CALIFORNIA COASTAL COMMISSION
South Coast Area Office
200 Oceangate, Suite 1000
Long Beach, CA 90802-4302
(562) 590-5071

W 18c

Filed:	March 14, 2007
49th Day:	May 2, 2007
180th Day:	September 10, 2007
Staff:	Fernie Sy-LB
Staff Report:	July 19, 2007
Hearing Date:	August 8-10, 2007
Commission Action:	

STAFF REPORT: REGULAR CALENDAR

APPLICATION NO.: 5-06-328

APPLICANTS: Alan Schwendener

AGENT: Jill Christofferson

PROJECT LOCATION: 400 Marina Drive, City of Seal Beach (County of Orange)

PROJECT DESCRIPTION: Demolition of an existing one-story, 4,640 square foot ten (10)-unit structure presently used for residential purposes, subdivision of the 13,667 square foot lot into four (4) separate parcels ranging from 2,938 to 4,855 square feet in size, and construction of four (4) new two-story, single-family residences ranging from 2,000 to 3,000 square feet with attached two (2)-car garages. Grading will consist of 200 cubic yards of cut, 400 cubic yards of fill, and 200 cubic yards of import.

SUMMARY OF STAFF RECOMMENDATION:

The subject site is located seaward of Pacific Coast Highway at 400 Marina Drive in the City of Seal Beach, Orange County. The applicant is proposing the demolition of an existing 10-unit rental structure on one (1) lot and the sub-division of the lot into four (4) lots, each with a single-family residential structure. The primary issues before the Commission are the commitment of the site, which may be suitable for a priority use, to a lower priority residential use, the loss of development density at the site and the resultant impact on public access and cumulative impacts on coastal resources, and the loss of opportunity for more affordable housing in the coastal zone. Staff recommends that the Commission **DENY** the proposed project.

As submitted, the proposed project is primarily inconsistent with Sections 30213, 30222, 30250, 30252, 30253 and raises issues regarding 30604 of the Coastal Act. The proposed project intends to commit a site that may be appropriate for visitor-serving commercial use to a private residential use. Private residential use is identified in the Coastal Act as a lower priority use in the coastal zone. Visitor-serving commercial uses provide greater public benefit than private residential uses because a larger segment of the population is able to take advantage of and enjoy the use of the property and such uses support visitors to the coast. The proposed project would eliminate ten (10) rental units on-site and replace them with four (4) for-sale single-family residences, each on its own lot, resulting in a decrease in concentration of development at the site with attendant impacts upon coastal resources, including public access. Lastly, the proposed project does not encourage the protection or provision of lower cost more affordable housing.

Furthermore, alternatives to the proposed project exist. For example, the existing structure could be renovated or replaced to serve as a visitor-serving commercial use resulting in a higher priority use on-site which would provide greater public benefit. If, upon further study, the site is found to be unsuitable for a higher priority commercial use, the existing 10-unit structure could be renovated

to physically improve the site, while continuing to serve as a multi-family residential use. Another option is to replace the existing structures with new higher density residential development (as opposed to lower-density single-family homes) or a mixed use residential/commercial project. These options would provide housing that is more affordable than single family residences. Also, the proposed decrease in intensity of use would be avoided or reduced, resulting in lesser impacts upon coastal resources. There are, perhaps, other alternatives as well. Therefore, staff recommends that the proposed project be **DENIED**.

Section 30600(c) of the Coastal Act provides for the issuance of coastal development permits directly by the Commission in regions where the local government having jurisdiction does not have a certified Local Coastal Program. The City of Seal Beach does not have a certified Local Coastal Program. Therefore, the Coastal Commission is the permit issuing entity and the standard of review is Chapter 3 of the Coastal Act.

LOCAL APPROVALS RECEIVED: Approval-In-Concept dated April 24, 2006 from the City of Seal Beach Planning Department; Initial Study/Mitigated Negative Declaration 06-1; General Plan Amendment 06-1; Zone Change 06-1; Tentative Parcel Map 2005-257; Resolution No. 5457 approving Tentative Parcel Map No. 2005-257;-Resolution No. 5456 approving General Plan Amendment 06-1, amending the Land Use and Housing Elements;-Resolution No. 5455 adopting the Negative Declaration 06-1; Ordinance No. 1546 adopting Zone Change 06-1, changing the Zoning Designation from General Commercial (C-2) to Residential High density (RHD), District 1.

