

CONTINUED FROM JUNE 28, 2005 CITY COUNCIL MEETING

June 21, 2005

**Honorable Mayor and Members of the  
Hermosa Beach City Council**

**Regular Meeting of  
June 28, 2005**

SUBJECT: GENERAL PLAN AMENDMENT 05-4  
ZONE CHANGE 05-4; 19 2<sup>ND</sup> STREET

APPELLANTS: GARY AND CINDI WELLS  
24449 HAWTHORNE BOULEVARD  
TORRANCE, CA 90505

REQUEST: TO APPEAL THE PLANNING COMMISSION'S DECISION TO DENY A  
GENERAL PLAN AMENDMENT FROM NEIGHBORHOOD COMMERCIAL  
TO HIGH DENSITY RESIDENTIAL AND ZONE CHANGE FROM C-1  
(NEIGHBORHOOD COMMERCIAL) TO R-3 (MULTI-FAMILY  
RESIDENTIAL)

**Planning Commission Recommendation:**

1. Deny the requested General Plan Amendment, and Zone Change by adopting the attached Resolution to sustain the Planning Commission's decision.

**Background:**

**PROJECT INFORMATION**

GENERAL PLAN:	Neighborhood Commercial (HD Residential Proposed)
ZONING:	C-1 (R-3 proposed)
LOT SIZE:	3,838 Square Feet
EXISTING USE:	Duplex
UNITS ALLOWED IF R-3 ZONE:	2 Units
ENVIRONMENTAL DETERMINATION:	Negative Declaration (Initial Study on file).

At their meeting of May 17, 2005, The Planning Commission voted 4:0 to deny the requested General Plan Amendment and Zone Change.

The City Council previously considered this request in February, 2003 and unanimously voted to sustain the prior decision of the Planning Commission to deny the requested General Plan Amendment and Zone Change, finding that the existing General Plan and Zone should not be changed as they represent the appropriate depth for commercial or mixed use development for this location. There have been no material changes in the use or development of surrounding properties since this request was denied. The Planning Commission approved the condominium project only contingent upon Council approval of the General Plan Amendment and Zone Change.

The subject lot is located on the north side of Second Street and is the second lot east of the neighborhood commercial development that fronts on Hermosa Avenue (currently a restaurant).

The lot is located at a depth of 60 to 93 feet from Hermosa Avenue and abuts Beach Drive on the west. The intervening property between the subject site and the restaurant (25 2<sup>nd</sup> Street) is also developed with a duplex. The property is one of three lots located between Hermosa Avenue and Beach Drive designated Neighborhood Commercial on the General Plan Map, and C-1 (Neighborhood Commercial) on the official City Zoning Map. The C-1 zoning for the site does not allow exclusive residential use, and only permits residential use as part of mixed-use project with commercial use on the ground floor.

The subject lot is currently developed with a duplex, constructed in the 1920's. The commercial designation for this block between Hermosa Avenue and Beach Drive dates back to the oldest City land use and zoning maps. The Hermosa Avenue fronting property to the south contains a mix of service and retail commercial uses on both sides of the street, while directly across the Hermosa Avenue the property is developed residentially and zoned R-3. The Hermosa Avenue fronting property located to the south across 2<sup>nd</sup> street is also zoned C-1 and formerly was a restaurant use, but is currently vacant. On June 20, 2005, the property owner submitted a project to build a mixed-use project (one unit above ground floor commercial) on this site. The properties to the west and north are residential. (See the attached aerial photo and existing land use map).

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, since it does not change the existing use of the site.

#### **Analysis - General Plan Amendment / Zone Change**

The applicant's request to redesignate and rezone the property to HD Residential and R-3 will allow exclusive residential use of the lot and allow a 2-unit condominium project concurrent with this General Plan Amendment/Zone Change. A two-unit development results in a density that is consistent with surrounding residential densities and compatible with the development pattern of the area to the south and west, and on the East Side of Hermosa Avenue.

