Attachment B

November 24, 2020 Staff Report

November 24, 2020 Agenda Item No. 16

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: Seimone Jurjis, Community Development Director - 949-644-3232,

sjurjis@newportbeachca.gov

PREPARED BY: Jaime Murillo, Principal Planner, jmurillo@newportbeachca.gov

PHONE: 949-644-3209

TITLE: Ordinance No. 2020-28: Residential Design Standards Amendments

to Title 20 and Title 21 of the Newport Beach Municipal Code

(PA2019-070)

ABSTRACT

For City Council's consideration are proposed amendments to Title 20 (Zoning Code) and Title 21 (Local Coastal Program Implementation Plan) of the Newport Beach Municipal Code (NBMC) revising development standards applicable to one and two-unit residential development. Generally, the proposed amendments would reduce bulk and mass associated with future residential development by clarifying the definition of gross floor area, regulating covered third floor decks, and expanding the application of third floor and open volume standards to all single-unit and two-unit residential developments. The amendments would not result in the reduction of allowable density on a lot. Furthermore, no changes in overall height limits, allowable floor area, lot coverage, or setbacks are proposed that would lessen the intensity of housing on a site.

RECOMMENDATION

- a) Conduct a public hearing;
- b) 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;
- c) Waive full reading, read by title only, introduce Ordinance No. 2020-28, An Ordinance of the City Council of Newport Beach, California, Adopting Zoning Code Amendment No. CA2019-004 to Amend Title 20 (Planning and Zoning) of the City of Newport Beach Municipal Code Related to Residential Design Standards (PA2019-070), and pass to second reading on December 8, 2020; and
- d) Adopt Resolution No. 2020-10, A Resolution of the City Council of the City of Newport Beach, California, Authorizing Submittal of Local Coastal Program Amendment No. LC2019-006 to the California Coastal Commission to Amend Title 21 (Local Coastal Program Implementation Plan) of the City of Newport Beach Municipal Code Related to Residential Design Standards (PA2019-070).

FUNDING REQUIREMENTS

There is no fiscal impact related to this item.

DISCUSSION

Background

With the adoption of the 2010 Zoning Code Update, changes to residential development standards were made with the intent to streamline the review process while maintaining allowable building envelopes and preserving the character of existing communities. However, changes to height measurement standards and definition of gross floor area have inadvertently resulted in a proliferation of covered third level decks and bulkier building designs. Despite measuring the same in terms of enclosed gross floor area, newer development appears larger and at times out of scale with the pre-2010 development. Staff believes it is due in part to unarticulated third floor decks, minimal covered deck openings, and manipulation of attic floor area exceptions.

The 2010 Zoning Code attempted to regulate third floor mass and bulk through the use of NBMC Section 20.48.180 (Residential Development Standards and Design Criteria), which includes third floor area limits and third floor step backs for enclosed floor area to provide building modulation. It includes a minimum open volume standard to increase building modulation/articulation on the first or second floors. However, the third-floor limits do not apply to unenclosed covered deck areas or unfinished attics, resulting in building designs with third levels (enclosed and unenclosed) that visually appear larger and bulkier than intended. Furthermore, these standards do not currently apply to the Two-Unit Residential, Balboa Island (R-BI) zoning district, the Multiple Residential (RM) zoning district, and to lots 25 feet wide or less located in the Two-Unit Residential (R-2) zoning district.





Figure 1. Examples of third floor mass associated with covered decks

As a result of growing community concerns related to the loss of small residential cottages and the bulk and mass associated with new single- and two-unit dwelling developments in the City, the City Council held a study session on April 23, 2019. The City Council directed staff to prepare amendments to provide some regulatory changes to address these concerns (Attachment C - Study Session Minutes).

Summary of Proposed Revisions

The proposed amendments would reduce bulk and mass associated with future residential development and illustrated in more detail further below. A redline/strikeout version of the proposed code revisions is included as Attachment D.

- Third floor step backs would apply to covered deck areas (currently applies only to enclosed floor area).
- Third floor side step backs would apply to lots <u>30 feet wide or greater</u> (currently applies to lots wider than 30 feet).
- Maximum covered third floor area (enclosed or unenclosed) limited to 50 percent of buildable area. Uncovered deck area would remain unrestricted.
- Third floor step back standards (front and rear) would apply to 25-foot-wide or less lots zoned R-2 (currently exempt).
- Third floor step back standards (front, sides, and rear) would apply to single- and two-unit dwellings in RM zones (currently exempt).