SUBSTANTIVE FILE DOCUMENTS: Letter from Commission staff to Jill Christofferson dated September 14, 2006; Information to Commission staff from Jill Christofferson received October 3, 2006; Letter from Commission staff to Jill Christofferson dated November 2, 2006; Letter from City of the City Seal Beach to Commission staff dated December 11, 2006; Information to Commission staff from Jill Christofferson received January 9, 2007; Visitor Serving Commercial Market Conditions Report by Economics Research Group dated February 28, 2007;and Letter from the City of Seal Beach to Commission staff dated April 26, 2007.

LIST OF EXHIBITS

1. Location Map
2. APN/Surrounding Uses Map
3. Zoning Maps
4. Site/Floor/Elevation Plans for three (3) units on 25' x 118 lots
5. Site/Floor/Elevation Plans for the fourth unit on a irregular shaped lot
6. Tentative Parcel Map
7. *Visitor Serving Commercial Market Conditions* Report by Economics Research Group dated February 28, 2007

STAFF RECOMMENDATION:

I. STAFF RECOMMENDATION OF DENIAL

Staff recommends that the Commission **DENY** the coastal development permit application by voting **NO** on the following motion and adopting the following resolution.

A. MOTION

I move that the Commission approve Coastal Development Permit No. 5-06-328 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. Approval of the permit would not comply with the California Environmental Quality Act because there are feasible mitigation measures or alternatives that would substantially lessen the significant adverse impacts of the development on the environment.

II. FINDINGS AND DECLARATIONS:

The Commission hereby finds and declares:

A. PROJECT LOCATION AND DESCRIPTION

The subject site is located seaward of Pacific Coast Highway at 400 Marina Drive in the City of Seal Beach, Orange County (Exhibits #1-2). The applicant is proposing the demolition of an existing one-story, 4,640 square foot ten (10)-unit apartment structure and construction of four (4) new two-story, single-family residences ranging from 2,000 to 3,000 square feet with attached two (2)-car garages (Exhibits #4-5). All of the proposed residences are approximately 23' to 24'-6" in height (25' is allowed) and comply with all setback and lot coverage requirements of the City. Grading will consist of 200 cubic yards of cut, 400 cubic yards of fill, and 200 cubic yards of import.

The applicant is also proposing a Tentative Parcel Map to subdivide the existing 13,667 square foot property into four (4) lots (Exhibit #6). Three of the lots would be 25' x 118 in size, comprising 2,938 square feet and fronting onto Fourth Street. The fourth lot, adjacent to Marina Drive is irregular in shape, has 6-feet of frontage on Fourth Street, 137-feet of frontage on Marina Drive, and has 77-feet of frontage on the alley, and comprises 4,855 square feet.

In order to allow the construction of single-family residences, the Seal Beach City Council approved amending the Land Use and Housing Elements of the General Plan to designate the 13,677 square foot property from Commercial General to Residential High Density. In addition, the City Council approved changing the Zoning Designation on this parcel from General Commercial (G-2) to Residential High Density (RHD), District 1 to be consistent with the General Plan (Exhibit #3). These land use and zoning changes have not been reviewed by the Commission because the City does not have a certified LCP.

The area consists of a mixture of commercial uses and single- and multi-family residential structures. To the north of the project site is Marina Drive and residential low density development. To the east of the project site across an alley is a General Commercial zoned area that has a small commercial development consisting of a convenience store, a pizza restaurant, a beauty salon, and a custom cabinetry shop. To the west and south are multi-story multi-family residential structures (Exhibit #2). The site is approximately three (3) blocks from the public beach.

The proposed lots are in conformance with the minimum lot size standards of the proposed Residential High Density (RHD) Zone District 1, which are a minimum lot size of 2,500 square feet and minimum lot dimensions of 25' x 100'. The maximum lot area per dwelling unit on-site is 1 per 2,178 square feet. Thus, the maximum density on-site without the land division is 13,667/2,178 = 6 units. With the land division, the maximum density is reduced to 4 units (1 per lot).

B. <u>VISITOR-SERVING COMMERCIAL USE</u>

Section 30213 of the Coastal Act states, in relevant part:

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

Section 30222 of the Coastal Act states

> *The use of private lands suitable for visitor-serving commercial recreational facilities designed to enhance public opportunities for coastal recreation shall have priority over private residential, general industrial, or general commercial development, but not over agriculture or coastal-dependent industry.*

Section 30213 of the Coastal Act states that lower cost visitor recreational facilities shall be protected, encouraged, and where feasible, provided. Section 30222 of the Coastal Act states that the use of private lands for visitor serving uses takes priority over private residential. The Coastal Act places a higher priority on visitor-serving commercial uses than on private residential uses. Visitor-serving commercial uses provide greater public benefit than private residential uses because a larger segment of the population is able to take advantage of and enjoy the use. In addition, visitor-serving commercial areas provide services to the visiting beach user, including providing places to stay overnight, dine and shop.