Approval of this change will preclude any possible future expansion of the Hermosa Avenue fronting commercial property through to the alley for either commercial use or a mixed use project. Assembling this property with the frontage property and the intervening property at 25 2<sup>nd</sup> Street would encourage higher quality commercial projects or add commercial parking to improve existing commercial activity. The assembly of this property for a commercial project is improbable given that both this lot and 25 2<sup>nd</sup> Street (also currently a duplex) will have to be combined with the Hermosa Avenue fronting commercial lot, and the current residential use is probably a more valuable use of the property than a commercial use. However, the properties could also be assembled for a mixed-use project, with ground floor commercial and residential above, which probably is a viable alternative as evidenced by the project at 30-44 Hermosa Avenue.

Recent direction from the City Council on the issue of commercial depths along P.C.H. has been generally to maintain commercial depths and not allow encroachment of residential uses, with only a couple of exceptions. The issue of commercial depth in neighborhood commercial areas along Hermosa Avenue has only been discussed in connection with this same request two years ago.

The General Plan designation of Neighborhood Commercial is described as follows: *This category includes convenience stores, Laundromats and similar uses designed to primarily serve local walk-in traffic.* (page 26 Land Use Element). The purpose of the C-1, Neighborhood Commercial Zone as described in the Zoning Ordinance (Section 17.26.020(B)) is *to provide sites for mix of small local businesses appropriate for, and serving the daily needs of nearby residential neighborhood. while establishing land use regulations that prevent significant adverse effects on abutting residential uses.*

The applicant argues that the opportunities for commercial use of this property are very limited because of the size of the lot and the fact that it is isolated from other commercial uses or lots and is not connected by ownership to the Hermosa Avenue fronting lot. The applicant also argues that its lack of viability as a commercial property is shown by the fact that its current use has not changed, and by their unsuccessful efforts to sell this property in the past two years as a C-1 property.

The applicant has prepared a comparative fiscal revenue analysis, which estimates property tax, sales tax, UUT, and business license revenue that can be expected from the existing use, a 2-unit residential condominium, and a mixed-use commercial/residential project that is currently allowed under the zoning. The hypothetical mixed commercial/residential project encompasses all three parcels on the block since the applicant argues that development of this single lot, as a mixed use is infeasible. The residential condominium use is expected to generate the most revenue at \$8,500 annually, the subject parcel's portion of a mixed-use project will generate \$5,960, and the existing use generates \$1,900.

However, the study is deficient relative to commercial and mixed use developments in three ways. First, the estimates are based upon a two unit condominium rather than three units which are permitted and can be developed on the combined lots as described in the study. The size of such condominium development would equal or exceed the size of condominium developments throughout the city. Second, the retail area is overstated in the study development program and the assumed project of 2 units and more commercial development generates less revenue from a property tax standpoint than what can practically be built on the property. Although the sales tax generated is greater in this case, it contributes less than the property tax revenue and overstating it in the proforma undervalues the mixed use project. Finally, the study misrepresents what can be built in the city. It says a single lot mixed use project cannot be built practically, but a similar project on a smaller lot across the street is proposed and will be heard by Planning Commission in July. It also misrepresents that a combined lot mixed use project will not be built but one is currently under construction ½ block from the property. So the facts don't support the applicant's study that mixed use on one lot or three combined lots cannot be built and the revenue estimates are just inaccurate and should not be used to evaluate the proposed zone change.<sup>1</sup>

**Conclusion:**

The City Council has previously resisted re-designating commercially zoned property in the City and specifically rejected this same request two years ago. Also, the property can currently be developed with neighborhood-oriented commercial with residential units above either on its own, or if developed in combination with the adjacent lots on the block. Further, there have been no

changes in the development and use of surroundings, or any change in City Council policy regarding these types of requests since the last time it was considered.

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Ken Robertson  
Senior Planner

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Sol Blumenfeld, Director  
Community Development Department

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Stephen R. Burrell,  
City Manager

#### Attachments

1. Proposed Resolution sustaining the Commission's denial of GP and Zone Change
2. Maps (Location, General Plan, Zoning)
3. Aerial Photo

Separate attachment: Correspondence from applicant, including fiscal analysis

#### Notes:

1. The estimates for the mixed-use development project are based on a project that would require assembly of the subject lot and the adjacent two lots on this block on the south side of 2<sup>nd</sup> Street. The report argues that a mixed use project is considered unlikely because of the difficulty of assembling the parcels and the hypothetical project includes two rental units and 3,750 sq. ft. of retail development. The required parking for the retail use is 15 spaces plus 5 spaces for condominium/apartments. The comparative analysis does not evaluate other potential mixed-use development scenarios of assembled parcels, which could include residential condominiums (as many as 7 units would be allowed with required parking) and a smaller proportion of commercial square footage. Also the fiscal analysis does not project fiscal revenue over time, which would show that annual sales tax revenue from commercial uses may increase, while property tax revenue remains rather static because of the limitations of Proposition 13.

