 1934 Harbor Boulevard, Costa Mesa, one of the owners of a business in the area, said the developer has no idea what a difficult parking situation exists now. There is not enough parking for customers, although everyone works together and even double parks. Her income comes from customers; if they cannot come to her business, she will not have revenue. She voiced concern about the impact of this project. If doors are not put on the condominium garages, people cannot stash and will use the garage to park their cars.

Rett Coluccio, 369 Flower Street, Costa Mesa, spoke in support of the project saying it will give an opportunity for housing for young professionals. There is a lack of affordable homes in the area. The location is a great area for a project of this size.

Heidi Holland, 2469 Fairway Drive, Costa Mesa, is a teacher in the Newport Mesa School District. She and her fiancé have recently been looking for a home to buy but are struggling to find affordable housing. She believed this project would be a perfect opportunity. Enclosed garages are a benefit because they keep cars safe and bicycles from having to be kept outside.

Sandra Genis, 1586 Myrtlewood, Costa Mesa, believed the inclusionary housing plan should also include a reference to the 40% of the 50% that needs to be very low-income in addition to just the 15% affordability. On this particular project, the \$100,000 per unit of subsidy is extremely conservative. The table on page 277 of the staff report, shows the lower cost projects were in 1995 before the last big spurt in real estate. To average the last two projects, the figure would be \$117,000 per unit. Based on what the developer has said, it would be \$260,000 for each of the six very low-income units and then there are the eight other units. This would result in a subsidy of over \$2.5 million. Page 279 of the staff report does not allocate the cost of the land. Concerning the shade-shadow issue – the EIR is supposed to reflect local values. The standard used is a draft from the City of Los Angeles. All standards involve the property line, not the structural line. Through a solar light, Ms Genis demonstrated the need for solar access, and referenced a section of the General Plan to substantiate her statements. Fill-in housing is needed but not at the cost of the existing neighborhood.

Lorne Lahardny, 341 Westbrook Place, Costa Mesa, recently moved his business to the City and was alarmed that of 330 employees, only 5 live in Costa Mesa. There is affordable housing in the City but no one wants to live there. The proposed project is in a great location and will revitalize the area. His employees have to drive out of the City to where they live in

order to achieve the “American dream”, when it could easily be provided in Costa Mesa.

Scott Rimland, 375 Bristol Street, Costa Mesa, spoke in support of the project. The shade issue affects only a few houses compared to the overall benefit to the area. The project brings an urban aspect to the community. Condominiums are a good fit. There are issues that need to be dealt with, but the City needs to move forward with a nice development.

Andrew McNally, 1665 Irvine Avenue, Costa Mesa, lives and works in the City. He presently rents, but his dream is to own a home and raise a family in the City. When he read about the project in the Daily Pilot, he decided to attend this evening’s meeting to voice his support. It is situated in the right area, the open spaces are large and he dreams of having a 2-car garage. He hopes the project is approved.

Neal Davison, 225 Costa Mesa Street, Costa Mesa, reported he had an epiphany while listening this evening: approve this project and have all the people who work in the night club live there, so all traffic problems are solved. He is a member of the rare fruit growers and it is not how much sunlight hits the house, it is how long the sunlight hits the lawn, etc. He indicated areas where traffic stalls, and expressed concern about the additional traffic the night club will bring to the area. He urged “keep the quality of Costa Mesa and think of something else”.

Barbara Beck, 443 Flower Street, Costa Mesa, said she leaned towards cutting the project in half to two stories. Young people have spoken in favor because they want a place they can afford, but invariably children come along and there is no where else to move to. She wondered how children will be able to play or go to school? The project is not compatible with the neighborhood.

Martin Millard, 973 Harbor Boulevard, No. 264, Costa Mesa, feels the area is in Downtown and, therefore, needs to be treated so. He said he respects concerns about vegetation in yards, etc., but he sees it as an urban center that will attract young professionals who will use local restaurants, and perhaps attract up-scale restaurants, antique stores, etc. It will become a “hub” based on their demographics. Because the center is under parked, there will always be parking problems. If it was possible to have a “vision” for Costa Mesa, all past errors could be corrected, but that cannot be done. The City needs to do the right things now for the future.