Clarification of Gross Floor Area

- Unfinished attics with a ceiling height of 6 feet or higher would count as floor area (currently only finished attics count).
- Covered patios, decks, and balconies above the first floor would count as floor area unless completely open on at least two sides, rather than one side.
- Carports only open on one side would count as floor area.

Single-Unit and Two-Unit Dwellings in the R-BI Zoning District

Third floor and open volume standards applicable to R-1 and R-2 zones would now apply to all single- and two-unit dwellings in R-BI.

The following table clarifies which components of the residential design standards apply to the various zoning districts:

Summary of Residential Design Standards Applicability Based on Zoning District					
Residential Design Standard	R-1	R-2 (lots wider than 25')	R-2 (25' wide lots or less)	R-BI	RM
3rd Floor Front & Rear Step Backs	С	С	Р	Р	Р
3 rd Floor Side Step Backs (lots 30' wide or greater) ¹	С	С	X	Р	Р
3 rd Floor Area Limit	С	С	X	Р	Х
3 rd Floor Coverage Limit	Р	Р	X	Р	X
Open Volume	С	С	X	Р	С

C- Current Applicability, P- Proposed Applicability, X- Exempt

¹ Applicability of side step back standard proposed to change from "lots wider than 30 feet" to "lots 30 feet wide or greater"

Comparison of Pre - 2010 and Current Building Height Measurements

Prior to the 2010 Zoning Code Update, there were no third floors regulations; however, third floor designs were limited through the method used to measure building height in effect at the time. Within the R-1 and R-2 zoning districts, heights are limited to 24 feet for flat roofs and 29 feet for sloping roofs, and within the RM zone flat roofs are limited to 28 feet and sloping roofs limited to 33 feet. Pre-2010, sloping roofs were required to maintain a midpoint of no higher than 24 feet, which proved difficult to calculate and was further complicated by an allowance to project imaginary roof lines for the purposes of computing allowable midpoints. Post 2010, the Zoning Code eliminated the midpoint measurement sloped roofs in exchange for a requirement that the sloping roof maintain a minimum pitch of 3:12.

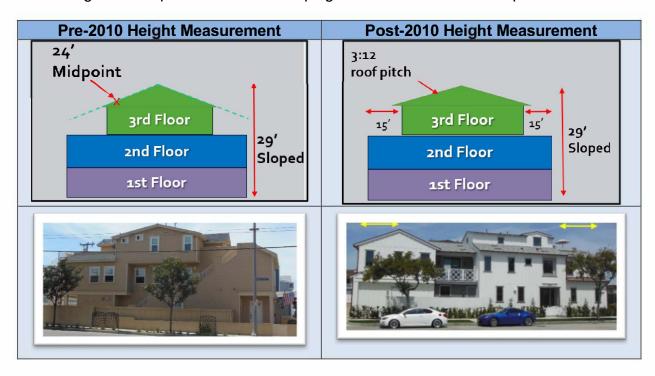


Figure 2. Comparison of building height measurements

In 2010 with a recognition that building bulk may increase, third floor step backs requirements and maximum third floor area limitations were added in most cases, but not all. Specifically, the enclosed third floor area is required to be stepped back an additional 15 feet from the required front and rear setback line. On lots greater than 30 feet in width, the third floor is required to be stepped back an additional 2 feet from the required side setback lines. Furthermore, the maximum enclosed third floor area is limited to either 15 percent or 20 percent (depending on lot width) of the buildable area of a lot. Buildable area is calculated as lot size minus required setback area. Figure 3 below conceptually illustrated how third floor area is regulated.

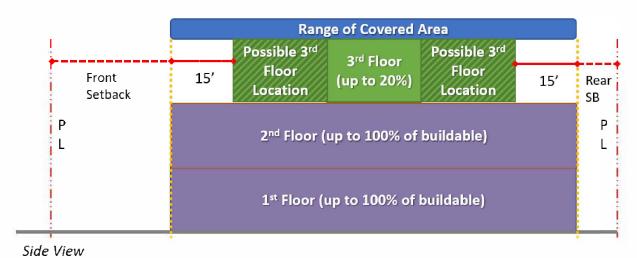


Figure 3. Current third floor regulations

Unfortunately, third floor regulations only apply to enclosed floor area and do not apply to covered unenclosed third floor areas. As a result, third floor covered decks, often referred to as loggia or cabanas, have become popular design amenities, growing larger over the years and adding to the visual building bulk. These requirements also do not apply to enclosed third floor area within R-BI residential zoning district for Balboa Island, the RM zoning district citywide, or lots 25 feet wide or less within the R-2 zoning district.

