

CALIFORNIA COASTAL COMMISSION

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**TU 9c****STAFF REPORT: REGULAR CALENDAR****APPLICATION NO.:** 5-01-063**APPLICANTS:** Michael Pourmussa**RECORD PACKET COPY****AGENT:** Ronald Baers**PROJECT LOCATION:** 707 East Oceanfront, City of Newport Beach,
County of Orange

PROJECT DESCRIPTION: Demolition of an existing one story retail building, a storage building, a swimming pool and a stairway attached to an existing bridge and construct a new building with an overall building height of 31 feet above natural grade. The new building will consist of second and third floor elements on the eastern side of the new building and second and third floor elements on the southwestern side of the new building. This project includes 20 tandem parking spaces and new retail on the first floor and the second and third story levels will make up an 11-room addition to the existing Balboa Inn, which is next to the site. Construction of a landscape court, landscape planters and enhancement of an existing bridge from the Balboa Inn to the new building will also take place. No grading is proposed.

SUMMARY OF STAFF RECOMMENDATION:

The project site is located on the seaward side of Oceanfront and is separated from the public beach by a City beach parking lot. The project area serves as a popular destination point for lower cost and recreational uses and Oceanfront serves as a major pedestrian path to the public for these uses. The applicant proposes to demolish an existing one story retail building, a storage building, a swimming pool and a stairway attached to an existing bridge and construct a new building with an overall building height of 31 feet above natural grade. The new building will consist of second and third floor elements on the eastern side of the new building and second and third floor elements on the southwestern side of the new building. Construction of a landscape court, landscape planters and enhancement of an existing bridge from the Balboa Inn to the new building will also take place. The primary issue before the Commission is the importance of preserving scenic resources, community character and avoiding adverse impacts to lower cost visitor and recreational facilities. Staff recommends that the Commission **DENY** the proposed project.

As submitted, the proposed project is primarily inconsistent with Sections 30251, 30253 and 30213 of the Coastal Act and the City of Newport Beach Land Use Plan (LUP) regarding coastal views. The project site is highly visible from the public beach and would adversely

impact public views to and from the beach. Oceanfront serves as a major pedestrian path on the Balboa Peninsula for the public to reach coastal recreational opportunities. The pattern of development along the seaward side of Oceanfront consists primarily of public beach. There are only two instances where commercial development exists seaward of Oceanfront. A one story fish market is located near McFadden Street on the seaward side of Oceanfront, approximately 4 miles north of the project site. The second commercial development is the proposed project site. Though the pattern of development seaward of Oceanfront consist primarily of public beach, there are some locations where development providing public amenities such as the Newport Pier, a City beach parking lot and the Balboa Pier are also found. The proposed project would not conform to the overall existing pattern of development along the seaward side of Oceanfront and also specifically, the immediate area next to the project site seaward of Oceanfront from Adams Street to "A" Street, as it would be substantially taller and more massive than existing development. Currently, the only existing structures located in this immediate area seaward of Oceanfront from Adams Street to "A" Street next to the project are small scale structures such as the gazebo in the park, the restroom facilities, a bus shelter and the existing one-story building. The project site currently serves as a lower cost visitor and recreational facility by providing a place to purchase snacks or coffee and the opportunity for beach rentals, such as bicycles and rollerblades. The proposed project would eliminate these uses and would consequently adversely impact the lower cost and recreational use on site. Therefore, the proposed development is inconsistent with Sections 30251, 30253 and 30213 in that the proposed development adversely impacts scenic resources, is inconsistent with the existing community character and would adversely impact lower cost visitor and recreational facilities.

Furthermore, alternatives to the proposed project exist. For example, the project site could be redeveloped with a more compatible less intense design that would provide visitor serving uses such as beach rentals to keep the site as a lower cost visitor and recreational facility. Another alternative is that the project site could be left as is, which would keep the site as an existing lower cost visitor and recreational facility. Such alternatives would be consistent with the existing pattern of development, would preserve scenic resources, community character and the lower cost visitor and recreational uses currently provided by the existing facility.

LOCAL APPROVALS RECEIVED: Approval In Concept #0180-2001 from the City of Newport Beach dated February 12, 2001, Use Permit No. 3683 from the City of Newport Beach and Negative Declaration (SCH# 2000091027) dated August 31, 2000.

SUBSTANTIVE FILE DOCUMENTS: City of Newport Beach Certified Land Use Plan; Letter from staff dated March 27, 2001; Letter from Ronald Baers dated April 26, 2001; Letter from James Campbell (City of Newport Beach) dated May 4, 2001; Letter from staff dated May 29, 2001; Letter from Ronald Baers dated August 29, 2001; Letter from Robert Stein (City of Newport Beach) dated August 28, 2001; *Preliminary Geologic Investigation, Proposed Hotel addition, 105 Main Street, Newport Beach, CA* prepared by P.A. & Associates, Inc. dated August 22, 2001; Letter from staff dated September 28, 2001; Letter from Ronald Baers dated October 3, 2001; Letter from Robert Stein (City of Newport Beach) dated October 3, 2001 and Letter from the Regional Water Quality Control Board dated October 4, 2001.

EXHIBITS

1. Vicinity Map
2. Assessor's Parcel Map
3. Ground Floor Plan
4. Second Floor Plan
5. Third Floor Plan
6. Exterior Elevation Plans
7. Pictures of the Site

STAFF RECOMMENDATION:**I. STAFF RECOMMENDATION OF DENIAL**

Staff recommends that the Commission adopt the following resolution to deny the coastal development permit application. The motion passes only by affirmative vote of a majority of the Commissioners present.

A. Motion

I move that the Commission approve Coastal Development Permit No. 5-01-063 for the development proposed by the applicant.

B. Staff Recommendation of Denial

Staff recommends a **NO** vote. Failure of this motion will result in denial of the permit and adoption of the following resolution and findings. The motion passes only by affirmative vote of a majority of the Commissioners present.

C. Resolution to Deny the Permit

The Commission hereby **DENIES** a coastal development permit for the proposed development on the ground that the development will not conform with the policies of Chapter 3 of the Coastal Act and will prejudice the ability of the local government having jurisdiction over the area to prepare a Local Coastal Program conforming to the provisions of Chapter 3. Furthermore, approval of the permit would violate the California Environmental Quality Act because there are feasible mitigation measures or alternatives that would substantially lessen the significant adverse impacts that the proposed development would have on the environment.

II. FINDINGS AND DECLARATIONS

The Commission hereby finds and declares as follows:

A. Project Location, Description and Background**1. Project Location**

The proposed project is located at 707 East Oceanfront in the City of Newport Beach, County of Orange (Exhibits #1-2). The subject site is located on the seaward side of Oceanfront and is separated from the public beach by a City beach parking lot. Oceanfront serves as a major pedestrian path for the public in this area. The project

area and its immediate vicinity are characterized by mixed commercial recreational and residential uses in the area known as "Balboa Village." The area consists of commercially developed area and is a unique mixture of visitor -oriented and neighborhood retail and service use area. The site is currently developed with a one story retail building (snack and coffee house and beach rentals, such as bicycles and rollerblades), storage building, a swimming pool (serves the guests of the existing Balboa Inn) and a stairway attached to an existing bridge that connects to the Balboa Inn. To the north, is the existing Balboa Inn, and visitor serving retail uses. To the east, is a restaurant and bar, retail uses, a public beach, Peninsula Park, City beach parking and residential structures on the landward side of Oceanfront. To the south, is City beach parking, Balboa Pier, a public beach and the Pacific Ocean. To the west, is City beach parking, a public beach, the Pacific Ocean and residential structures on the landward side of Oceanfront.

