

determined that the project complies with the Local Coastal Program (LCP) and the goals of alleviating coastal hazards and allowing public coastal access. The design will open some public views of the Bay. The proposed home will be massed and situated similar to the existing home. Staff has received written confirmation that the applicant and appellant have reached an agreement that includes lowering certain rooflines, reducing the chimney height and using a transparent material for the top 15 inches of the driveway guardrail.

In reply to Chair Koetting's questions, Planning Consultant Schuller reiterated that she received written confirmation of an agreement from the appellant's representative.

In answer to Commissioner Rosene's query, Principal Planner Jaime Murillo recalled Mr. Mosher's suggestion of an open design for the driveway gate to enhance the public view from the roadway. That suggestion is not a component of the proposal.

Chair Koetting opened the public hearing.

Chris Brandon, applicant representative, reported the parties have reached an agreement.

In response to Commissioners' inquiries, Mr. Brandon advised that the proposed home will have four bedrooms. The driveway gate will be located below the level of the curb. Mr. Brandon indicated he would have to consult with his clients about using a transparent material or an openwork design for the gate.

Mr. Mosher believed the Planning Commission had to require a transparent material or an open design for the gate in order to enhance the view from a designated viewpoint. The Coastal Commission would likely require glass that minimizes bird strikes for the proposed home and the guardrail.

Chair Koetting closed the public hearing.

Motion made by Vice Chair Weigand and seconded by Secretary Lowrey to adopt Resolution No. PC2019-032, overturning the Zoning Administrator's approval and approving Coastal Development Permit No. CD2017-076.

Commissioner Rosene requested an amendment to include conditions of approval requiring an open design for the driveway gate and the architect to explore special glass to minimize bird strikes.

Mr. Brandon explained that an open-work gate would not improve the view as the driveway would be the only view through a gate with an open design. The Coastal Commission considers special materials for glazing on railings and other elements of the exterior of the home but not for glazing on the house. He would have to investigate whether special materials are available for curved glazing.

Commissioner Rosene expressed certainty that an open design for the gate would be beneficial.

Chair Koetting did not believe a solid gate would obstruct the view but would provide privacy.

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

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

Summary:

Amendments to the Local Coastal Program (Coastal Land Use Plan and Implementation Plan), Newport Beach Municipal Code Title 20 (Planning and Zoning), and Title 15 (Building and Construction) to incentivize the preservation of cottages. Specifically, the amendments would allow larger additions of up to fifty (50) percent of the existing floor area of a residential development that is nonconforming due to parking when the project would result in the preservation of the cottage character of the development and

a building envelope representative of traditional development patterns in the City. Eligible projects would also receive relief from a building code valuation threshold, which requires 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 the Planning Commission raised a number of concerns and directed staff to refine the amendments on October 17. In response to community concerns regarding the massing of new residential development, the City Council directed staff to explore Code amendments that could reduce the massing of new residential development, particularly for three-story developments. The Council also directed staff to explore incentives that encourage homeowners to retain the historic look of cottages when remodeling them.

Principal Planner Murillo described that defining a cottage is difficult because cottages do not have a specific architectural style and were not built in a specific timeframe. Cottages typically have one story, but some may have a second-story component above parking at the rear of the lot. Cottages have been characterized as second homes or beach cottages, but they are now being used as primary residences. Property owners are redeveloping cottages to include modern amenities and improve livability. Because of high property values, property owners maximize the height and square footage of development to obtain the maximum return on investment. Two Code sections contribute to property owners' decisions to demolish cottages. Many cottages are nonconforming because they do not have the Code-required number of parking spaces or the existing parking spaces do not meet current size requirements. The Code limits additions to no more than 10 percent of the existing floor area for nonconforming structures. With the small size of cottages, a 10-percent addition does not benefit the property owner. A standard in the Building Code states that if the cost of improvements exceeds 50 percent of the replacement value of the home, excluding the value of the land, the structure must comply with the current Building Code standards. The cost of retrofitting deters homeowners from improving cottages.

Principal Planner Murillo stated that staff proposes an incentive program that allows additions of up to 50 percent of the existing floor area for nonconforming structures and provides an exception to the Building Code limitation. In exchange for the incentives, the remodel or addition would comply with a specific building envelope, and the homeowner would agree to a deed restriction. The specific building envelope is a one-story elevation at a maximum height of 16 feet on the front half of the lot and a two-story elevation at a maximum height of 24 feet on the rear half of the lot. Third floors and third-floor decks would not be allowed. The incentive program would be voluntary. At some future time, the homeowner could choose to redevelop the property, and the City would remove the deed restriction and require the homeowner to redevelop the property consistent with current Code requirements.

Principal Planner Murillo reported that previously, the Planning Commission raised concerns regarding applicability, parking impacts, the size of additions, and short-term rentals. Staff revised the amendments to limit incentives to projects of three units or less; to limit additions to 50 percent of floor area up to a maximum of 500 square feet; and to prohibit the use of cottage projects for short-term lodging. Limiting the incentive program to single-family projects would render the program ineffective. The specific building envelope restrictions may further help to limit the size of cottage additions. Staff has received public comments regarding nonconformance of cottages. With respect to Mr. Mosher's proposed revisions, staff concurs with correcting the valuation number, striking subjective language, and correcting the typographical errors.

In reply to Commissioners' questions, Principal Planner Murillo explained that the previously suggested cap of 750 square feet on additions was thought to be too high. The case study analyzed additions of 500 square feet. Staff consulted with architects, and they generally supported a cap of 500 square feet. The 500-square-foot limit applies to the total structure. He also clarified that the program would allow second-floor decks.