The location of the proposed project is seaward of Pacific Coast Highway, three (3) blocks north of the public beach. The site is located five (5) blocks west of Main Street, the primary visitor-serving commercial area of Seal Beach. While Main Street provides many visitor-serving commercial uses such as t-shirt shops and walk up restaurants, no overnight accommodations are located on Main Street and also there are no undeveloped lots of sufficient size available for overnight accommodations on Main Street. Access to coastal recreational facilities is enhanced when there are overnight accommodations for the public.

While the project site is currently used for 10-unit apartment rentals, the project site is well suited for visitor-serving commercial use because of the following: 1) the lot size of 13,667 is larger than most in the area and would be an appropriate size to accommodate visitor-serving commercial uses such as a hotel, motel or bed and breakfast (to be discussed later); 2) the project site is only three (3) blocks north of the public beach and five (5) blocks west of Main Street (the primary visitor-serving commercial area of Seal Beach) so it is in a prime location to serve visitors to these areas. There is a lack of overnight accommodations near these two areas and there are no overnight accommodations along Main Street nor are there lots available for such future overnight accommodations along Main Street; 3) the project site is located along Marina Drive, which is a thoroughfare through the City which is more appropriate than more isolated locations within neighborhoods; 4) there are other existing commercial uses along Marina Drive, so, a commercial use of the subject site would be compatible; and 5) as indicated in the Mitigated Negative Declaration; the site was previously used as a motel. In addition, the tentative parcel map also indicated that the existing building is a motel.

The applicant states that a commercial use on-site would not be feasible, thus he is proposing private residential on-site. In order to support this conclusion, the applicant has submitted the following report: *Visitor Serving Commercial Market Conditions* Report by Economics Research Group dated February 28, 2007 (Exhibit #7). The report concludes the following: "*Considering the aforementioned factors and specifically noting that the site does not satisfy basic retail site selection criteria, is removed from the major concentration of visitor-oriented businesses which are in close proximity to the beach, and that there are properties better suited for future development with visitor-serving uses, we conclude that the use change from General Commercial to Residential High Density will not negatively impact coastal district's ability to provide for its visitors*."

The applicant has stated and has provided a report that supports his argument that visitor-serving commercial uses such as t-shirt shops, or walk up restaurants that are reliant upon pedestrian and vehicle traffic to sustain it cannot be supported at the project site. In addition, the City has stated that they have not been contacted about using the project site for a commercial use and that the site has been used as a residential apartment building since 1979. Thus, the City believes that the lack of interest for commercial use on-site and its use since at least 1979 for residential use shows the inability of the site to support commercial uses. On the other hand, there is no evidence available to the Commission which shows that the applicant, or prior landowner(s), made any effort to market the site for commercial use.

While there is an analysis submitted by the applicant which suggests the site may not be able to support commercial uses reliant upon drop-in business, other visitor-serving commercial uses not reliant upon drop-in commercial uses such as a bed and breakfast or a hotel or motel may be supported on-site. To support this view, the submitted report by Economics Research Group states: "*The Schwendener Company has made no efforts to investigate alternative commercial uses of the property*." Therefore, the ability to use the site for other visitor-serving commercial uses has not been researched and thus there is a distinct possibility that such uses can exist on-site.

Previously, the Commission approved Coastal Development Permit application # 5-05-385 for a similar type of development near the project site at 202-212 5th Street. The project consisted of the demolition of an existing 23-room hotel (Seal Beach Inn) and construction of six (6) single-family residences. There was no subdivision involved as the hotel building spanned six (6) existing lots. Historically, the Inn had been an "apartment motel" structure that was renovated into a bed and breakfast. The applicant was able to demonstrate that the existing structure was in a state of such severe disrepair that it could not be addressed without substantial investment and re-construction of the building. However, reconstruction was not a feasible alternative at that site because the City indicated it would not approve another commercial use at the site due to the land use/zoning inconsistency (the site was designated for Residential High Density-RHD, and had been for decades prior, which does not allow for new commercial development; and the Inn had been a legal, non-conforming use. The applicant was also able to provide records that showed her exhaustive, unsuccessful attempts for years to try and sell that property to another hotel or bed and breakfast operator for continued use as a bed and breakfast. Lack of interest was related to the poor condition of the structure and the unlikely feasibility of being able to sufficiently renovate the building within City constraints that apply to non-conforming uses. However, convinced there were no other options, the Commission allowed the structure to be demolished provided the applicant mitigated the loss of the existing visitor-serving use of the site. Toward that end, the applicant was required to pay an in-lieu fee for each of the six single-family residences to be constructed. In the case of the present application (5-06-328), the applicant has not demonstrated that conditions at the subject site are unsuitable for a priority use. In fact, as noted above, the site appears favorable and suitable for such use.