2. Project Description

Demolition of an existing one story retail building, a storage building, a swimming pool and a stairway attached to an existing bridge and construct a new building with an overall building height of 31 feet above natural grade (Exhibits #3-6). The new building will consist of second and third floor elements on the eastern side of the new building and second and third floor elements on the southwestern side of the new building. The project includes 20 tandem parking spaces and new retail on the first floor and the second and third story levels will make up an 11-room addition to the existing Balboa Inn, which is north of the project site on the opposite side of Oceanfront. The existing Balboa Inn is located on a separate lot from the proposed project site. Construction of a landscape court, landscape planters and enhancement of an existing bridge from the Balboa Inn to the new building will also take place. No grading is proposed.

More specifically, the project consists of:

1. The proposed project has an overall building height of 31 feet above natural grade.
2. The ground level will include 20 tandem parking stalls (6 parking stalls for the 11 new room addition to the existing Balboa Inn, 6 parking stalls for the new ground floor retail and there will be 8 excess parking stalls) and 2,000 square feet (1,370 square feet of enclosed retail space) of hotel related retail space including covered arcade (630 square feet) along Main Street.
3. The north, west and south sides of the addition will include landscape planters that will be improved and maintained by the Balboa Inn according to the City's landscape plans for the publicly owned lands surrounding the addition.
4. A landscape court and water feature is proposed facing Oceanfront, to enhance this pedestrian space.
5. The existing bridge from the Balboa Inn to the proposed addition will be retained and enhanced by architectural detail.
6. Proposed auto access will be provided by a driveway off of the City beach parking lot access street, which borders the south edge of the Balboa Inn.
7. The addition will consist of two and three-story levels.

- A.) The second level will include a central sun deck with spa and two residentially scaled buildings on either side. The western building provides three (3) rooms and the eastern building provides four (4) rooms, all directly accessible from the sun deck. The second level is connected to the existing Balboa Inn by an existing bridge, which will be retained and enhanced by architectural detail.
 - B.) The third level provides two (2) rooms in the western building and two (2) rooms in the eastern building, accessible by separate stairs for each building. All rooms are proposed to have ocean views and balconies to articulate the facades.
8. The Spanish colonial revival style of the existing Balboa Inn will be carried into the additions by continuing the ground floor arcade, use of similar columns and arches, and providing similar architectural details, colors and materials.
3. Prior Commission Action in Subject Area

On January 21, 1974, the Commission approved Coastal Development Permit P-11-7-73-2205 (Pulaski) for the renovation and restoration of the Balboa Inn located at 105 Main Street, north of the project site on the opposite side of Oceanfront. The permit was approved with one special condition, which required the applicant to provide 117 parking spaces and said spaces to be of size required by local regulations for required off-street parking spaces.

On May 10, 1984, the Commission approved Coastal Development Permit 5-84-194 (Caffe Nunzio, Inc.) for the conversion of use located within the Balboa Inn from a retail store to restaurant located at 105 Main Street, north of the project site on the opposite side of Oceanfront. The permit was approved with no special conditions.

On June 11, 1985, the Commission approved Waiver 5-85-407-W (Griswold's Hotels & Dev.). CDP 5-85-407-W was a waiver that allowed the restoration and refurbishing of the Balboa Inn located at 105 Main Street, north of the project site on the opposite side of Oceanfront. The project did not intensify existing uses. The project included interior remodeling and installation of modern fixtures only.

B. Scenic Resources

Section 30251 of the Coastal Act states, in relevant part:

The scenic and visual qualities of coastal areas shall be considered and protected as a resource of public importance. Permitted development shall be sited and designed to protect views to and along the ocean and scenic coastal areas, to minimize the alteration of natural land forms, to be visually compatible with the character of surrounding areas, and, where feasible, to restore and enhance visual quality in visually degraded areas...

Section 30253 of the Coastal Act states, in relevant part:

5) Where appropriate, protect special communities and neighborhoods which, because of their unique characteristics, are popular visitor destination points for recreational uses.

The City of Newport Beach Land Use Plan (LUP) was certified on May 19, 1982. Since the City only has an LUP, the policies of the LUP are used only as guidance. The Newport Beach LUP includes the following policy that relates to development at the subject site:

Coastal Views, Policy 2 states,

The City shall preserve beaches, surf action, and coastal shoreline in a manner that will maintain their aesthetic and natural value.

The project site is located on the seaward side of Oceanfront and is separated from the public beach by a City beach parking lot. The project area due to its proximity to the ocean serves as a popular destination point for recreational uses and Oceanfront serves as a major pedestrian path for the public to reach these recreational uses. Oceanfront extends from Summit Street to approximately 8 houses south of "E" Street. Oceanfront is an unimproved path from Summit Street to 36th Street and then becomes an improved concrete path from 36th Street to approximately 8 houses south of "E" Street. The pattern of development along the seaward side of Oceanfront consists primarily of public beach. There are only two instances where commercial development exists seaward of Oceanfront. A one story fish market is located near McFadden Street on the seaward side of Oceanfront, approximately 4 miles north of the project site. The second commercial development is the proposed project site. Though the pattern of development seaward of Oceanfront consist primarily of public beach, there are some locations where development providing public amenities such a two story life guard station, the Newport Pier, a City beach parking lot, the Newport Heights Elementary playground area, another City beach parking lot, Peninsula Park and the Balboa Pier are also found. One of the City beach parking lots, Peninsula Park and the Balboa Pier make up the pattern of development next to the project site along the seaward side of Oceanfront from Adams Street to "A" Street (Exhibit #7). The proposed project would not conform to the overall existing pattern of development along the seaward side of Oceanfront and also specifically, the immediate area next to the project site along the seaward side of Oceanfront from Adams Street to "A" Street by constructing the new multistory commercial building. No existing commercial multistory structures are currently located seaward of Oceanfront. The only existing structures located in this immediate area seaward of Oceanfront between Adams Street and "A" Street are small scale structures such as the gazebo in the park, the restroom facilities, a bus shelter and the existing one story building. The project site is highly visible from the public beach and would adversely impact public views to and from the beach. Oceanfront serves as a major pedestrian path for the public in this area and construction of this multistory building would impede public coastal views. Development at this site, if approved, must be sited and designed to be visually compatible with the character of the surrounding area. It is also necessary to ensure that new development be sited and designed to protect views to and along the beach area. The proposed project, as submitted, would be a significant new development adversely impacting coastal public views.

Public Views

There are two types of public views that would be adversely impacted by the proposed project. First, there are public views toward the Pacific Ocean and the beach, which would be obstructed by the proposed development. Second, there are views from the Pacific Ocean and beach toward the project site.