Chair Koetting suggested a requirement to recess second-floor decks and development of an in-lieu parking fee program.

Community Development Director Seimone Jurjis advised that the City does not require in-lieu parking fees. A nexus study would have to be conducted if there is a recommendation for some type of in-lieu fee program.

Commissioners disclosed no ex parte communications for Item No. 2. Vice Chair Weigand disclosed ex parte communications with Chris Brandon and the Vallejos for Item No. 3. The remaining Commissioners disclosed no ex parte communications for Item No. 3. For Item No. 4, Secretary Lowrey disclosed communications with residents of Balboa Island, and Vice Chair Weigand disclosed communications with staff. The remaining Commissioners disclosed no ex parte communications for Item No. 4.

Commissioner Kleiman remarked that absent of a complete revision of development standards, the program will be ineffective. The program is limited to a small number of units and will not address residents' concerns. Removing a deed restriction from title is extremely difficult.

Chair Koetting opened the public hearing.

Julie Luckey noted the difficulties of installing appliances in cottages and supported the incentive program.

Jim Moloney explained that cottages have no attics or basements. Therefore, the garage is used for storage. With two- and three-story homes adjacent to his cottage, he cannot view a sunrise or sunset. He supported an addition of 750 square feet. Cottages represent the history of Newport Beach.

Tom Houston supported and appreciated the program.

Lee Pearl, Balboa Island Improvement Association, felt the program would be important to preserving cottages on Balboa Island. A limit of 750 square feet for additions would be better than 500 square feet. Staff has not considered filling in breezeways. Balboa Island residents support the program.

Charles Klobe emphasized that few residents opposed the program. He encouraged the Planning Commission to support the program.

Mr. Mosher noted the requirement for the City to make revisions to the Local Coastal Program (LCP) available to the public. He inquired whether the program would apply to cottages that do not conform to modern setbacks and whether a homeowner could utilize the program more than once. The addition could be greater than 500 square feet if the homeowner provides parking. The word "smaller" should be replaced with "single-family."

Chair Koetting closed the public hearing.

Commissioner Kleiman advised that she supported the spirit of the program, but the program may not apply to many cottages. At some point, a cottage owner will want a two-or three-story home to escape the shadow of surrounding two- and three-story homes.

Vice Chair Weigand felt increasing the cap to 750 square feet and developing an in-lieu fee program warranted further discussion. Making the preservation of cottages attractive is important.

In reply to Chair Koetting's inquiry, Principal Planner Murillo indicated the City has designated a couple of properties as historic. A property owner typically initiates the process.

Secretary Lowrey appreciated staff preparing incentives rather than additional regulations. The program provides the opportunity for owners to improve their cottages and for people to purchase cottages with the idea

of improving them. Commissioner Kleiman made some good points, but the program will benefit some owners. He could support increasing the limit to 750 square feet.

Chair Koetting requested staff suggest in-lieu parking fees to the City Council. The variety of existing cottages is surprising.

Assistant City Attorney Summerhill advised that the recommendations to the Council do not have to include a finite number for the limit.

Motion made by Secretary Lowrey and seconded by Commissioner Klaustermeier to approve staff's recommendation with revisions to consider increasing the square footage minimums and to include the changes Principal Planner Murillo proposed.

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

VIII. DISCUSSION ITEMS

ITEM NO. 5 REGIONAL HOUSING NEEDS ASSESSMENT (RHNA)

Summary:

Staff will provide a presentation 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 for the City recently identified by the Southern California Association of Governments (SCAG).

Principal Planner Murillo reported the California Department of Housing and Community Development (HCD) is tasked with determining regional housing needs. HCD has determined 1.3 million housing units are needed for the region. Southern California Association of Governments (SCAG) will develop a methodology to allocate the regional housing need to each jurisdiction. The City is required to identify sites and to zone the sites for the potential development of housing units. The planning period is October 2021 to October 2029. In August 2019, SCAG released three draft methodologies for public review. Under those methodologies, the City would be responsible for planning for 2,300 to 5,200 units. City staff is participating in SCAG outreach meetings. In October 2019, SCAG released a hybrid methodology, which allocated approximately 2,700 units to Newport Beach. In November 2019, the regional council changed the methodology to focus housing growth on jurisdictions close to jobs and transit. That change increased the number of housing units allocated to Newport Beach to approximately 4,800 units. SCAG has submitted the draft methodology to HCD, who will review and comment on the methodology. SCAG will develop a final methodology, which may be released in February 2020.

Principal Planner Murillo stated that there is an appeal process for jurisdictions to appeal the number of units allocated to them. The methodology has two components, projected need and existing need. Orange County received approximately 171,000 units. Irvine's projected need is approximately 22,000 units, 13,000 units for Huntington Beach, 11,000 units for Costa Mesa, and 390 units for Laguna Beach. The next step is to distribute the local allocation to different income levels. The allocation for Newport Beach is composed of 1,452 units for very low income, 928 units for low income, 1,048 for moderate income, and 1,405 units for above moderate income.

Principal Planner Murillo reported that the City must update its General Plan, specifically the Housing Element. HCD reviews and approves Housing Elements. The City's updated Housing Element is due in October 2021. The City will identify sites for potential housing development and develop an inventory of sites. If the City misses the October 2021 deadline, its cycle will change from eight years to four years. If the City fails to zone adequate sites, it will have to adopt a program for by-right project approval. If the City fails to adopt a compliant Housing Element, any unaccommodated need will roll into the next cycle. A court may impose additional requirements. AB 101 allows the State to fine local jurisdictions for noncompliance. The City is seeking community feedback through the General Plan Update Listen and Learn workshops and the website newporttogether.com.