Tom Sutro, 2956 Pemba Drive, Costa Mesa, a member of the Newport Ad Hoc Committee, reported he had provided information on inclusionary zoning and reasons why he believes the development should be built. The developer should be allowed to pay the in-lieu fee rather than to include the very low-, low- and moderate-income units on the property. It is perfect for the young professional. He manages an office in downtown Huntington Beach that is mixed-use and it works. He suggested pedestrian flyovers in the downtown that could tie this property with Triangle Square, Border Books, etc., and really help the traffic flow there. About 85 of the approximate 1,200 trips per day are during the morning peak hours, and approximately 104 trips in the afternoon peak hours. Possibly a signal at Bernard and Harbor would be necessary. Affordable housing should not be solely the responsibility of the developer, but should involve everyone in the community.

Lori McDonald, 284 Walnut Street, Costa Mesa, spoke against the project. She was opposed to living near more HUD cheap housing - does not like how it looks and what it attracts. She asked that the money be spent on the road going to City Hall and to buy new seating in City Hall Council Chambers for residents instead. She agreed with a previous speaker that the project is ruining a prized commercial area. It would be nice to have a planned community. The location would be an irritating area to live in for seniors.

Virginia Herberts, 2290 Channel Road, Balboa, part owner of a small commercial property with adequate legal parking; however, other people use it to park. She does not believe in eminent domain, but a 20 foot strip should be allocated for additional parking for both her customers and the project guests. The project is beautiful and will enhance the area; however, it is too tall.

There being no further speakers, Mayor Robinson closed the public hearing at 10:15 P.M..

Mr. Eadie, Rutter Development Corporation, felt staff should speak to a lot of issues discussed this evening which challenges the analysis and findings of the Planning Commission. There is only one variance involved. He indicated parking on the site plan in order to respond to concerns expressed about lack of parking. Site specific density has been found viable and meeting objectives of the specific and General Plan. He offered to reiterate each point, as discussed in the staff report, to respond to concerns expressed this evening.

Council/Agency Member Cowan voiced concern about inclusionary housing. She asked Mr. Eadie if he was willing to accommodate Alternate Number 1: to build 14 units on site. She did not agree with the City getting a \$245,000 in-lieu fee. Mr. Eadie responded when a homeowners association is involved, there are added costs which make it impossible to build on site; however, the Project Area could be reviewed in order to do substantial rehabilitation or land acquisition for an affordable housing site. Such options exist and he would not be opposed to exploring such opportunities. Council/Agency Member Cowan thanked Mr. Eadie for his acceptance of going beyond the site, but wondered what was in the homeowners association scenario to make it difficult to do the units on site. Mr. Eadie responded there is a 45 year affordability requirement. On top of the price of the home, fees are added for homeowners association dues, plus taxes, etc. The total costs have to be affordable according to certain parameters. He confirmed it does not affect the developer's obligations by taking the units off site.

Mayor/Agency Member Robinson questioned if something could be included in the CC&Rs that exempted low-income housing from dues for the requirement of 45 years. Executive Director Lamm presumed this could be done; however, the dues would be raised for the other homeowners. Acting City Attorney/Agency Attorney Wood confirmed this understanding which could be a part of the CC&Rs; however, he was unsure of the practicalities. The developer would be taken out of the process once all the units were sold.

Mayor/Agency Member Robinson asked Mr. Eadie about the amount of open space within the project. He responded the Planning Commission evaluated and approved without imposing certain standards because the project was seen without a lot of children living there. He outlined traffic

egress and ingress and confirmed nightclub traffic could never physically use the residential property to exit.