Views Toward the Pacific Ocean and the Beach

Public views toward the Pacific Ocean, the beach, and other aspects of this scenic coastal area would be adversely affected by the proposed project. The existing one story retail building,

storage building, swimming pool and a stairway attached to an existing bridge connected to the existing Balboa Inn would be demolished and a multistory building would be constructed in its place. To compensate for the adverse visual impact resulting from the two and three story elements, the proposed project will open a portion of the view of the Ocean (westerly 26.5 feet) presently blocked by the perimeter walls. Nevertheless, the view of the ocean from Oceanfront and Main Street would be negatively changed with the project (Exhibits #6, page 3 of 3 and #7). A new building with an overall building height of 31 feet above natural grade would replace the existing one story development. The proposed project would adversely impact public coastal views from Oceanfront and Main Street and also creates a more intense building presence. The height and bulk of the proposed building intensifies development in an area where no such type of development is present. No existing commercial multistory structures are currently located seaward of Oceanfront. The only existing structures located in this immediate area between Adams Street and "A" Street seaward of Oceanfront are small scale structures such as the gazebo in the park, the restroom facilities, a bus shelter and the existing one story building. The proposed development would especially impact the public that use Oceanfront because it serves as a major pedestrian walkway. Therefore, the proposed development would not be visually compatible with the surrounding area and thus be inconsistent with Section 30251 of the Coastal Act.

Views from the Pacific Ocean and beach Toward the Project Site.

Public views of the project site from the Pacific Ocean and beach would be affected by the proposed project. Landward of Oceanfront across from the project site is the existing Balboa Inn, which ranges from two stories to three stories in height. On the seaward side of Oceanfront between Adams Street and "A" Street the pattern of development consists of a City beach parking lot, Peninsula Park and Balboa Pier. The proposed multistory building would replace an existing one story development and visually encroach because of its size, therefore adversely impacting views of the project area along the coast from the beach/ocean and would not enhance visual quality in a visually degraded areas, thus conflicting with Section 30251 of the Coastal Act (Exhibits #6, page 3 of 3 and #7). Besides impacting coastal views from and to the coast, construction of the proposed project would not adhere to the existing community character. Therefore, the proposed development would not be visually compatible with the surrounding area and thus be inconsistent with Section 30251 of the Coastal Act.

Community Character

The proposed project would not conform to the existing pattern of development located on the seaward side of Oceanfront by constructing the proposed new building expansion to the existing Balboa Inn. The area seaward of Oceanfront extending from Summit Street to approximately 8 houses south of "E" Street primarily consists of public amenities such as the Newport Pier, Balboa Pier, Peninsula Park, City beach parking lots and the public beach, all of which serve as lower cost visitor and recreational facilities. In addition, the only existing structures located in the immediate project area next to the project site along the seaward side of Oceanfront from Adams Street to "A" Street other than the existing building are small scale structures such as the gazebo in the park, the restroom facilities, a bus shelter and the existing one story building (Exhibit #7). These currently existing structures are less massive and lower than the proposed project and are separated from the project site by varying distances. The existing building, even in its current, one-story condition, is the most prominent commercial development seaward of Oceanfront and in the project area seaward of Oceanfront from Adams Street to "A" Street. The closest developed areas seaward of the project site are the surrounding walkways and the City beach parking lot. The proposed project intensifies development in an area where development is less massive and lower in scale. In addition, the current existing development on the project site promotes the character of the area as a lower

cost visitor and recreational facility by serving snacks and coffee and offering beach rentals, such as bicycles and rollerblades. However, the proposed project would include space on the ground level that would eliminate the existing lower cost visitor and recreational character of the site. The proposed project as stated before is inconsistent with the surrounding area. The project area due to its proximity to the ocean serves as a popular destination point for the public to come and enjoy the lower cost visitor and recreational facilities. Nearby are Peninsula Park, Balboa Pier and the beach and Oceanfront serves as a major pedestrian path for the public in this area to reach these coastal recreational opportunities. The proposed project would eliminate an existing lower cost and visitor recreational use located on site and instead replace it with more intense development that would remove the existing use on site, therefore adversely impacting the existing character of the site. Thus, it is inconsistent with Section 30251 of the Coastal Act, and it is also inconsistent with Section 30253 (5) of the Coastal Act because it does not protect the unique characteristics of the project area. By not protecting the unique characteristics of the project area, the proposed project is altering and adversely impacting the community character. Therefore, the proposed project must be denied.

City's Land Use Plan

The City's LUP policy regarding coastal views states the City shall preserve beaches, surf action, and coastal shoreline in a manner that will maintain their aesthetic and natural value. Allowing the proposed project consisting of a new building which is an expansion to the existing Balboa Inn would significantly adversely impact coastal views and degrade the aesthetic and natural value of the coastal shoreline. The existing pattern of development along the seaward side of Oceanfront extending from Summit Street to approximately 8 houses south of "E" Street consists primarily of public beach and specifically, the immediate project area next to the project site along the seaward side of Oceanfront from Adams Street to "A" Street consist of a City beach parking lot, Peninsula Park, and the Balboa Pier. The community character of the project site and development along the seaward side of Oceanfront does not support the proposed development consisting of a multistory commercial building. Allowing this proposed project would adversely impact the aesthetic value of the coastal shoreline by impeding public views toward the coast and from the coast. Therefore, the proposed project would cause adverse impacts to coastal scenic views of the area thus violating the City's LUP policy on coastal views.

Alternatives

Due to the project's adverse impacts on coastal views, possible project alternatives were requested from the applicant in order to find an approvable project that would limit adverse impact on coastal views. The applicant has submitted discussion of one alternative for the proposed project. The alternative plan included a two story retail structure sited at the west end of the parcel such that the existing pedestrian bridge gave access to the second floor retail space. The alternative structure was 26 feet average height, 31 feet to the ridge, providing 3,699 square feet of retail space, 11 on grade parking stalls and 858 square feet of ground level landscaping. The applicant did not consider this plan as a viable option due to the open parking at Main Street, and two story building height at the west property line, which would have a greater impact on existing residences along Oceanfront by placing a 26 foot high blank wall adjacent to these existing duplexes.

Conclusion

The Commission finds that the proposed project, as currently proposed, is not sited and designed to protect or enhance scenic and visual qualities of coastal areas or scenic views to and along the ocean and other scenic coastal areas as a source of public importance, nor is it

consistent with the community character. Denial of the proposed project would preserve existing scenic resources and would be consistent with preserving the existing community character where development is less massive seaward of Oceanfront. The project area serves as a popular destination point for recreational uses. The Commission finds that the proposed project would not be visually compatible with the character of the surrounding area. Consequently, the proposed project would increase adverse impacts upon visual quality in the subject area. Therefore, the Commission finds that the proposed project is inconsistent with Section 30251 and Section 30253 (5) of the Coastal Act and with the City's LUP policy regarding coastal bluff sites and therefore must be denied.

C. Public Access

Section 30213 of the Coastal Act states:

Lower cost visitor and recreational facilities shall be protected, encouraged and, where feasible, provided. Developments providing public recreation opportunities are preferred.

The project site currently has a one story retail building that serves snacks and coffee and offers beach rentals, such as bicycles and rollerblades, which adheres to Section 30213 of the Coastal Act. This current one story retail building provides snacks and coffee and provides beach rentals to the beach going public that are lower cost visitor and recreational services in an area that serves as a popular destination point for recreational uses. The site is easily accessible for those people going to the beach, Balboa Pier, Peninsula Park or visiting the "Balboa Village" area and is adjacent to Oceanfront, which serves as a major pedestrian path for the public in this area." However, the proposed project would remove the existing use on site and could eliminate the lower cost and visitor recreational use.