Proposed Third Floor Change – Application of step backs and coverage limits to third floor covered decks

The proposed amendment would apply the third-floor step back requirements to both enclosed and unenclosed third floor area to reduce third floor building bulk. As illustrated in Figure 4 below, the allowed third floor enclosed area would remain the same (illustrated in green shading), but the covered deck area (illustrated in light blue shading) will be required to observe the 15-foot front and rear step backs and be limited to a maximum 50 percent third floor coverage limit. The coverage limit would be calculated as 50 percent of the buildable area of the lot (lot size minus setbacks) and would include both enclosed area and unenclosed covered third floor deck area. The result is a third-floor mass that is located closer to the middle of the building farther away from the building edges, reducing the visual mass as viewed from the public streets and alleys.

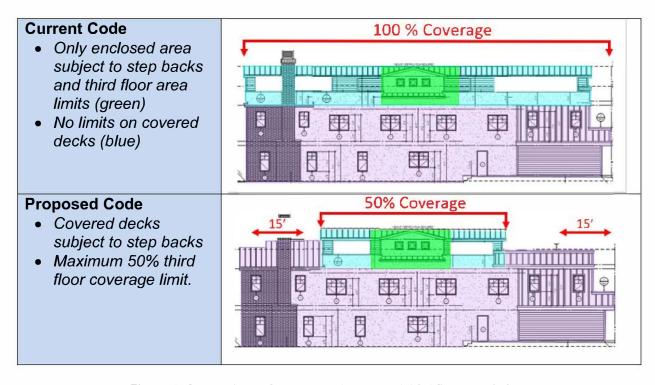


Figure 4. Comparison of current and proposed third floor regulations





Figure 5. Examples of desired outcome

Proposed Third Floor Change – Expanded Applicability to Side Step Backs

In addition to front and rear step backs, current regulations require that development on lots <u>wider</u> than 30 feet provide additional 2-foot step backs from the required side setback lines on third levels. The intent is to articulate and pull the third level mass back away from side facades (Figure 6). However, this requirement currently only applies to enclosed floor area and not covered decks. Also, the standard lot width in Corona del Mar, Balboa Island, and in many neighborhoods within the Balboa Peninsula consist of 30-foot-wide lots; therefore, this side step back requirement is not typically applied in most new developments.

As a result, new three level residential developments lack upper level side articulation. When located adjacent to private property, it can reduce light and air to the narrow side yards between lots. This lack of articulation is more pronounced and visible when located adjacent to a street.



Figure 6. Application of side step back comparison

The proposed code change would:

Apply side step back to lots <u>30 feet wide or greater</u>. With the exception of extremely
narrow lots, this would ensure that most new residential developments are subject
to the side step back requirement.

- Apply side step back to both enclosed and <u>covered decks</u>. This would ensure that the covered third level decks are subject to the same articulation requirement.
- Exception- Stairs and elevator shafts do not count as floor area on upper levels and would therefore remain exempt from third floor step back requirements. This also minimizes structural and spatial design impacts associated with accommodating side step backs.





Figure 7. Examples with no third floor side step backs





Figure 8. Examples of desired outcome with side step backs applied

Proposed Gross Floor Area Change - Fix the Attic Loophole

Both the Zoning Code (Title 20) and the Implementation Plan of the Local Coastal Program (Title 21) of the NBMC primarily regulate building bulk and mass through the application of a floor area limit, which is a ratio of gross floor area to the buildable area of the lot. For example, in Corona del Mar, the maximum allowed floor area of a lot is equal to the buildable area of the lot (lot area minus setbacks) times a factor of 1.5. In other areas, the ratio is as high as 2.0. Gross floor area includes interior finished portion of a structure that is accessible and that measures more than 6 feet from finished floor to ceiling. This is intended to account for large attics that visually add to the bulk and mass of structures. However, since the third-floor regulations only applies to finished areas, the definition does not include unfinished attics, including those with unfinished attics higher than 6 feet. Furthermore, the third-floor step backs previously discussed do not apply to unfinished attics since they are not considered enclosed floor area.

As a result, many new developments are designed with large unfinished attics to accommodate mechanical equipment and resident storage needs. Although not intended to be used as habitable floor area, from the street, these structures appear to have large third floors and are visually bulkier than the floor area limits intend (see Figure 9). In some cases, these large attics are illegally converted without permits by future property owners seeking to take advantage of the additional space.