In regards to the proposed project, if the applicant were able to demonstrate that the site is unsuitable for a priority use, through, among other means, an exhaustive but unsuccessful effort to market the site for a commercial use not reliant upon drop-in business, such as a hotel, motel or bed and breakfast, the Commission could consider other options. Meanwhile, the site must be reserved for a higher priority use.

CONCLUSION

The Coastal Act places a higher priority on visitor-serving commercial uses than on private residential uses. However, the project proposes private residential uses over a visitor-serving commercial use in a prime area for such development. Therefore, the Commission finds that the proposed project is inconsistent with Sections 30213 and 30222 of the Coastal Act and it must be denied.

C. DENSITY

Section 30250 of the Coastal Act states, in part:

> *(a) New residential, commercial, or industrial development, except as otherwise provided in this division, shall be located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and where it will not have significant adverse effects, either individually or cumulatively, on coastal resources. In addition, land divisions, other than leases for agricultural uses, outside existing developed areas shall be permitted only where 50 percent of the usable parcels in the area have been developed and the created parcels would be no smaller than the average size of surrounding parcels.*

Section 30252 of the Coastal Act states:

The location and amount of new development should maintain and enhance public access to the coast by (1) facilitating the provision or extension of transit service, (2) providing commercial facilities within or adjoining residential development or in other areas that will minimize the use of coastal access roads, (3) providing nonautomobile circulation within the development, (4) providing adequate parking facilities or providing substitute means of serving the development with public transportation, (5) assuring the potential for public transit for high intensity uses such as high-rise office buildings, and by (6) assuring that the recreational needs of new residents will not overload nearby coastal recreation areas by correlating the amount of development with local park acquisition and development plans with the provision of onsite recreational facilities to serve the new development.

Section 30253 of the Coastal Act states, in part:

New development shall:

(4) Minimize energy consumption and vehicle miles traveled.

As previously discussed, if the applicant were able to demonstrate that the site is unsuitable for a priority use such as a hotel, motel or bed and breakfast, the Commission could consider other options. One of these options is a lower priority residential use. If residential use were to be allowed, higher density residential use than that proposed by the applicant should be provided at the site to assure conformity with Coastal Act Sections 30250, 30252 and 30253.

Section 30250 of the Coastal Act requires that new development be concentrated in existing developed areas where it can be accommodated without adverse effects on coastal resources. Section 30252 of the Coastal Act states that the location and concentration of development should maintain and enhance public access to the coast by facilitating the extension of transit service and minimizing the use of coastal access roads. Section 30253 indicates new development shall minimize energy consumption and vehicle miles traveled. Concentrating development in existing developed areas provides more opportunities for people to live near places they work and recreate, such as the beach, and, thereby, reduces impacts to coastal resources. Impacts to roads and vehicle miles traveled would be reduced by having a more intense stock of housing located closer to employment and recreational opportunities within the coastal zone. Also, by having a higher density in an existing developed area, it places more people in a single location so that public transit service is facilitated, which then again aids in reducing the number of cars on streets and thus reduces impacts to coastal resources and public access.

Concentrating development in developed areas also has other cumulative benefits. It would lead to less pressure to extend new development into undeveloped areas, which would prevent sprawl, preserve open space and prevent adverse impacts to sensitive habitats. By concentrating development in developed areas where it can be accommodated, sensitive coastal resources would be protected and preserved. Additionally, the location and concentration of development would maintain and enhance public access to the coast.

The applicant is proposing that the single lot be subdivided into four (4) lots and that one (1) single-family residence be constructed on each new lot. As discussed, this would provide less density than what is currently on-site (10-units). The maximum density for this Residential High Density (RHD) District 1 Zone is 1 unit per 2,178 square feet. By not subdividing the single lot and constructing the maximum number of dwelling units, it would result in a total of six (6) units on-site, two (2) more than proposed. This would result in a higher density than what is being proposed.