The proposed project would transform the existing visitor serving development into a new multistory building with an overall building height of 31 feet above natural grade that will serve as an addition to the Balboa Inn located next to the site and consequently not adhere to the existing use on site. This proposed project would be inconsistent with Section 30213 of the Coastal Act. The ground floor would include 20 tandem parking stalls 1,370 square feet of enclosed retail space. The second and third story elements will comprise of the 11 room addition to the existing Balboa Inn. The ground floor that once comprised of lower cost visitor and recreational facilities would be transformed into an area that could eliminate lower cost visitor recreational opportunities. Oceanfront serves as a major pedestrian path for the public in this area and the existing use on the project site provides lower cost visitor and recreational opportunities for the beach going public. Removal of this type of use would impact public use of the area by ceasing to provide lower cost visitor and recreational opportunities for the public.

Further adverse impacts to lower cost visitor and recreational facilities by the proposed project arise from the City of Newport Beach Use Permit #3683 that requires that a valet parking plan be operated in conjunction with the proposed tandem parking area. The proposed parking would be operated for the exclusive use of Balboa Inn guests and retail customers of the ground floor space. There would be a valet parking service fee for guests to the Balboa Inn and for retail customers visiting the retail area located on the ground floor of the proposed project. The agent has stated that there could possibly be a validation program for the retail customers. This valet parking program would further adversely impact lower cost and recreational facilities by discouraging use of the area. The implementation of the valet parking program does not preserve the existing lower cost and recreational facility use on site. In addition, the proposed parking on site is only for the hotel addition and retail uses located on the project site. These parking spaces are not intended for general public use.

Even though the proposed project provides development for the public to use in this coastal area in the form of new commercial development and hotel use, the proposed project eliminates an existing lower cost visitor recreation facility and would not protect, encourage or provide lower cost visitor and recreational facilities for the public to use in this area. The ground floor that once comprised of lower cost visitor and recreational facilities would be transformed into an area that could eliminate lower cost visitor recreational opportunities. Elimination of this type of retail development on the ground floor would discourage use of the area by no longer allowing affordable uses that are provided on site like the existing snacks and coffee and beach rental retail building. Also, the proposed valet parking program would further adversely impact lower cost and recreational facilities by discouraging use of the area. The implementation of the valet parking program does not preserve the existing lower cost and recreational facility use on site. Therefore, the Commission finds that the proposed project, as currently proposed, is not sited and designed to protect lower cost and recreational facilities located in an area that serves as a popular visitor destination. Denial of the proposed project would preserve existing public access resources. Therefore, the Commission finds that the proposed project is inconsistent with Section 30213 of the Coastal Act and must be denied.

D. Alternatives

Denial of the proposed project will neither eliminate all economically beneficial or productive use of the applicant's property, nor unreasonably limit the owner's reasonable investment backed expectations of the subject property. The applicant already possesses a substantial commercial development of significant economic value of the property. In addition, several alternatives to the proposed development exist. Among those alternative developments are the following (though this list is not intended to be, nor is it, comprehensive of the possible alternatives):

1. No Project

No changes to the existing site conditions would result from the "no project" alternative. The owner would continue to use the existing commercial development. There would be no adverse impacts to the coastal public views since the existing development would remain. Also, the site would adhere to the community character and intensified development would not occur. The site would remain as a lower cost visitor recreational facility and provide continued services such as snacks, coffee and beach rentals to the beach going public. This alternative would result in the least amount of effects to the public view and also would not have any adverse effect on the value of the property.

2. Redevelopment of the Project Site

An alternative to the proposed project would be redevelopment of the project site with a more compatible less intense design that would provide visitor serving uses such as beach rentals to keep the site as a lower cost visitor and recreational facility. Redevelopment of the site could also resolve parking deficiencies in the area. There would be no adverse impacts to the coastal public views, the site would adhere to the community character and intensified development would not occur. The site would not be converted into a more intense hotel related use. The site would remain as a lower cost visitor recreational facility and provide continued services to the beach going public. This alternative would result in the least amount of effects to the public view and also would not have any adverse effect on the value of the property.

E. Local Coastal Program

Section 30604(a) of the Coastal Act provides that the Commission shall issue a coastal development permit only if the project will not prejudice the ability of the local government having jurisdiction to prepare a Local Coastal Program which conforms with the Chapter 3 policies of the Coastal Act.

The City of Newport Beach Land Use Plan (LUP) was certified on May 19, 1982. Since the City only has an LUP, the policies of the LUP are used only as guidance in the Commission's review of this proposed project. The Newport Beach LUP includes the following policies that relate to development at the subject site:

Coastal Views, Policy 2 states,

The City shall preserve beaches, surf action, and coastal shoreline in a manner that will maintain their aesthetic and natural value.

The construction of the proposed project is inconsistent with the policies in the City's certified LUP and as well as Chapter 3 policies of the Coastal Act discusses previously, specifically Sections 30251, 30253 and 30213 of the Coastal Act. Development on the project site would adversely impact coastal views, the community character and lower cost visitor and recreational facilities, which is inconsistent with Sections 30251, 30253 and 30213 of the Coastal Act. Section 30251 of the Coastal Act states that permitted development shall be sited and designed to protect views to and along the ocean and scenic coastal areas, to be visually compatible with the character of surrounding areas and where feasible restore and enhance visual quality in visually degraded areas. Section 30253 of the Coastal Act states that where appropriate, special communities and neighborhoods shall be protected because their unique characteristics make them popular destination points for recreational uses. Section 30213 of the Coastal Act states that Lower cost visitor and recreational facilities shall be protected, encouraged and where feasible provided. The proposed development would prejudice the City's ability to prepare a Local Coastal Program for Newport Beach that is consistent with the Chapter 3 policies of the Coastal Act as required by Section 30604(a). Therefore, the project is found inconsistent with the policies in the City's certified LUP and the Chapter 3 policies of the Coastal Act, and approval of this project would be inconsistent with Section 30604(a). Therefore, the project must be denied.

F. California Environmental Quality Act

Section 13096 of Title 14 of the California Code of Regulations requires Commission approval of Coastal Development Permits to be supported by a finding showing the permit, as conditioned by any conditions of approval, to be consistent with any applicable requirements of the California Environmental Quality Act (CEQA). Section 21080.5(d)(2)(A) of CEQA prohibits a proposed development from being approved if there are feasible alternatives or feasible mitigation measures available, which would substantially lessen any significant adverse effect, which the activity may have on the environment.