Council Member/Agency Vice Chairperson Mansoor asked what was done to mitigate noise. Mr. Eadie replied all standards were met to an acceptable level within the industry standard, including a double pane window with argon gas in between which provides insulation and noise mitigation.

Mayor/Agency Member Robinson asked for clarification of the variance which, in her opinion, changes the General Plan extensively. Mr. Eadie responded the basic question asked by the City Council in December, 2001, when it initially reviewed the project, was “is this a site specific area?”. The response was positive. Discussions with staff led him to believe this was indeed the location for this type of use even though a general plan amendment is necessary. All units are for-sale. Mr. Eadie confirmed for Council/Agency Member Monahan the project has changed considerably since the initial presentation including reduction of density and the units are to be owner-occupied.

In answer to Mayor Pro Tem/Agency Chairperson Steel’s question, Mr. Eadie stated the owner of a certain wall will be approached to mitigate the stark view through landscaping, etc. He could not agree that the project parking could be used by the general public. Because the church will be impacted by the project, Mr. Eadie said he had personal contact with the pastor, and there is a gentleman’s agreement to allow the church to utilize the commercial parking facilities.

MOTION
Deny Certification
of Final EIR

Mayor Robinson motioned to deny certification of the final EIR on the grounds it does not adequately or properly address the significant impact of the shading issue. In the land use section of the General Plan, the policy says the City can permit the construction of buildings over thirty feet, only when it can be shown that the construction of structures will not adversely impact surrounding development and deprive existing land uses of adequate light, air privacy and solar access. She felt she was unable to get an answer that reflected diagrams presented, and that the EIR has not adequately addressed the shading impact. Since it failed to do so, she did not see how this Council could approve the final EIR as written. Further study should be done and included in the report. She read from the staff report “..research methodology included internet search, telephone calls to similar urban jurisdictions, and a review of other environmental documents..”. She observed no further details of what that was, was provided. The General Plan requires the threshold of shade be reviewed. Staff needs to consider what Costa Mesa’s General Plan requires in determining what is appropriate.

Council Member Mansoor seconded the motion for discussion. He felt the project had a lot of good things – it will help Triangle Square, the beginning of improvement on 19th Street, and it will sell; however, he also had a lot of concerns. Staff recommended reduction of the profile of the corner of the development was a good direction to go. The option of two stories is also good but has not been thoroughly looked at. Alternative 2 is a step in the right direction with the reduction of the units directly on Bernard Street in terms of shade and shadow. If density is reduced, by default, traffic will be reduced along with parking problems and shade affects. He was concerned about the in-lieu fee; Mr. Eadie should provide the units instead of the City holding “a hot potato”. He had an

opportunity to speak with Mr. Eadie, and Mr. Herberts and Mr. Russle who had commented earlier. Attempts have been made to include the store front properties on Harbor Boulevard in the past; maybe there is a glimmer of hope. He would like the development extended to the corner of Bernard Street as a commercial venue, with increased parking. If something is being asked for, something has to be given in return. The only way to include those things asked for, is to include a complete redoing of the property. He would like attention paid to some of these issues.

Council Member Monahan said he would not support the motion. He understood the motion to be a certification of the final EIR and he thought the discussion of the project is a different motion. He was comfortable with the EIR and would support its certification.

Council Member Cowan said she, too, was satisfied with the EIR and would not support the motion. Mayor Pro Tem Steel announced he would not support the motion either. There are lots of things he likes about this project, particularly home ownership, plus the overall quality and underground parking. He would, however, like to see the building lowered by a floor to eliminate the shade issue. He had no problem with affordable housing being built but wished it could be limited to seniors. Perhaps the Federal Government will give more local control on that issue.

**Substitute
MOTION
Certify Final EIR
Approved
Carried**

Council Member Cowan put forward a substitute motion to adopt Council Resolution No.03-19 certifying Final EIR No. 1050. The motion was seconded by Council Member Monahan, and carried 3-2, (Mayor Robinson and Council Member Mansoor voting no).