However, even by avoiding a subdivision, the maximum number of units (6) on-site would still not equal the existing number of units (10). So, in terms of density, preservation of the existing development may be superior to redevelopment of the property.

As noted above, uses along Marina Drive are a mix of commercial and residential. It is notable, however, that those properties which immediately abut Marina Drive, like the subject site, that are developed with residential uses, are all higher density, multi-family structures, as opposed to single-family residences. To the west and south of the project site are multi-story multi-family residential structures. By not subdividing the single lot and constructing the maximum number of dwelling units, the project site would be compatible with the existing character. Therefore, the character would be maintained and a higher density of concentration would be provided.

Also, in order to increase the density on site, one option would be for the City to allow a higher density on-site. The City has stated that there are other areas within the City that have allowances for density that is higher than the density recently approved for the site. The current designation allows 20 units per acre, or, one unit for every 2178 square feet. There is a higher density designation that allows 33 units per acre, or one unit for every 1,320 square feet of lot area. This would allow 10 units (13667/1320 = 10.4) to be built on the site, equivalent to what exists now.

<u>CONCLUSION</u>

As proposed, the project does not concentrate development in an area where it can be accommodated. Actually, the density of development would be reduced under this proposal. In addition, the number of units the applicant is proposing is not even the maximum amount of units the applicant can provide on-site under the proposed zoning. Additionally, the lack of concentration of development does not maintain or enhance access to the coast. Therefore, the Commission finds that the proposed project is inconsistent with Sections 30250, 30252 and 30253 of the Coastal Act and must be denied.

D. AFFORDABLE HOUSING

Coastal Act Section 30604 states, in part:

> *(f) The commission shall encourage housing opportunities for persons of low and moderate income.*
>
> *(g) The Legislature finds and declares that it is important for the commission to encourage the protection of existing and the provision of new affordable housing opportunities for persons of low and moderate income in the coastal zone.*

Encouraging the protection and provision of affordable housing is an important aspect of the Coastal Act. In enacting Public Resources Code §§ 30604(f) and (g), the Legislature clearly expressed the importance of protecting affordable housing in the Coastal Zone. Section 30607 of the Coastal Act requires that “any permit that is issued …, pursuant to this chapter, shall be subject to reasonable terms and conditions in order to ensure that such development … will be in accordance with the provisions of [the Coastal Act].” Sections 30604(f) and (g) are part of the Coastal Act, so the Commission is therefore required to ensure that proposed development is in accordance with §§ 30604(f) and (g). These provisions express the legislature’s clear intent that the Commission shall encourage the protection of affordable housing.

The proposed project consists of the demolition of an existing 10-unit rental structure on one lot and the subdivision of the lot into four (4) lots, each with a single-family residential structure. The existing rental units would be changed to for-sale units and the supply of more affordable units would be reduced in favor of for-sale units. Typically, multi-family rental units are less costly and more affordable than single-family residential units. For example, the current units in the multi-family structure rent for approximately $800 a month. This is substantially lower than what one would have to pay for a single-family residence. Thus, the proposed project is decreasing the pool of rentable residential structures in favor of single-family residences that typically cost much more and are not considered lower cost, more affordable housing. Higher density, multi-family units tend to be more affordable and result in lesser impacts to coastal resources as discussed previously. For example, by having a higher density in a developed area, it places more people in a single location so that public transit service is facilitated and cumulative pressure to allow sprawl and develop open spaces is avoided.

CONCLUSION

As proposed, the project does not encourage or protect more affordable housing. The existing rental units would be demolished and replaced with for-sale units and the number of more affordable units would be reduced in favor of higher cost for-sale units. Therefore, the Commission would not be encouraging the protection of affordable housing were it to approve the proposed development.

E. 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 residential development of significant economic value on the property. In addition, several alternatives to the proposed development exist. Among those possible alternative developments are the following (though this list is not intended to be, nor is it, comprehensive of all possible alternatives):

1. No Project

   No changes to the existing site conditions would result from the "no project" alternative. As such, lower cost more affordable housing would continue to be provided on-site. Also, concentration of development would not be reduced and thus no adverse impacts to coastal resources would result.

2. Updating and Improving the Site to Serve as a Visitor-Serving Commercial Use

   By updating and improving the project site or redeveloping the site to serve as a visitor-serving commercial use, a higher priority use would be located on-site. Providing such a use would provide greater public benefit than private residential uses because a larger segment of the population is able to take advantage of and enjoy the use.

