



CITY OF LONG BEACH

DEPARTMENT OF DEVELOPMENT SERVICES

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October 12, 2011

CHAIR AND PLANNING COMMISSIONERS
City of Long Beach
California

RECOMMENDATION:

1. Adopt a Resolution with Findings of Fact and a Statement of Overriding Considerations certifying a Final Environmental Impact Report (EIR 04-09);
2. Recommend City Council approve a General Plan/Local Coastal Program Amendment and Amendment to Subarea 17 of the Southeast Area Development and Improvement Plan (SEADIP); and
3. Continue review of the Site Plan Review, Tentative Subdivision Map, Standards Variance and Local Coastal Development Permit approval requests for a mixed-use project consisting of 325 residential units, 191,475 square feet of commercial retail space, 100 hotel rooms with 4,368 square feet of hotel restaurant space and 3,510 square feet of hotel meeting space, 21,092 square feet of non-hotel restaurant space, a 4,175-square-foot science center, a 99-seat theater, and 1,440 on-site parking spaces. (District 3)

APPLICANT: Seaport Marina LLC/David Malmuth Development LLC
c/o David Malmuth
3613 Bernwood Place, Suite 90
San Diego, CA 92103
(Application No. 0904-09)

DISCUSSION

The 10.93-acre project site is located in the southeastern portion of the City, bounded by Pacific Coast Highway (PCH) to the east, Second Street to the north, Marina Drive to the west and the Marina Shores shopping center to the south. The project site comprises the entirety of Subarea 17 of the Southeast Area Development and Improvement Plan (SEADIP) district, also known as PD-1 (Exhibit A - Location Map). Surrounding land uses are primarily commercial retail in nature, particularly along PCH, with the Alamitos Bay Marina to the west and the Marina Pacifica residential community to the north. The Los Cerritos Wetlands is located east of PCH, separated from the project site by existing commercial developments along PCH.

The applicant has proposed a mixed-use development consisting of 325 dwelling units, 191,475 square feet of commercial retail floor space, a 100-room hotel with 4,368 square feet of hotel restaurant space and 3,510 square feet of hotel meeting space, 21,092 square feet of non-hotel restaurant space, a 4,175-square-foot science center, and a 99-seat theater (Exhibit B – Site Plan). A total of 148,501 square feet of public open space would be located on the ground level (31 percent of site area). The project as proposed would therefore exceed the SEADIP requirement for a minimum 30 percent of the site to be developed as usable open space. Development would be situated in four blocks with one 12-story residential building and three 6-story residential buildings. A total of 1,440 on-site parking spaces would be provided, mostly on a subterranean parking level. While the Zoning Code would require over 2,000 on-site parking spaces, the applicant has provided a parking demand study that determined peak parking demand for this project proposal would be 1,417 spaces. A Standards Variance would be required for any project proposal that does not meet Zoning Code requirements. Based on the parking study conclusion that peak demand would be less than the proposed parking supply, staff would support this Standards Variance request at the appropriate time.

The proposed project approval requires amendments to the Local Coastal Program (LCP) and Subarea 17 of the Southeast Area Development and Improvement Plan (SEADIP). Subarea 17 comprises the entire project site, so any amendments to this subarea would only apply to this site. The amendment request is necessary to allow residential uses and building heights greater than 30 feet for residential uses and 35 feet for non-residential uses.

Two Study Sessions have recently been held before the Planning Commission (April 7, 2011 and May 19, 2011) to present the project as proposed by the applicant and solicit comments from the public and Planning Commissioners. The April 7 Study Session focused on the project Environmental Impact Report (EIR). The May 19 Study Session provided a discussion on the history of SEADIP and project compliance with SEADIP land use and development standards.

Project Proposal Analysis

Staff believes that development on this project site should reflect the following considerations:

1. The need to redevelop and upgrade the project site;
2. Compatibility with surrounding properties; and
3. Adoption of land use and development standards that would be appropriate for other nearby sites.

While there are residential uses in the near vicinity of the project site (Marina Pacifica condominiums, Naples), the immediate surrounding area is characterized by commercial retail, hotel and office uses along the Pacific Coast Highway corridor. Some types of multi-family residential uses, while not presently located on Pacific Coast Highway, would not be incompatible with these existing commercial uses. The project site western frontage on Marina Drive abuts the Alamitos Bay Marina and offers the potential for multi-family

residential structures with scenic marina and ocean views looking to the west and southwest.

The applicant proposes residential units in the 6- and 12-story buildings, with units located on the second through the sixth floors of the three 6-story buildings and on the third floor through the twelfth floor of the 12-story building. While higher stories offer more panoramic views, allowances for increased building height should be provided in the context of compatibility with surrounding land uses and structures.

Current SEADIP standards limit building height to the equivalent of three stories. The surrounding properties generally reflect this low-rise requirement. The four residential structures proposed for this project would introduce a very different level of building intensity to SEADIP. However, the LCP planning goals for SEADIP (page III-S-5) do allow for "considerable flexibility to group housing units in various ways to leave important natural amenities undeveloped ... and to create an open community atmosphere." In this case, natural amenities and open community atmosphere would involve marina views and existing development patterns.