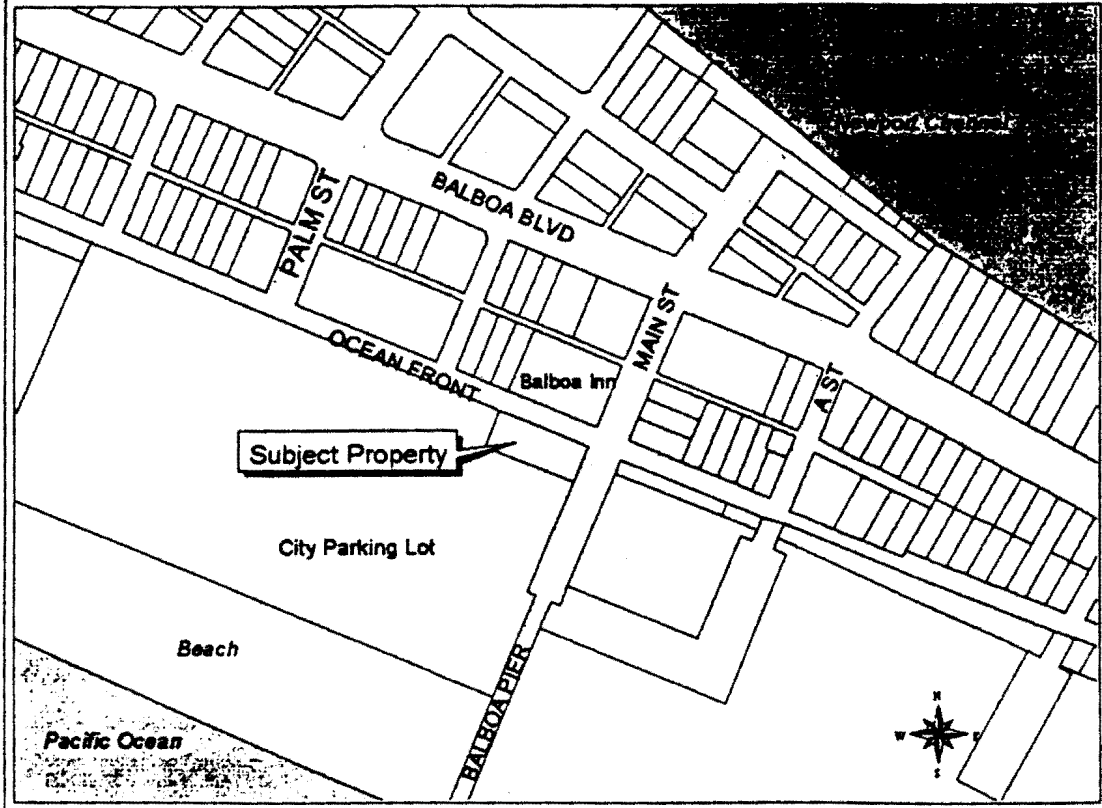
As described above, the proposed project would have adverse environmental impacts. There are feasible alternatives or mitigation measures available, such as redevelopment of the project site with a more compatible less intense design that would provide visitor serving uses such as beach rentals to keep the site as a lower cost visitor and recreational facility that would substantially lessen any significant adverse impacts the activity may have on coastal public views, community character and lower cost visitor and recreational facilities. Therefore, the

proposed project is not consistent with CEQA or the policies of the Coastal Act because there are feasible alternatives, which would lessen significant adverse impacts, which the activity would have on the environment. Therefore, the project must be denied.

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5-01-063

Vicinity Map



COASTAL COMMISSION

EXHIBIT # 1
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ASSESSOR'S BLOCK 4
PARCEL NUMBERS
BOOK 48 PAGE 13

14

M.M. 4-11
M.M. 6-15
M.M. 8-37
P.M. 267-16, 278-28

THE BALBOA TRACT
BAY FRONT SECTION
RE-SUB DIVISION
BOOK 9, BALBOA
PARCEL

MARCH 1949

COASTAL COMMISSION

EXHIBIT # 2
PAGE 1 OF 1

PROJECT SITE

ASSESSOR'S MAP
BOOK 48 PAGE 12
COUNTY OF ORANGE

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THIS MAP WAS PREPARED BY THE
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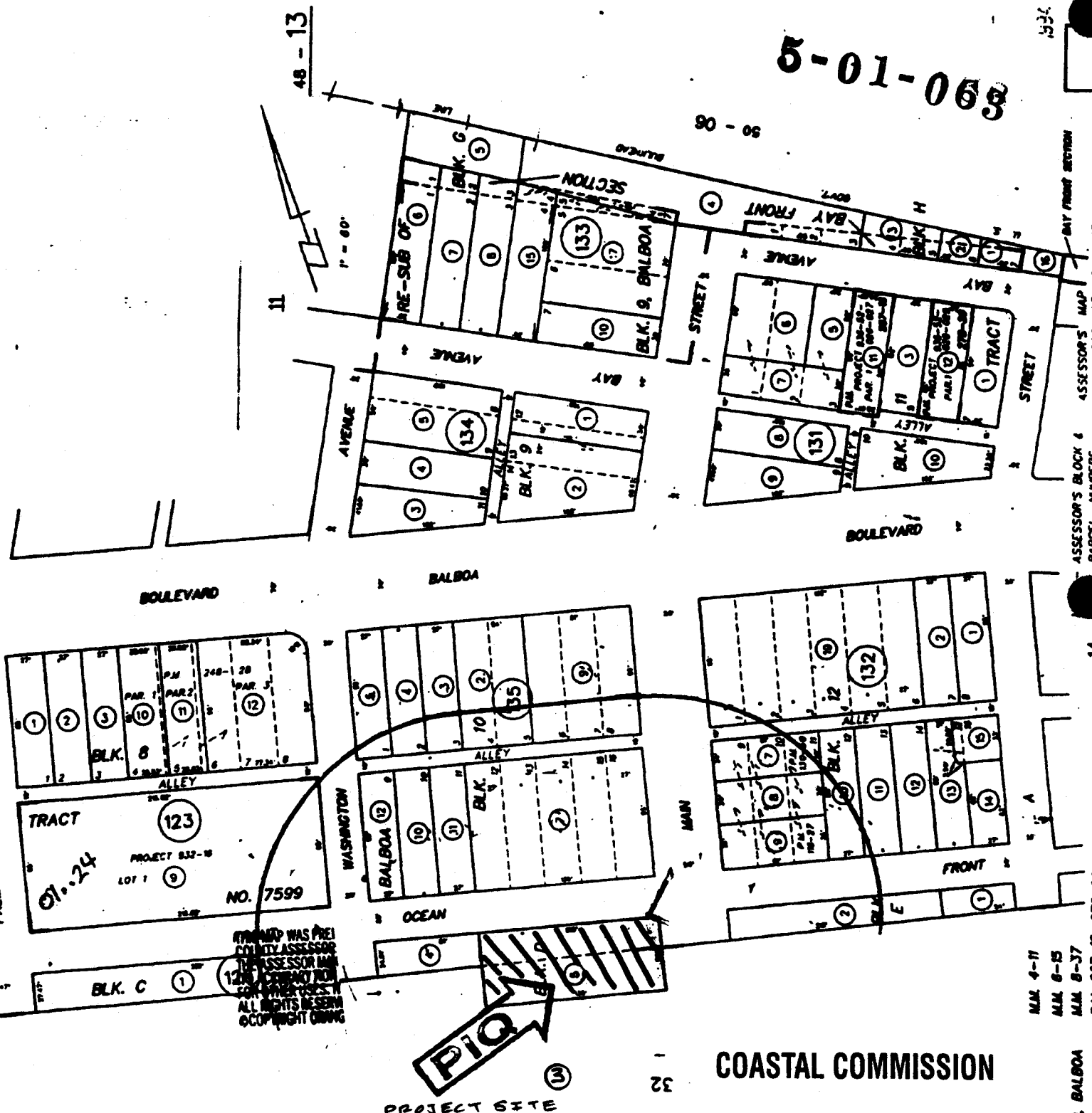
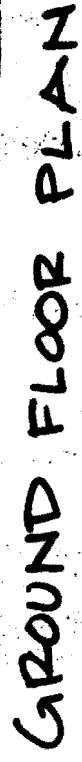