3. Updating and Improving the Site to Continue to Serve as a Multi-Family Residential Use or Mixed Use Development

   If the site is found to be unsuitable for a higher priority use and a lower priority use is considered, then renovating the existing building would continue to provide lower cost affordable housing on-site. Also, redeveloping the site with a high density multi-family use, or a mixed-use development with high-density residential and small commercial component could also be considered.

F. LOCAL COASTAL PROGRAM

Section 30600(c) of the Coastal Act provides for the issuance of coastal development permits directly by the Commission in regions where the local government having jurisdiction does not have a certified local coastal program. The permit may only be issued if the Commission finds that the proposed development will not prejudice the ability of the local government to prepare a Local Coastal Program, which conforms with Section 30604 of the Coastal Act.

On July 28, 1983, the Commission denied the City of Seal Beach Land Use Plan (LUP) as submitted and certified it with suggested modifications. The City did not act on the suggested modifications within six months from the date of Commission action. Therefore, pursuant to Section 13537(b) of the California Code of Regulations, the Commission's certification of the land use plan with suggested modifications expired. The LUP has not been resubmitted for certification since that time.

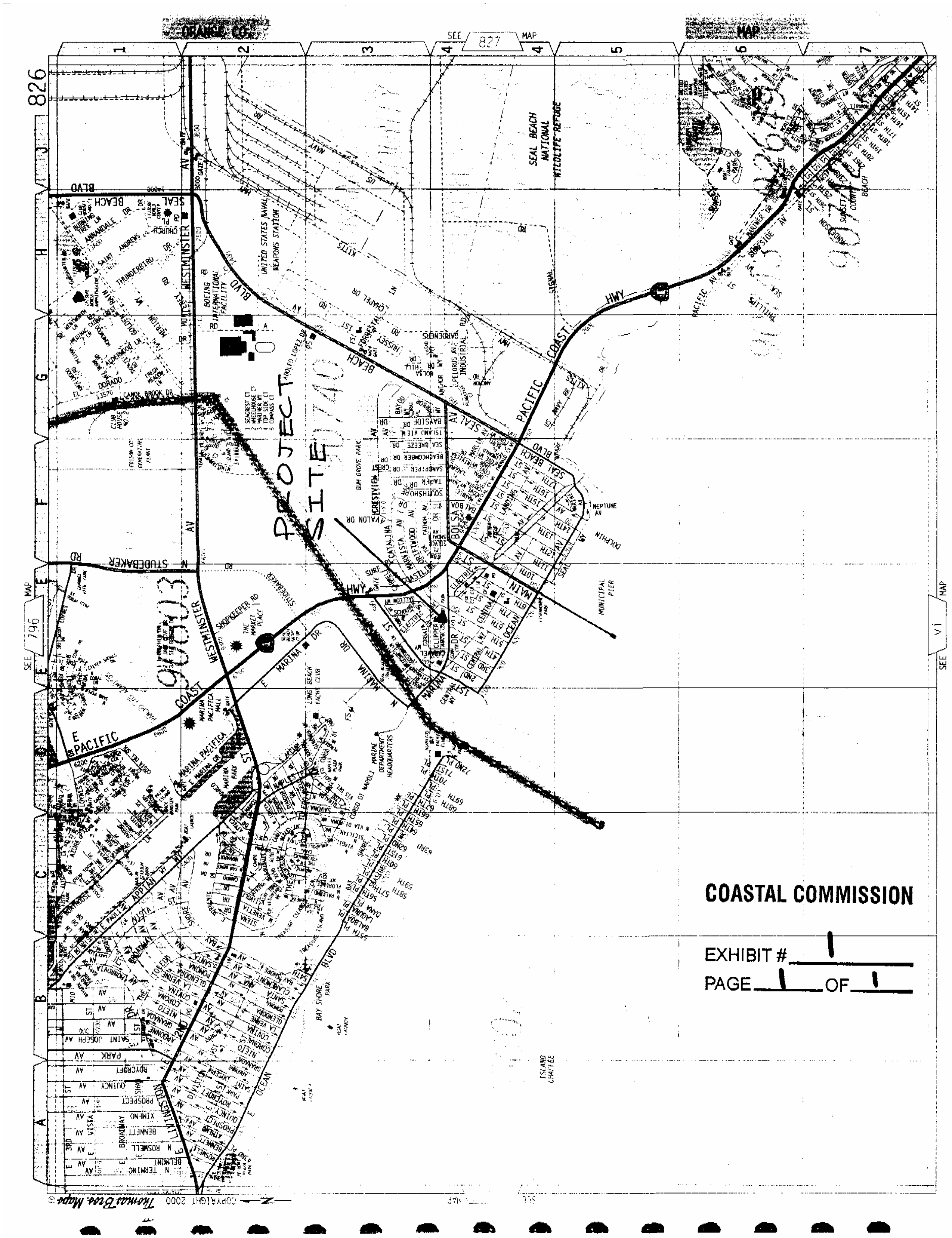
The proposed development is inconsistent with the Chapter 3 policies of the Coastal Act and would prejudice the City's ability to prepare a Local Coastal Program for Seal Beach that is consistent with the Chapter 3 policies of the Coastal Act as required by Section 30604(a). The density issue associated with the proposed project is a larger planning issue that should be addressed by the City. Approving projects that reduce the density of an area or allow development of lower priority uses could prejudice the City's ability to prepare a LCP that is consistent with the Coastal Act.