The proposed code change would eliminate the word *finished* from the definition of gross floor area, resulting in any interior portion of a structure with a ceiling height higher than 6 feet counting towards maximum floor area limits. As illustrated in Figure 10, this would discourage designs with large attics, reducing the visual building bulk of new structures and minimizing future opportunities for illegal attics conversions into livable space.



Figure 9 - Bulk associated with large attics



Figure 10 - Desired Outcome of Revised Definition

Proposed Gross Floor Area Change - Application to Covered Decks and Carports

Prior to the 2010 Zoning Code Update, the definition of gross floor area excluded covered decks, patios, and carports provided they were open on at least two sides. Unfortunately, the current definition of gross floor area is silent with respect to covered decks, patios, and carports. As a result, it has been interpreted that absent of any clear code language, covered decks, patios, and carports completely open on one side, or substantially open on two sides, do not count towards gross floor area simply because these areas are not enclosed.

The lack of regulation of these features has contributed to increased visual bulk associated with new residential development as follows:

- Visually bulky decks and patios
- Relocation of patios from front and rear of structure to sides where they are less visible to public
- Design is easily enclosed with windows by some owners seeking to increase privacy and comfort by creating an all-weather enclosure



Figure 11. Examples of covered decks and patios designs under current code

The proposed code change would revise the definition of gross floor area requiring covered decks, patios, and carports to be at least open on two sides, similar to the pre-2010 Zoning Code requirements. To ensure that the sides are completely open and not easily able to be illegally enclosed in the future, the open side of the deck or patio will be required to fully open with the exception of minimal structural supports and required safety railings. The safety railing will need to be constructed of transparent material (except for supports) (e.g., glass, decorative grillwork, wrought iron, latticework, or similar material) so that at least 40 percent of the railing is open with the space between the 42 inch high safety railing and the structural support above completely open. Examples illustrating compliance with the code revisions are illustrated below. The revised definition would continue to allow first floor outdoor spaces such as patios and foyers to be open only on one side, given they are less visible to the public and in some case required by code for entry ways facing side yards.



Figure 12. Examples of desired openness of covered decks and patios

Proposed Applicability Change - Balboa Island

A majority of residential lots on Balboa Island are zoned *Two-Unit Residential, Balboa Island* (R-BI). The R-BI zone is currently exempt from the third floor and open volume regulations contained in the NBMC Section 20.48.180 (Residential Development Standards and Design Criteria). As a result, the existing and proposed aforementioned third floor limits (i.e., step backs, area, and coverage limits) and open volume requirements do not apply.

The proposed code amendment would revise the applicability of Section 20.48.180 (Residential Development Standards and Design Criteria) to include the proposed new residential development standards within the R-BI zone so they would apply to all new construction on Balboa Island.

Proposed Applicability Change - Multi-Unit Residential (RM) Zone

The Multiple Residential (RM) zoning district allows for a range of residential density ranging from single-unit dwellings to higher density apartments and condominiums. As a result, the RM zone development standards are designed for higher density development and include a higher height limit of 28 feet for flat roofs and 33 feet for sloped roofs (R-1 and R-2 are limited to 24 feet flat/29 feet sloped) and private and common open space requirements for residents.

Typically, RM zoned lots are larger, but there are pockets of RM lots located in Corona del Mar and the Balboa Peninsula that are smaller lots, including 30-foot-wide lots (Attachment E). On these smaller lots, it is difficult to accommodate current code-required parking (2 spaces/unit + one guest) for a three-unit development, so it is common to see many of these lots developed and redeveloped with single- and two-unit dwellings.

In addition to the height benefit of the RM zone, single-unit and two-unit dwellings developed in the RM zone are currently exempt from the third-floor limitations of Section 20. 48.180 (Residential Development Standards and Design Criteria) described above. In other words, a single- or two-unit dwelling can be constructed with three full levels of living area to a maximum height of 33 feet and not be required to provide front, rear, or side step backs to control mass as would normally be required in the R-2 zone.



Figure 13. Examples of two-unit development in RM zone with no third floor step backs

Initially, the City Council directed staff to prepare amendments that would limit single-unit and two-unit dwellings located in the RM zone to the same development standards that would apply in the R-1 and R-2 zones, including the reduced height limit. This potential change resulted in strong opposition from property owners during community outreach. Also, in working with a design professional on a preliminary duplex design for an RM zoned lot, it was discovered that there is a unique scenario where the application of the proposed third floor area limits for enclosed floor area could limit the maximum achievable floor area limit afforded to these RM lots. Subsequent to the initiation of this amendment, Senate Bill 330 (see expanded SB 330 section of report) was enacted and became effective in January 1, 2020, and now precludes the City from changing zoning standards that would reduce the intensity of residential development. Therefore, the suggestion to possibly reduce height limits for single- and two-family development in the RM zones or regulate the allowable third floor area has been eliminated from the proposed amendments.