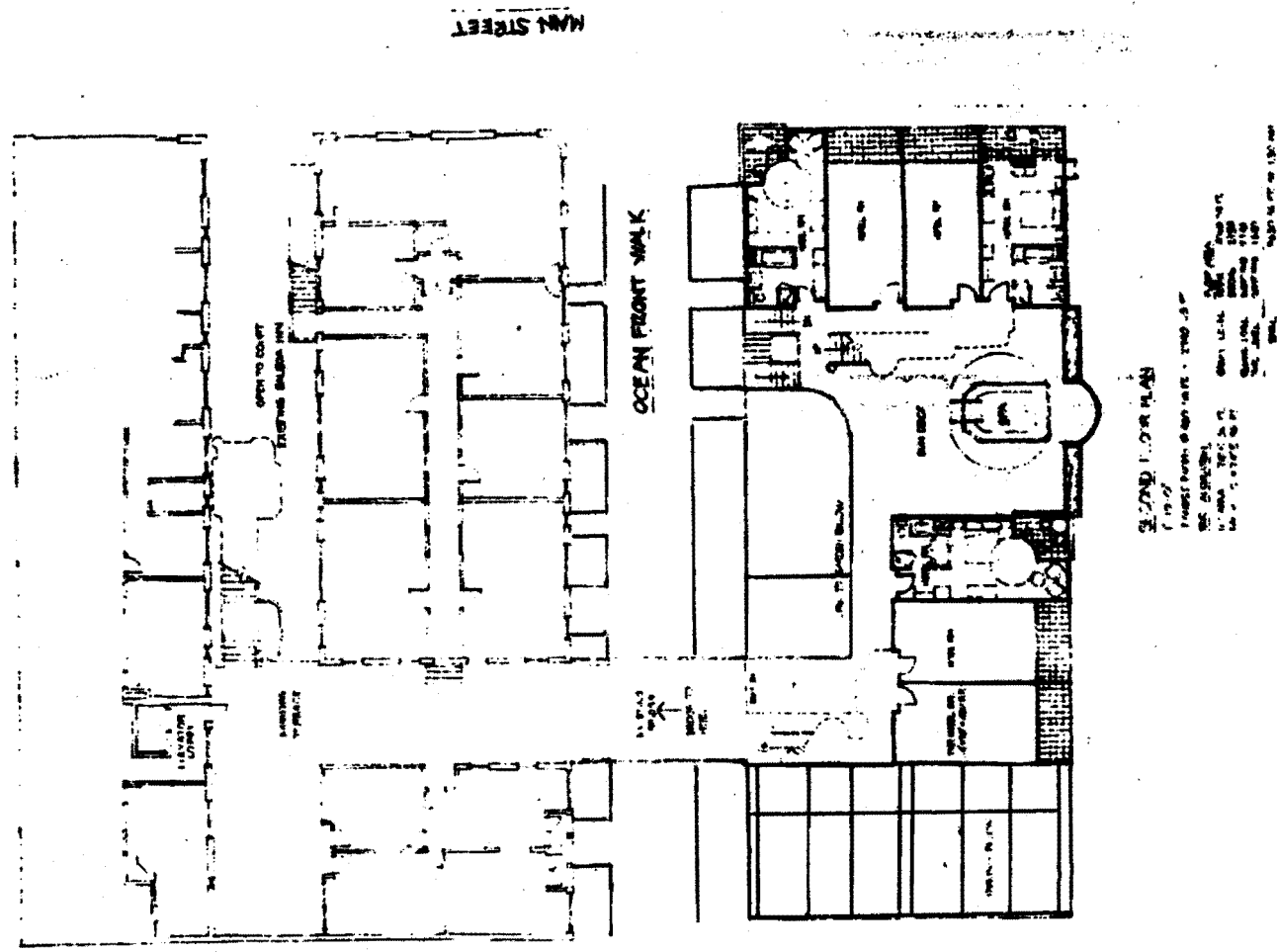
EXHIBIT # 3
PAGE 1 OF 1



Wm. J. ...