## RESOLUTION 05-

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HERMOSA BEACH, CALIFORNIA, SUSTAINING THE PLANNING COMMISSION DENIAL OF A REQUEST FOR A GENERAL PLAN AMENDMENT FROM NEIGHBORHOOD COMMERCIAL (NC) TO HIGH DENSITY RESIDENTIAL AND A ZONE CHANGE FROM NEIGHBORHOOD COMMERCIAL (C-1) TO MULTI-FAMILY RESIDENTIAL (R-3) FOR THE PROPERTY LOCATED AT 19 SECOND STREET AND LEGALLY DESCRIBED AS LOT 12, BLOCK 3, HERMOSA BEACH TRACT**

The City Council of the City of Hermosa Beach does hereby resolve and order as follows:

Section 1. An application was filed by Gary Wells owner of property at 19 Second Street seeking to amend the General Plan Map and the Zoning Map for the subject property.

Section 2. The Planning Commission conducted a duly noticed public hearing to consider the application for a General Plan Amendment and Zone Change on May 17, 2005, at which testimony and evidence, both written and oral, was presented to and considered by the Planning Commission. Based on this evidence and testimony the Planning Commission denied the request.

Section 3. The applicant filed an appeal of the Planning Commission decision.

Section 4. The City Council conducted a duly noticed public hearing to consider the applicant's appeal of the Planning Commission denial of the General Plan Amendment and Zone Change on July 12, 2005, at which testimony and evidence, both written and oral, was presented to and considered by the City Council.

Section 5. Based on evidence received at the public hearing, and the record of decision of the Planning Commission, the City Council makes the following factual findings:

1. The property is designated Neighborhood Commercial on the General Plan Map, and Neighborhood Commercial on the official City Zoning Map. The C-1 zoning for the site allows local neighborhood oriented commercial uses or residential use with ground floor commercial as part of a mixed-use project.

2. The requested change will reduce the depth of the commercial designated property, as measured from Hermosa Avenue westward, from 93 to 60 feet, and replace the commercial designations on the subject property to allow residential development for up to two units consistent with the High Density Residential classification of the General Plan and the R-3 Zoning district in the Zoning Ordinance.

3. The property at 19 2nd Street has been in continuing use for residential since the 1920's and perhaps earlier.

4. Surrounding property to the north and west is designated High Density Residential on the General Plan and zoned R-3, which allows residential development up to a density of 33 units per acre, and is currently developed with a mix of multi-family uses.

Section 6. Based on the foregoing factual findings, the City Council makes the following findings pertaining to the General Plan Amendment and Zone Change:

1. The proposed amendment to the General Plan Map to reduce the depth of the Neighborhood Commercial designation by excluding 19 2<sup>nd</sup> Street, from 93 feet to 60 feet, is not in the best interest of the City with respect to long-term land use and development at the Hermosa Avenue and 2<sup>nd</sup> Street intersection.

2. The General Plan Map accurately depicts the appropriate depth for neighborhood commercial development and long-term land use and development of this area.

3. Reducing the potential depth for commercial development would preclude the opportunity for new commercial activity or the expansion of existing commercial development along the subject segment of Hermosa Avenue.

Section 7. Based on the foregoing findings, the City Council hereby denies the request to amend the Land Use Map of the General Plan.

Section 8. By virtue of the denial of the proposed General Plan Amendment, it would be contrary to State Law to approve the Zone Change because such a change would render the zoning designation inconsistent with the general plan designation. Therefore, the Zone Change is hereby denied.

PASSED, APPROVED and ADOPTED this      day of      ,2005

PRESIDENT of the City Council and MAYOR of the City of Hermosa Beach, California

ATTEST:

APPROVED AS TO FORM:

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CITY CLERK

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CITY ATTORNEY

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