G. 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.

The City of Seal Beach is the lead agency for California Environmental Quality Act (CEQA) purposes. The project was determined by the City to require a Mitigated Negative Declaration 06-1. Some of the Mitigation Measures required are: 1) an archeologist and Native American monitor appointed by the City of Seal Beach shall be present during earth removal or disturbance activities related to rough grading and other excavations for foundations and utilities [no archeological or paleontological resources or human remains are known to exist on site]; 2) the potential damaging effects of regional earthquake activity shall be considered in the design of the structure; and 3) prior to the issuance of the first grading or building permit, a comprehensive Water Quality Management Plan (WQMP) shall be prepared by a registered civil engineer or a registered professional hydrologist to protect water resources from impacts due to urban contaminants in surface water runoff.

As described above, the proposed project would have adverse environmental impacts. There are feasible alternatives or mitigation measures available, such as updating and improving the site to continue to serve as a multi-family residential structure and also updating and improving the site to serve as a visitor-serving commercial use. 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.


ORANGE CO.
MAP
SEAL BEACH NATIONAL WILDLIFE REFUGE
UNITED STATES NAVAL WEAPONS STATION
PROJECT SITE
PACIFIC COAST HWY
SEAL BEACH BLVD
WESTMINSTER AV
MUNICIPAL PIER
COASTAL COMMISSION
EXHIBIT # 1
PAGE 1 OF 1