As currently proposed, the amendments would revise the applicability of Section 20.48.180 (Residential Development Standards and Design Criteria) to require single-and two-unit dwellings constructed in the RM zoning district to comply with the aforementioned existing and proposed third floor step backs and open volume requirements in order to enhance third floor building articulation and minimize bulk. Application of the proposed third floor step backs would still provide needed articulation of the upper levels but would not impact the potential to achieve maximum allowable floor area.

Proposed Applicability Change - Two-Unit Residential (R-2) lots 25 wide or Less

NBMC Section 20.48.180 (Residential Development Standards and Design Criteria) currently exempts lots 25 feet wide or less in the R-2 zone from the third floor and open volume regulations. The rationale was that these lots are already so narrow that the application of additional design limitations would overly constrain in the development potential of these lots for two units. Of the 3,791 R-2 lots in the City, 584 of these lots (15%) are 25 feet wide or less. A majority of these lots are located on the Balboa Peninsula and concentrated in between 27th Street and 40th Street (Attachment F).

As a result of input received from the community outreach meeting and in consultation with members of the design community, it has become apparent that new residential development on these lots could benefit from application of the additional 15-foot front and rear third floor step back requirements. Application of these step backs would not constrain the development potential of these lots but would greatly enhance the aesthetics and visually reduce the upper level bulk.

Therefore, the proposed amendments would revise the applicability of Section 20.48.180 to continue to exempt the 25-foot wide lots from the third-floor area limits and open volume requirements but will now require the application of the 15-foot front and rear step backs.

Proposed Local Coastal Program Amendment (Title 21)

Properties located in the Coastal Zone (Attachment G) of the City are regulated by the Local Coastal Program (LCP), which is comprised of the Coastal Land Use Plan (CLUP), a policy document, and the Implementation Plan (IP or Title 21), a regulatory document. Any amendments to the LCP must be reviewed and approved by the City Council, with a recommendation from the Planning Commission, prior to submitting the amendment request to the Coastal Commission for review and approval.

Although the third floor and open volume regulations contained within NBMC Section 20.48.180 (Residential Development Standards and Design Criteria) don't exist within the IP of the LCP, the definition of gross floor area does. To ensure that the IP of the LCP maintains the same definition of gross floor area as the zoning code, an amendment to the LCP is necessary. The amendment will also include clarification that the RM coastal zoning district open space standards contained in the IP apply to multi-unit dwellings consisting of three-units or more. For single-unit or two-unit dwellings constructed in the RM coastal zoning district, they will still be subject to the third floor and open volume regulations contained in the zoning code (Section 20.48.180).

Community Outreach

Staff held two separate community outreach workshops, a City Council Study Session, and two Planning Commission meetings to share and discuss the proposed changes to residential design standards. In addition, staff has met and consulted with multiple community members and design professionals familiar with the City's zoning regulations.

The proposed amendments incorporate the culmination of input received at these various meetings. A summary of the community outreach in included as Attachment H.

Compliance with Senate Bill 330 (Housing Crisis Act of 2019)

Senate Bill 330 (SB 330) – also known as the Housing Crisis Act of 2019 – restricts the adoption of zoning amendments that would result in the reduction of allowed density or intensity of land uses than what is allowed under the regulations in effect on January 1, 2018. The law defines "less intensive use" to include, but is not limited to, reductions to height, density, or floor area ratio, new or increased open space or lot size requirements, new or increased setback requirements, minimum frontage requirements, or maximum lot coverage limitations, or anything that would lessen the intensity of housing. To confirm the City's own analysis of compliance with SB 330, staff consulted with the State Department of Housing and Community Development (HCD) and prepared additional floor area analysis as discussed further below.

