

ITEM NO. 4 **COTTAGE PRESERVATION CODE AND LCP AMENDMENTS (PA2019-181)**
Site Location: Citywide

Summary:

The City is proposing amendments to the Local Coastal Program (Coastal Land Use Plan and Implementation Plan), Newport Beach Municipal Code (NBMC) Title 20 (Planning and Zoning), and Title 15 (Building and Construction) to provide an option to preserve traditional beach cottages. Typically, cottages do not provide all the code-required parking and additions are limited to 10 percent of the existing floor area. The amendments would allow larger additions of up to 50 percent or 500 square feet, whichever is greater, of the existing floor area without providing the minimum code-required parking when the project would result in the preservation of the cottage character and building envelope that is representative of traditional development patterns in the City. Eligible projects would also receive relief from a building code valuation threshold requiring building code compliance as new construction.

Recommended Action:

1. Conduct a public hearing;
2. Find this project exempt from the California Environmental Quality Act (CEQA) pursuant to Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The proposed action is also exempt pursuant to State CEQA Guidelines Section 15061(b)(3) because it has no potential to have a significant effect on the environment;
3. Adopt Resolution No. PC2019-033 recommending the City Council approve Code Amendment No. CA2019-006; and
4. Adopt Resolution No. PC2019-034 recommending the City Council authorize staff to submit Local Coastal Program Amendment No. LC2019-004 to the California Coastal Commission.

Principal Planner Jaime Murillo reported in May 2019, the City Council directed staff to prepare Code amendments in response to community concerns about the loss of cottages and developments replacing cottages. The Code amendments pertain to reducing third floor massing; reducing the height and bulk of single- and two-family development projects within the Multiple Unit Residential (RM) Zoning District; and incentives to preserve cottages.

Principal Planner Murillo further reported that staff conducted a community meeting on August 19, 2019, to share proposed amendments. Public comments at the meeting indicated demolishing and building a new home is easier than remodeling a cottage because of existing Code requirements. The community preferred incentives rather than restrictions of property rights to achieve cottage preservation. The community seemed to support allowing increased floor area for nonconforming structures if it resulted in preservation of cottages.

Principal Planner Murillo went on to state that the draft amendment defines cottages as existing smaller residential structures that tend to be one or two units and that are representative of traditional development patterns common in Corona del Mar, the Balboa Peninsula, and Balboa Island. Cottages are typically one story but may have a second story at the rear of the structure. The use of cottages has changed from a second home to a primary residence. Cottages typically are nonconforming because they have zero or one parking space, when two parking spaces are currently required. The Zoning Code limits an addition to an existing structure that is nonconforming due to parking requirements to 10 percent of existing floor area, which precludes many remodel projects. The Building Code requires a homeowner to bring the entire structure into compliance with the current Building Code if the cost of a project is more than 50 percent of the replacement value of the structure excluding the land value. Often, demolishing and building a new structure is less expensive than remodeling.

Principal Planner Murillo indicated that staff proposes incentives to increase the 10-percent limit to 50 percent for existing nonconforming structures and to exempt cottages from the 50-percent replacement value threshold. The exemption would not apply to structures located in special flood hazard areas. In exchange for the incentives, the front half of the lot would be restricted to a one-story structure no more than 16 feet in height, and the back half of the lot would be restricted to a two-story structure no more than 24 feet in height. Third floors and third-floor decks would not be allowed. A deed restriction would be required for current and

subsequent property owners to maintain the cottage; however, if the property owner decided to redevelop the property in the future consistent with the Zoning Code standards in effect at that time, they would be permitted to demolish the cottage and redevelop the property.

Principal Planner Murillo indicates that staff has received comments expressing concerns about allowing expansions for nonconforming structures when the availability of on-street parking is already limited. The remodel project will have to fit within the form-based building envelope proposed, which will constrain the property owner from over-building a site. A great deal of flexibility is needed to achieve preservation of cottages; however, the 50-percent allowance could be reduced. Alternatively, the 50-percent allowance could be maintained, but an addition could be capped at 750 square feet. The total floor area could also be limited to no more than 75 percent of the maximum allowed. As proposed, the amendment could apply to a 10-unit building. Therefore, staff recommends the amendment apply only to single-family duplexes, duplexes, or triplexes. In addition, staff recommends the amendment prohibit short-term rentals through the required deed restriction. Second-floor decks are common amenities throughout Corona del Mar and Balboa Island and should be allowed. Next steps include City Council review of proposed amendments, submission of proposed amendments to the California Coastal Commission for review and approval, and City Council adoption.

