

February 3, 2005

**Honorable Chairman and Members of the  
Hermosa Beach Planning Commission**

**Regular Meeting of  
March 15, 2005**

CONTINUED FROM FEBRUARY 15, 2005

SUBJECT: GENERAL PLAN AMENDMENT 05-3  
ZONE CHANGE 05-3

LOCATION: 7 PACIFIC COAST HIGHWAY (INCLUDING 730 FIRST STREET)

APPLICANT: DON DUNCAN  
7 PACIFIC COAST HIGHWAY  
HERMOSA BEACH, CA 90254

REQUEST: GENERAL PLAN AMENDMENT FROM COMMERCIAL CORRIDOR TO  
MEDIUM DENSITY RESIDENTIAL AND ZONE CHANGE FROM  
COMMERCIAL SPA-7 TO R-2 TWO-FAMILY RESIDENTIAL

**Recommendation:**

Deny the requested General Plan Amendment and Zone Change by adopting the attached Resolution.

**Background:**

**SITE INFORMATION**

GENERAL PLAN:	Commercial Corridor
ZONING:	SPA-7
SITE AREA:	8,221 Square feet
SITE DEPTH FROM P.C.H.:	130 Feet
EXISTING USE:	Retail and Warehouse (Coast Glass)
UNITS ALLOWED IF R-2 ZONE:	4
ENVIRONMENTAL DETERMINATION:	Negative Declaration Recommended (Initial Study on file)

The subject property is located on the west side of Pacific Coast Highway between First Street and the Hermosa Beach/Redondo Beach boundary. The lot has historically been used commercially, and occupied by Coast Glass, a retail glass shop. The adjacent property to the south, located Redondo Beach, contains a multi-tenant office/retail building with parking in the rear. Across First Street to the north is the Holiday Inn Express hotel. The property immediately to the west is vacant (722 First Street) while further west the area is developed with multiple-family residential projects.

Mar Ventures is processing another request to redesignate and rezone the vacant property 722 First Street from commercial to residential, which is located immediately to the west of the subject property.

The Staff Environmental Review Committee, at their meeting of January 6, 2005, recommended an environmental negative declaration for the proposed General Plan Amendment/Zone Change, based on the initial study, although staff noted concern about land use conflicts since this proposal represents a significant change in policy with respect to the Commercial Corridor designation.

### **Analysis**

The applicant is proposing to redesignate the subject property to Medium Density Residential on the General Plan, and R-2 Two Family Residential on the Zoning Map, with the intent of developing a 4-unit condominium project on the site. If approved, this property will be the only property on P.C.H., between Herondo Street on the south and 18<sup>th</sup> Street on the north, without a commercial General Plan and Zoning designation. Approving this change will preclude future commercial development of the property, and make the existing commercial building nonconforming until the property is redeveloped. Approving this change can set a precedent regarding the P.C.H. commercial corridor, and will be a major departure from existing policy. Allowing residential use on this site also places residential land uses adjacent to a major State Highway very close to a major intersection to the south, and creates land use conflicts between these new residential uses and adjacent commercial uses.

As with the property at 722 First Street, the applicant is making this request for economic reasons, noting that this site is small and difficult to access from P.C.H. for northbound traffic because of the lack of signalized intersection. However, this site clearly has adequate visibility for a commercial use, as shown by its historic use and recent commercial developments on P.C.H. Also, the site can potentially be combined with the property to south in Redondo Beach, as part of a larger commercial development.

The applicant also argues that its use for residential purposes will not impact anticipated City tax revenues and may actually be better for the City fiscally. To support this argument the applicant provided a simple fiscal analysis that estimates the existing and potential annual tax revenue associated with this property. This fiscal analysis compares the tax revenue of the proposed residential use as compared to the existing commercial use. It concludes that even a successful commercial redevelopment of the site will provide slightly less fiscal revenue than the residential uses because of the immediate residential property tax gains. This fiscal analysis, however, is very limited in scope and applicability, as it does not analyze the fiscal impacts over the long-term (i.e. it does not address the potential growth in sales tax or other commercial revenue vs. the static nature of residential property tax); does not analyze the comparative impact on City services over time; does not analyze economic multiplier effects that might result from commercial use of the property; and does not address the potential impact/revenue associated with combining this property with adjacent P.C.H. fronting property to the south or other possible options such as building additional hotel rooms affiliated with the Holiday Inn site to the north. Staff questions the assumed value of residential development since this site is adjacent to a major State Highway, and adjacent to conflicting commercial uses, which may significantly reduce the appeal and potential value of residential uses on this site.

The Planning Commission must consider the overall effect and precedent setting nature of this request, and the potential loss of a valuable portion of the City's relatively small amount of commercial property. Approximately 14% of the City is zoned commercial and less than 6% of that land is located along the City's commercial corridors. Taking P.C.H. fronting property out of this limited supply of commercial property is a significant departure from current policy. Also, the Commission must consider the wisdom of locating residential uses adjacent to a clearly commercial portion of a State Highway that carries 70,000 – 80,000 vehicles daily, and on a site surrounded by commercial uses to the north and south.

---

Ken Robertson  
Senior Planner

---

Sol Blumenfeld, Director  
Community Development Department

Attachments

1. Resolution
2. Maps (Location, General Plan, Zoning)
3. Aerial Photo and site photos
4. Applicant's letter and analysis (fiscal analysis)
5. Correspondence