On May 8, 2020, staff reached out to HCD to review the proposed amendments and obtain a determination of compliance with SB 330. HCD agreed to review the proposed amendments, including the May 7, 2020, Planning Commission agenda materials. On July 31, 2020, they concluded their review and issued a letter to the City finding that upon review of the materials, the pending revisions do not trigger the "less intensive use" provisions under Government Code section 66300, subdivision (b)(1)(A). Their letter also confirms staff's position that the term "less intensive use" likely refers to reducing the number of allowed units on a site pursuant to their statement that "HCD understands the revisions do not impact the ability to achieve maximum densities independently or cumulatively in combination with all other development standards." A copy of the HCD determination letter and staff email correspondence is included as Attachment I.

To ensure the application of the proposed residential standards to lots previously exempt do not restrict the ability to achieve the maximum allowable floor area or intensity of development, staff has prepared a floor area analysis (Attachment J) exhibit for the zoning districts impacted. The analysis illustrates that with the application of the proposed standards, the lots could physically accommodate more floor area than is currently permitted under the existing floor area limits. As a result, there is no loss of allowable floor area and the proposed amendment would be consistent with State law.

Planning Commission Recommendation

The Planning Commission reviewed the proposed amendments on their May 7, 2020, and September 17, 2020, meetings. Extensive public comments were received, both in support of the proposed revisions and against. Meeting minutes are included as Attachments K and L. At the conclusion of their hearing, the Planning Commission adopted Resolutions No. PC2020-031 and PC2020-032 (Attachments M and N) with a majority vote (5 ayes and 2 noes), to recommend approval of the proposed amendments to the City Council.

The Planning Commission also discussed the need to implement a transition period before these amendments become effective. However, there was no consensus of what that period should be and ultimately a transition period is not included in the Planning Commission's recommendation for approval. Staff recognizes the need for a transition period for projects that are currently under review or pending submittal and staff has included a transition period described in the next section.

Recommended Effective Date of Ordinance

Typically, an ordinance will become effective 30 days following the second reading. Should the City Council decide to introduce the ordinance, the City Council can conduct 2nd reading and adopt the ordinance at the December 8, 2020, City Council meeting, resulting in a potential effective date of January 7, 2021.

Discretionary projects (e.g. variances, modification permits, coastal development permits) that were previously approved by the City, projects currently under review in plan check, and projects already designed and planned to be submitted for review in the near term could be impacted by the proposed amendments if those projects were required to be redesigned to comply. In order to avoid costly delays to redesign these projects, staff recommends including a provision within the adopting ordinance tolling the effective date for the following types of projects in the pipeline:

- An application for a coastal development permit, variance, modification permit, or site development permit for a residential project deemed complete prior to the effective date of this ordinance.
- An application for any building permit or zoning clearance for a residential project submitted prior to February 1, 2021.
- An application for a building permit or zoning clearance for a residential project that
 has been granted a coastal development permit, variance, modification permit, or
 site development permit for a residential project that has not expired.

ENVIRONMENTAL REVIEW

The action proposed herein is not a project subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The proposed action is also exempt from the CEQA pursuant to State CEQA Guidelines Section 15061(b)(3), the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Lastly, pursuant to CEQA Guidelines Section 15265(a)(1), local governments are exempt from the requirements of CEQA in connection with the adoption of a Local Coastal Program. The Amendment itself does not authorize development that would directly result in physical change to the environment.

NOTICING

Pursuant to Section 13515 of the California Code of Regulations, a review draft of the Local Coastal Program (LCP) Amendment was made available and a Notice of Availability was distributed on April 23, 2020, to all persons and agencies on the Notice of Availability mailing list.

In addition, notice of these amendments was published in the *Daily Pilot* as an eighth-page advertisement, consistent with the provisions of the NBMC. The item also appeared on the agenda for this meeting, which was posted at City Hall and on the City website.

Lastly, notice of this hearing was emailed to interested parties that have requested notice and/or attended the community meetings.

ATTACHMENTS

Attachment A – Ordinance No. 2020-28 (Title 20 Amendments)

Attachment B – Resolution No. 2020-102 (Title 21 Amendments)

Attachment C – April 23, 2019 City Council Study Session Minutes

Attachment D – Redline/Strikeout Version of Proposed Amendments

Attachment E – Map of RM Lots

Attachment F – Map of R-2 Lots 25 Feet Wide or Less

Attachment G – Map of Coastal Zone

Attachment H - Community Outreach Summary

Attachment I – HCD Letter and Correspondence

Attachment J - Floor Area Analysis

Attachment K – May 7, 2020 Planning Commission Meeting Minutes

Attachment L - September 17, 2020 Planning Commission Meeting Minutes

Attachment M – Planning Commission Resolution No. PC2020-031

Attachment N – Planning Commission Resolution No. PC2020-032