COASTAL COMMISSION

EXHIBIT # 4
PAGE 1 OF 1



SECOND FLOOR PLAN

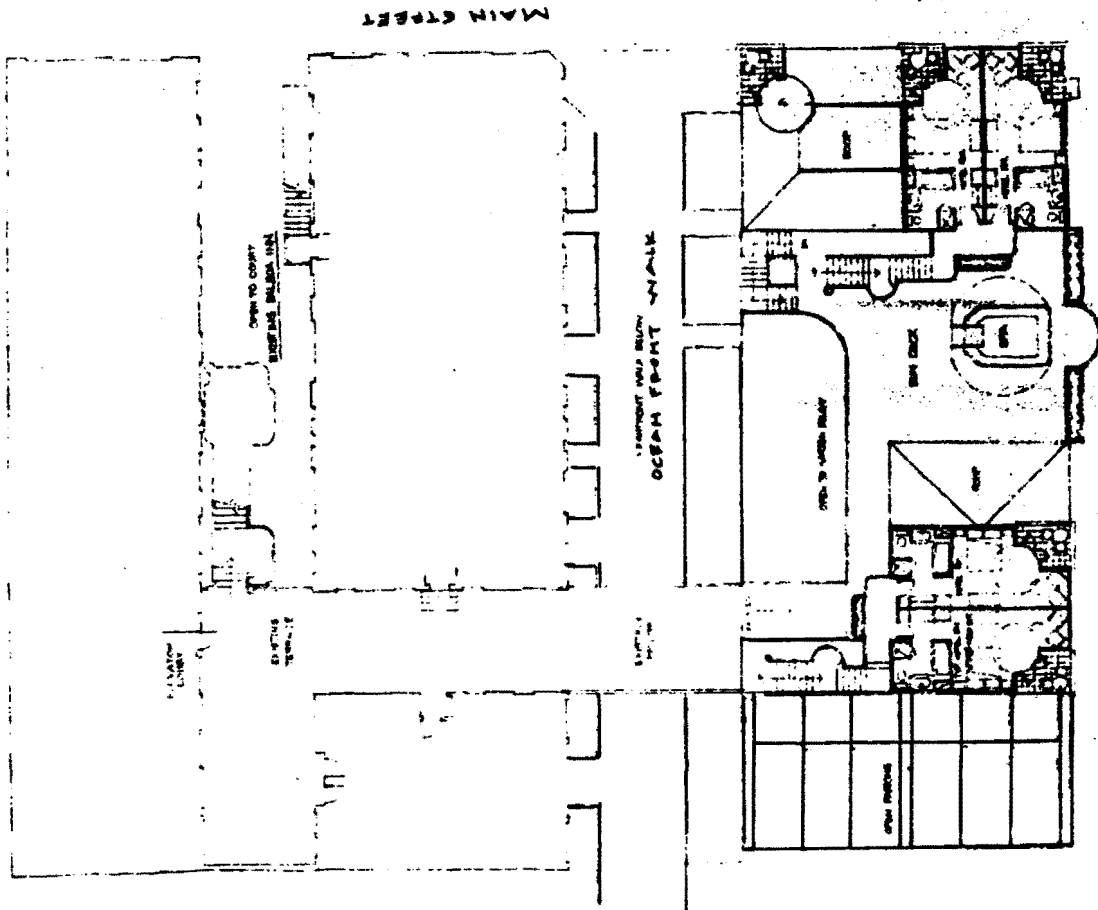
WITNESS

COASTAL COMMISSION

EXHIBIT # 5

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THIRD FLOOR PLAN

THIRD FLOOR PLAN

Architectural Firm



EAST ELEVATION

EAST ELEVATION



SOUTH ELEVATION

SOUTH ELEVATION

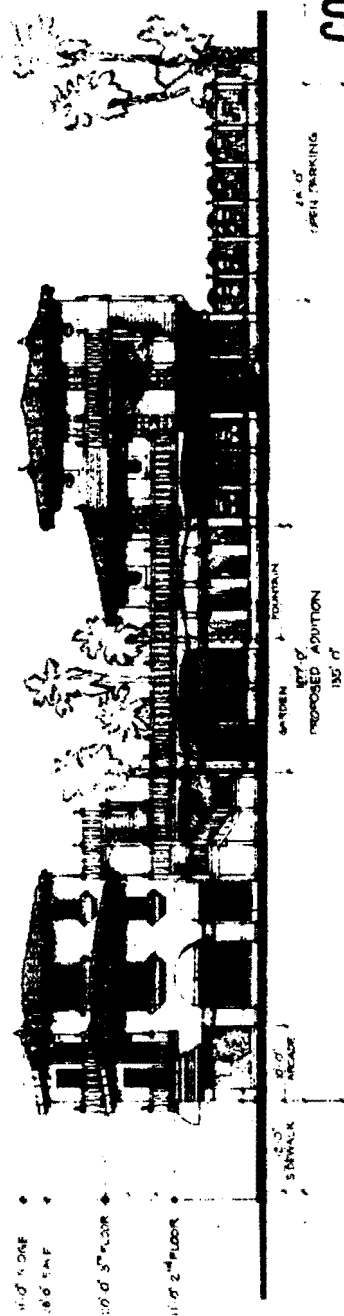
COASTAL COMMISSION

11'-0" RIDGE
28'-0" EAVE
57'-0" 3rd FLOOR
11'-0" 2nd FLOOR
10'-0" PLANTING
8'-0" PLANTING
8'-0" PLANTING
11'-0" 1st FLOOR