Staff strongly supports the introduction of residential uses in this project site along with variations in building heights that are enhanced by differing heights for adjacent buildings along with open space areas between buildings to maximize view corridors. The introduction of residential uses on this site as part of a mixed-use development will encourage introduction of high quality residential uses in a built out environment. Residential uses will also encourage long term stability to the site. This is best achieved through amendments to the LCP and SEADIP Subarea 17 text. Text amendments would ensure that all future developments for this site, including but not limited to the applicant's proposal, would meet certain standards for design quality and land use intensity. These amendments would also set standards that could be applicable to other nearby properties for future improvement proposals.

The applicant's proposal was analyzed in the EIR along with six project alternatives (Exhibit C). Four of these alternatives involve a similar mix of land uses but reduced in commercial intensity and residential density. Alternative 3 (Reduced Intensity Alternative A) reduces residential density by 50 units while still allowing up to twelve stories in height. Alternatives 4, 5 and 6 reduce residential densities further and limit building height to a maximum of six stories. Residential densities would be reduced by 70 percent under Alternative 5 to 100 units and eliminated entirely under Alternative 6. Alternative 4 (Reduced Intensity Alternative B) would reduce density by 33 percent to 215 units. Staff believes Alternative 4 would provide a height level more compatible with the existing development character of surrounding properties, while still providing the mixed-use project benefits that include a substantial residential component.

At this time, staff is not recommending a specific level of development or a specific EIR alternative as it pertains to the amount of retail commercial floor area or other possible building intensities for various land uses. Rather, staff believes that establishment of a development envelope governed by height, floor area ratio, and residential density that is

mindful of future development on nearby sites is an appropriate first step. As a result, staff is proposing the following amendments to the LCP and SEADIP.

LCP/SEADIP Amendment

Attached for your consideration is the proposed LCP and SEADIP Amendment text (Exhibit E). This Amendment text allows for residential density up to 215 units, consistent with the Final EIR Alternative 4 (Reduced Intensity Alternative B). Building height at a maximum of six stories would also be consistent with this alternative. However, building heights greater than 55 feet, four stories, would only be permitted through height averaging. The maximum permitted height would be 75 feet, six stories. Height averaging standards are intended to protect view corridors and to allow for an aesthetically appealing and visually compelling transition in height, massing and design proportions. Additional building height would be permitted for no more than 30 percent of the project site building footprint, provided the average height over the entire project site does not exceed 55 feet.

Hotel land uses would be appropriate for a tower structure greater than 75 feet in height to maximize public access to scenic views, provided the height averaging objectives are met. Staff supports greater heights for a hotel use, up to a maximum of 120 feet, to accommodate public access to marina and ocean vistas rather than privately owned residential uses. Height averaging would still be required across the entire site.

The LCP/SEADIP Amendment also includes design standards that address sustainability, building massing, architectural detailing, and mobility opportunities. All project structures must achieve at a minimum LEED Silver Certification, using sustainable materials that reinforce design variations. Varying building heights with open spaces between buildings are encouraged to allow greater visual variety in terms of light, shadow and architectural treatments. Buildings must include stepbacks and clearly identifiable breaks between lower and upper floors, with a variety of building heights and mass that complement adjacent buildings. Architectural detailing will emphasize pedestrian-oriented scale, with different treatments on lower floors than upper floors. Variations in colors, materials and articulation are required to enhance design quality and three-dimensional qualities. Project design must also encourage walkability and bicycle access in building placement, site design and streetscape.

Any LCP amendment must be approved by both the City Council and the California Coastal Commission. The project also requires approval of a State Coastal Development Permit by the Coastal Commission for the project improvements along Marina Drive. The Coastal Commission will not approve a Coastal Development Permit for any project that conflicts with existing LCP standards. Only after the Coastal Commission approves the LCP amendment will it consider any Coastal Development Permit approval requests for a project that is consistent with the amended standards.

Given the need to establish design guidelines and development standards that ensure all future project site improvements will be high quality and compatible with surrounding land uses, along with the procedural requirements of the Coastal Commission, staff recommends action on the LCP/SEADIP amendment prior to any specific project

development approvals. The applicant requests for Site Plan Review, Tentative Subdivision Map, Standards Variance and Local Coastal Development Permit approvals would therefore be postponed until after the LCP/SEADIP amendment process has been completed.