**MOTION
Amendment to
1999-2004
Implementation
Plan
Approved
Carried**

A motion by Agency Member Monahan to adopt Redevelopment Agency Resolution No. 230-03 accepting the resolution adopting the amendment to the 1999-2004 Implementation Plan was seconded by Agency Member Cowan, and carried 5-0.

**MOTION
Adoption of
GP-02-04
Approved
Carried**

On a motion by Council/Agency Member Cowan, seconded by Council/Agency Member Monahan and carried 3-2 (Mayor/Agency Member Robinson and Council Member/Agency Vice Chairperson Mansoor voting no), the Redevelopment Agency Resolution No.231-03 recommending adoption of GP-02-04 to the City Council was adopted; and the City Council Resolution No. 03-20 adopting GP-02-04 was adopted.

Mayor/Agency Member Robinson said she did not support the motions because the project is too dense, and is asking for five stories instead of four. The impact on the surrounding area far outweighs any benefit. She said she had told Mr. Eadie it was a very nice project but she asked he come back with a reduction so the community could have this wonderful project. She believed the company would make a fortune off the project even if it was a third in size and, therefore, the developer could give something back to the City.

Council/Agency Member Monahan said he supported the motion because it is downtown, and a mixed use. Homeownership is being demanded. It

is time to step up and make changes to the Westside, and this project is a huge step to get there.

**MOTION
Amendments to
Title 13
Approved
Carried**

On a motion by Council Member Cowan, seconded by Council Member Monahan, and carried 3-2 (Mayor Robinson and Council Member Mansoor voting no), it was agreed to give first reading to Ordinance No. 03-3 amending Title 13.

Mayor Robinson said for the record she would not be supporting the Motion for all the reasons stated before.

**MOTION
Final Master Plan
PA-02-11
Approved
Carried**

On a motion by Council Member Cowan, seconded by Council Member Monahan, and carried 3-2 (Mayor Robinson and Council Member Mansoor voting no), Council Resolution No. 03-21 was adopted approving Final Master Plan PA-02-11 for development of 161 residential condominium units.

Council Member Cowan said she liked this plan as much as Council Member Monahan. It will provide the kind of housing the community has been asking for. It is the right project in the right location at the right time. She appreciated the fact it will be designed for those in the community who are teachers, health care workers and other hard working members who have been priced out of housing in the City. It is a good statement as an entry into the Westside area and she imagined it would “spur” more redevelopment as it goes along.

Mayor Robinson said she could not support this item, and felt for those who live in the area. She knows they will complain about the inability to get to their own homes after this project is built. Business owners are already complaining about parking problems. It will get exacerbated. She apologized for the impacts this project will have on renters and business owners.

**MOTION
Adoption of
Inclusionary
Housing Plan**

On a motion by Agency Member Cowan, seconded by Agency Member Monahan, and carried 5-0, Redevelopment Resolution No.229-03 approving the Inclusionary Housing Plan for 1901 Newport Boulevard, identified as Alternate B was adopted -14 units off site if in the Redevelopment Project Area; 28 units if not in the Redevelopment Project Area, to be provided by the developer, and meeting the Inclusionary Housing requirement for the very low- and low- to moderate-income households.

Agency Vice Chairperson Mansoor stated, although he did not support other aspects of the project, he would support this motion. Agency Member Robinson said she supported the motion because it should not be the burden of the City to provide that requirement.

REPORTS

City Manager None.

City Attorney None.

**ORAL
COMMUNICATION**

Curtis Herberts, 234 E. 17th Street, Costa Mesa, thanked Mayor Robinson for her confidence and “good sense”. He had heard the price of one of the condominiums was \$310,000. As a realtor, he did not know of any unit that cheap.

David Ruffle wished Mayor Robinson good luck in her judicial duties, and thanked her and Council Member Mansoor for their opposition to this project.

ADJOURN

There being no further business for discussion, the Mayor adjourned the special joint meeting at 10:57 P.M.