8'-0" PLANTING
10'-0" PLANTING
15'-0" PUBLIC WALK
10'-0" PLANTING
85'-0" PROPOSED ADDITION
11'-0" 1st FLOOR

WEST ELEVATION

WEST ELEVATION



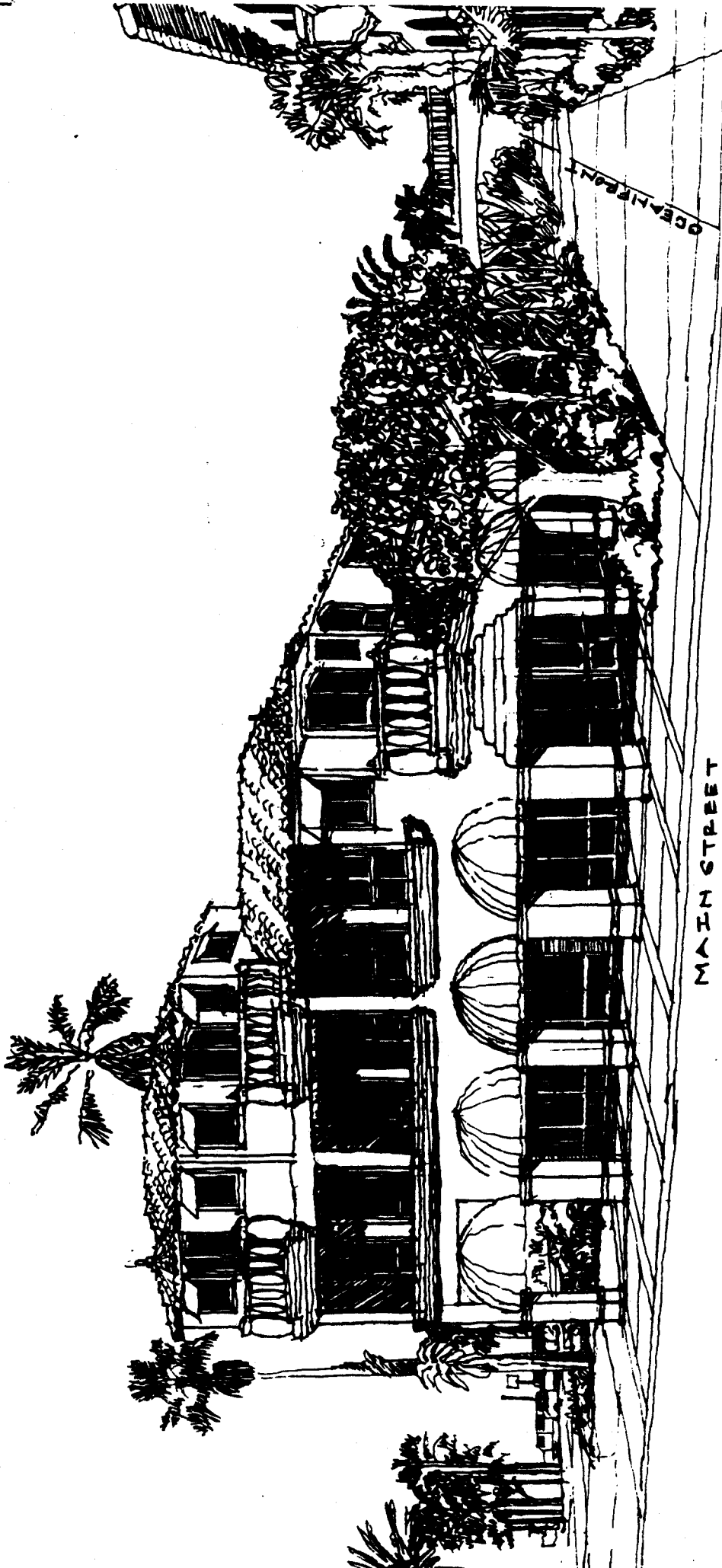
APPROXIMATE ELEVATION

NORTH ELEVATION

COASTAL COMMISSION

EXHIBIT # 6

PAGE 2 OF 3

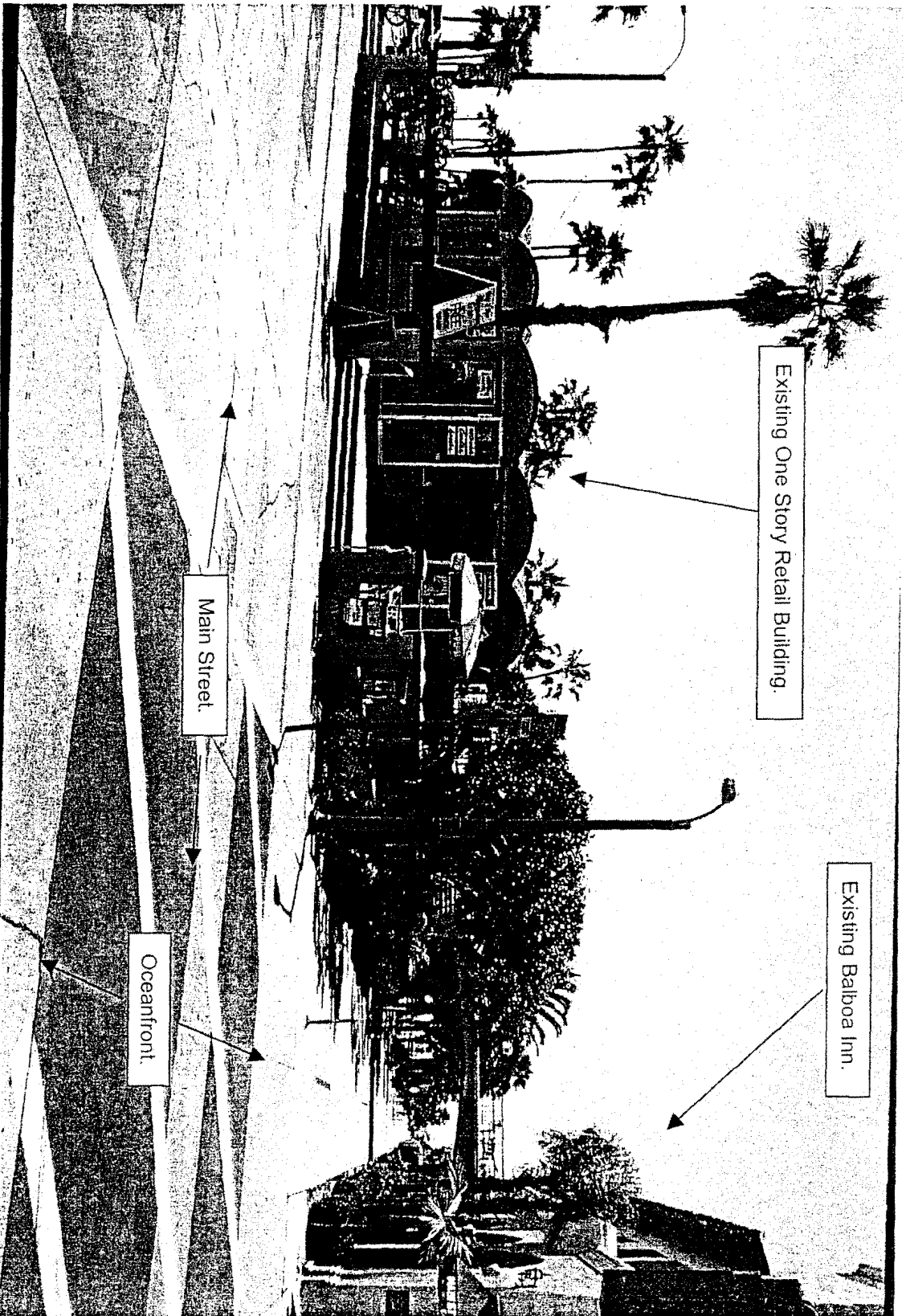


VIEW OF PROPOSED BALBOA INN
ADDITION LOOKING SOUTH AND WEST
TOWARD BALBOA PIER PARKING LOT
AND OCEAN FRONT WALK
VIEW ANALYSIS

RECEIVED
South Coast Region
AUG 31 2001
CALIFORNIA
COASTAL COMMISSION

COASTAL COMMISSION

EXHIBIT # 6
PAGE 3 OF 3



VIEW ANALYSIS

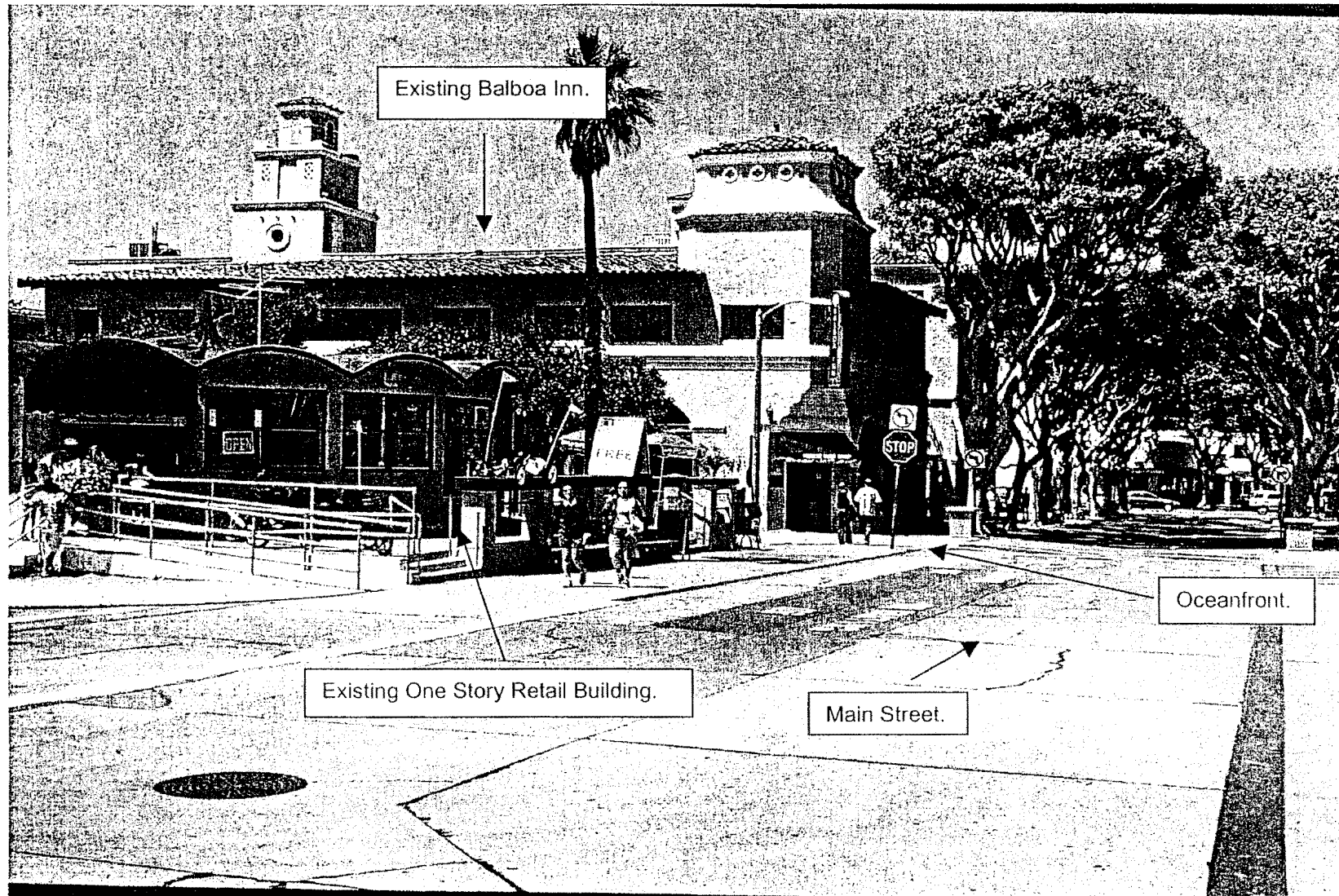
EXISTING VIEW LOOKING SOUTH & WEST FROM OCEAN FRONT & MAIN ST.

COMMITTEE



VIEW ANALYSIS

EXISTING VIEW LOOKING SOUTH ON MAIN COASTAL COMMISSION



VIEW ANALYSIS

EXISTING VIEW LOOKING NORTH ON MAIN STREET

COASTAL COMMISSION

EXHIBIT #

PAGE 3

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3