Project Economics

The applicant commissioned a fiscal impact analysis by RCLCO. In addition, the applicant has provided a letter dated April 25, 2011, in which the applicant comments on the economic impact associated with each alternative examined in the EIR. A copy of that letter is attached as Exhibit D. The applicant has indicated that residential units would be the most valuable economic asset of this project, with sales prices estimated to increase by approximately 10 to 15 percent per floor due to enhanced views. Retail/restaurant uses are considered the second most valuable component by the applicant, with a minimum mass of about 175,000 square feet of retail and restaurant floor area needed to maintain economic viability. The proposed 100-room hotel is expected by the applicant to break even from a financial perspective. The science center and theater uses are viewed by the applicant as highly desirable amenities for the community but not as a direct revenue producer. The applicant has clearly stated on numerous occasions that a reduction in residential density will result in a non-financeable project and will request that the Planning Commission set aside staff recommendations in favor of a more financially feasible alternative. However, regardless of any economic projections from the applicant, all staff recommendations to the Planning Commission are based on the land use and planning considerations listed above regarding revitalization of the project site, future development compatibility with surrounding properties, and the adoption of land use and development standards that would be appropriate for other nearby sites.

Staff Recommendations

Staff recommends the Planning Commission take the following actions:

1. Adopt the attached Resolution, Findings, Statement of Overriding Considerations, and Mitigation Monitoring and Reporting Program (Exhibit F) certifying the Final EIR;
2. Recommend City Council approve a Local Coastal Program (LCP) Amendment and Amendment to Subarea 17 of the Southeast Area Development and Improvement Plan (SEADIP); and
3. Continue review of the Site Plan Review, Tentative Subdivision Map, Standards Variance and Local Coastal Development Permit approval requests to a date uncertain.

PUBLIC HEARING NOTICE

Public hearing notices were distributed on September 28, 2011, as required by the Long Beach Municipal Code. Notices were provided to all property owners and tenants within a 1,000-foot radius of the project site as well as to all persons and entities that submitted

written comments on the Recirculated Draft EIR during the public comment period. Recently received written comments on the project have been included in the Planning Commission packet as separate submittals.

ENVIRONMENTAL REVIEW

A Recirculated Draft Environmental Impact Report (SCH#2009101014) was prepared in accordance with the California Environmental Quality Act (CEQA) and was previously provided for your review. The EIR determined that all project impacts can be mitigated to a level below significance with the exception of the following:

- Construction impacts to the Studebaker/2nd Street intersection;
- Operational and cumulative impacts to the Studebaker/2nd Street and PCH/2nd Street intersections;
- Construction, operational and cumulative air quality and climate change impacts; and
- Land use impacts related to consistency with the Urban Design Component of the General Plan Land Use Element, the Local Coastal Program, and the SEADIP standards for residential uses and building height.

A Resolution certifying the EIR and adopting the Findings, Statement of Overriding Considerations and Mitigation Monitoring and Reporting Program has been included for your review. The Final EIR component containing written responses to all written comments received on the Recirculated Draft EIR, along with the Mitigation Monitoring and Reporting Program (MMRP), was delivered to all Planning Commissioners on October 3, 2011.

The Resolution certifying this Final EIR includes Findings and a Statement of Overriding Considerations (SOC) provided in accordance with the CEQA Guidelines. The Findings include a determination that a reduced intensity alternative would incrementally reduce environmental impacts as compared with the applicant's project proposal. Staff recommends, as the preferred project for Final EIR certification, a reduced intensity alternative consistent with the land use and development standards in the proposed LCP/SEADIP text amendment provided in Exhibit E. The provisions of this amendment text would include some of the Alternative 4 (Reduced Intensity Alternative B) components, such as maximum density of 215 dwelling units, but would also allow for height averaging with heights up to 75 feet for permitted land uses, and 150 feet for hotel uses only, over no more than 30 percent of the project site. Under this text amendment, the average height over the entire project site would not exceed 55 feet.

The SOC is required due to the unavoidable adverse significant impacts identified in the Final EIR (air quality/greenhouse gas emissions, land use and planning, and transportation/circulation) that would be reduced under a reduced intensity alternative but would still be significant and unavoidable. Whenever a project would result in unavoidable significant impacts, the lead agency must state in writing the specific reasons to support its action. If the economic, legal, social, technological or other benefits of a project outweigh the unavoidable adverse environmental impacts, the adverse effects may be considered to

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be acceptable. The specific project benefits are listed on pages 43 and 44 of the Findings/SOC, which include furthering City goals for provision of multi-family housing, revitalization of an underutilized site with a mixed-use development, enhanced pedestrian, bicycle and mass transit access to the adjacent marina and project site, enhanced job and home ownership opportunities, efficient use of land and energy conservation, and enhanced economic vitality of the project site.

Respectfully submitted,

DEREK BURNHAM
PLANNING ADMINISTRATOR



AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

P:/Planning/PC Staff Reports (Pending)/2011-10-12/2nd & PCH – Staff Report/v2

AB:DB:CC

Attachments: Exhibit A - Location Map
 Exhibit B - Site Plan
 Exhibit C – Project Alternatives
 Exhibit D – Applicant's Economic Feasibility Letter
 Exhibit E – LCP and SEADIP Amendments
 Exhibit F – Resolution and Findings/SOC

Previously Delivered - Environmental Impact Report (SCH#2009101014)