Vice Chair Weigand expressed concern that cottages in each area of the City are slightly different such that a one-size-fits-all approach to preservation may not be appropriate. He suggested continuing the item so that additional outreach can be conducted with stakeholders and the community.

Commissioner Kleiman could not envision a scenario where a property owner would deed restrict his property such that the resale value would be limited. She did not support the amendment as drafted. Presenting the amendment to the Coastal Commission would be a waste of time.

In response to Chair Koetting's inquiry, Principal Planner Murillo advised that the architectural style of existing cottages varies. The form is more important than the style of the cottage. The property owner could employ a Mid-Century Modern style as long as the structure complies with the required form and height limit.

Principal Planner Murillo explained that compliance with the preservation ordinance would be voluntary. If the property owner wants to redevelop the property compliant with the Code, staff would remove the deed restriction. The deed restriction is intended to prevent a property owner from utilizing the incentives and subsequently proposing a second-story addition at the front of the structure. The deed restriction would run for the duration of the structure. Condominiums are prohibited on Balboa Island. The current Code requires compliance with parking requirements in order to convert existing units to condominiums. Cottages typically do not conform to parking requirements.

Chair Koetting opened the public hearing.

Charles Klobe believed there is a market for preserved cottages. The community has made no negative comments about the proposed amendment at community meetings.

Carmen Rawson expressed concern that the amendments would allow a property owner to add two or three bedrooms to a rental cottage such that there would be multiple tenants and no parking. She wanted the amendments to apply to single-family units only.

Ken Rawson related that the primary concern is parking. The proposed amendment will only increase parking congestion. The 50-percent threshold is too much. Parking requirements should be maintained for all but single-family homes.

Jim Mosher expressed confusion about the calculation of the limit on floor area. The third exception in the Building Code amendment should be the second exception. He questioned the waiver of Subsections (A)(1) and (A)(2) in the Local Coastal Program amendment. The City is not complying with Section 13515 of the California Code of Regulations as stated in Section 1.5 of the Statement of Facts.

Chair Koetting closed the public hearing.

In answer to Commissioner Kleiman's question, Principal Planner Murillo indicated approximately half of the target areas on Balboa Island and portions of the Peninsula are located in special flood hazard areas.

Motion made by Vice Chair Weigand and seconded by Commissioner Ellmore to continue the item to a later date.

Chair Koetting felt the 50-percent limit is too high.

Amended Motion made by Vice Chair Weigand and seconded by Commissioner Ellmore to continue the item so that staff can draft language applicable to specific areas and reconsider waiving parking requirements for duplexes and triplexes.

Vice Chair Weigand recommended staff hold community meetings in each area.

Community Development Director Jurjis clarified that staff held a community meeting and presented the issue as a study session before the City Council. The Council directed staff to carve out requirements for cottages and to proceed.

AYES: Koetting, Weigand, Ellmore, Klaustermeier, Rosene
NOES: Lowrey, Kleiman
RECUSED:
ABSENT:

VIII. DISCUSSION ITEMS

ITEM NO. 5 REGIONAL HOUSING NEEDS ASSESSMENT (RHNA)

Summary:

Staff will provide a presentation providing an update regarding the Regional Housing Needs Assessment (RHNA) process. The presentation will include the regional determination made by the State Department of Housing and Community Development and current draft allocation methodology recommended by the Southern California Association of Governments (SCAG).

Chair Koetting announced the item is continued due to the late hour.

IX. STAFF AND COMMISSIONER ITEMS

ITEM NO. 6 MOTION FOR RECONSIDERATION

None

ITEM NO. 7 REPORT BY THE COMMUNITY DEVELOPMENT DIRECTOR OR REQUEST FOR MATTERS WHICH A PLANNING COMMISSION MEMBER WOULD LIKE PLACED ON A FUTURE AGENDA.

Community Development Director Jurjis reported the community fair on October 26 will launch the General Plan Update. The new website for the General Plan Update is now available at newporttogether.com.

Deputy Community Development Director Campbell noted one item, review of the Newport Auto Center, is scheduled for the November 7 meeting. He suggested scheduling the item to November 21 and canceling the November 7 meeting. The RHNA presentation and the cottage preservation amendments, if ready, can be scheduled for November 21.

Community Development Director Jurjis indicated the November 7 meeting will be canceled.

Chair Koetting requested a future agenda item to discuss deadlines for submission of documents.