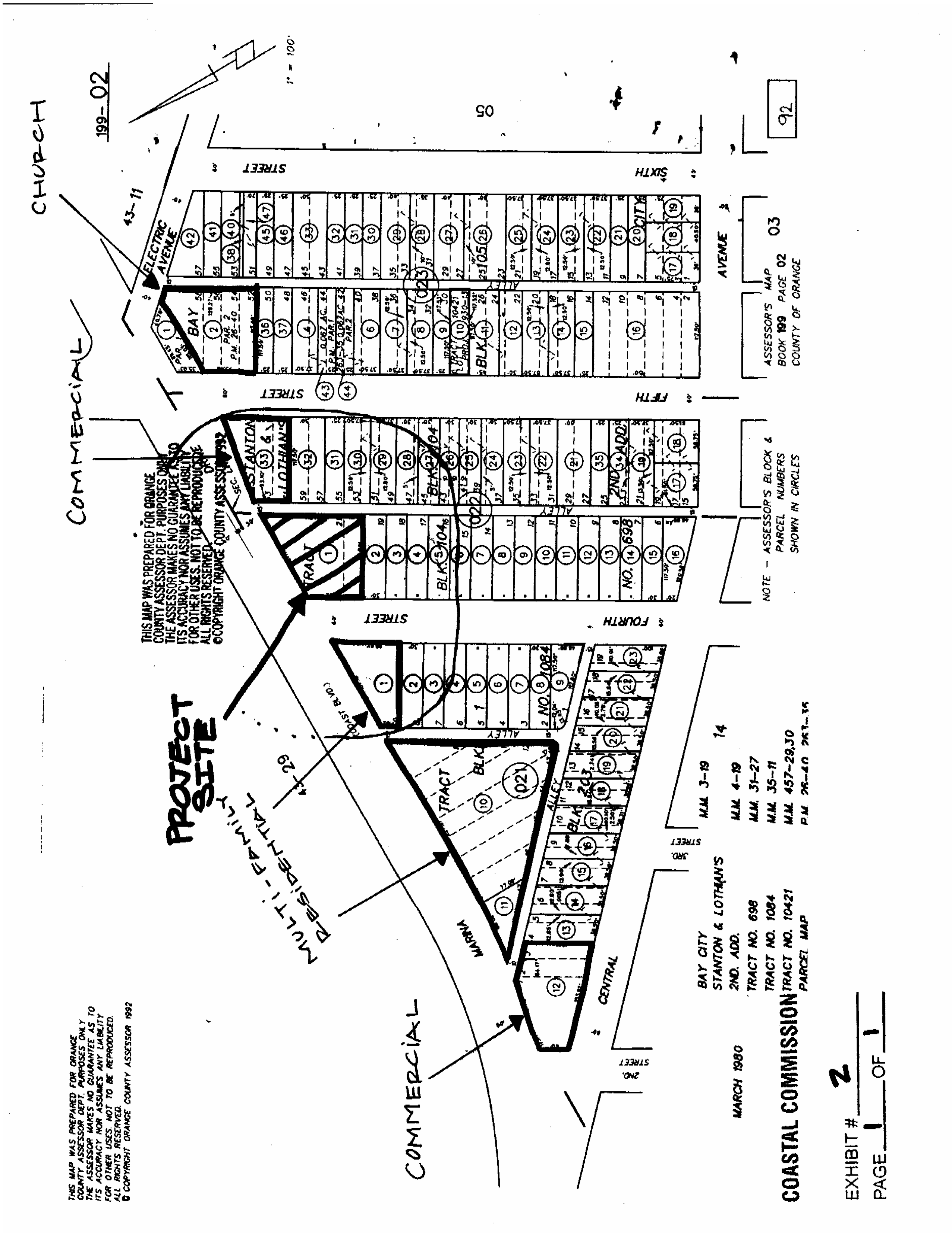
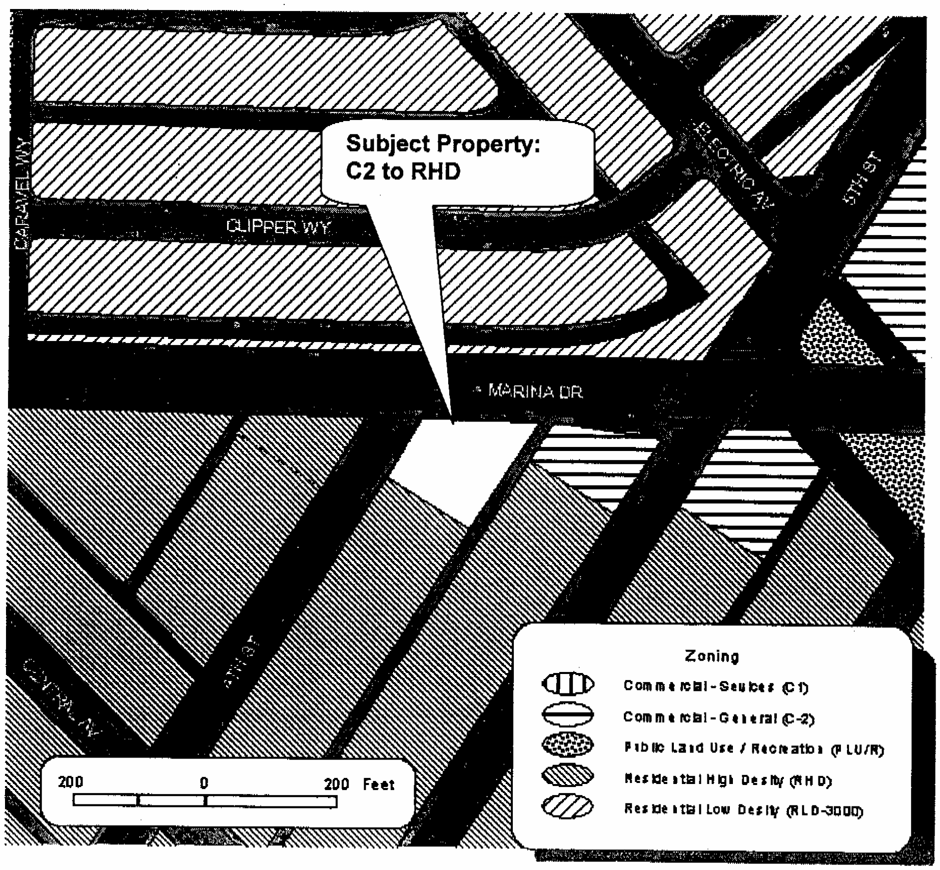
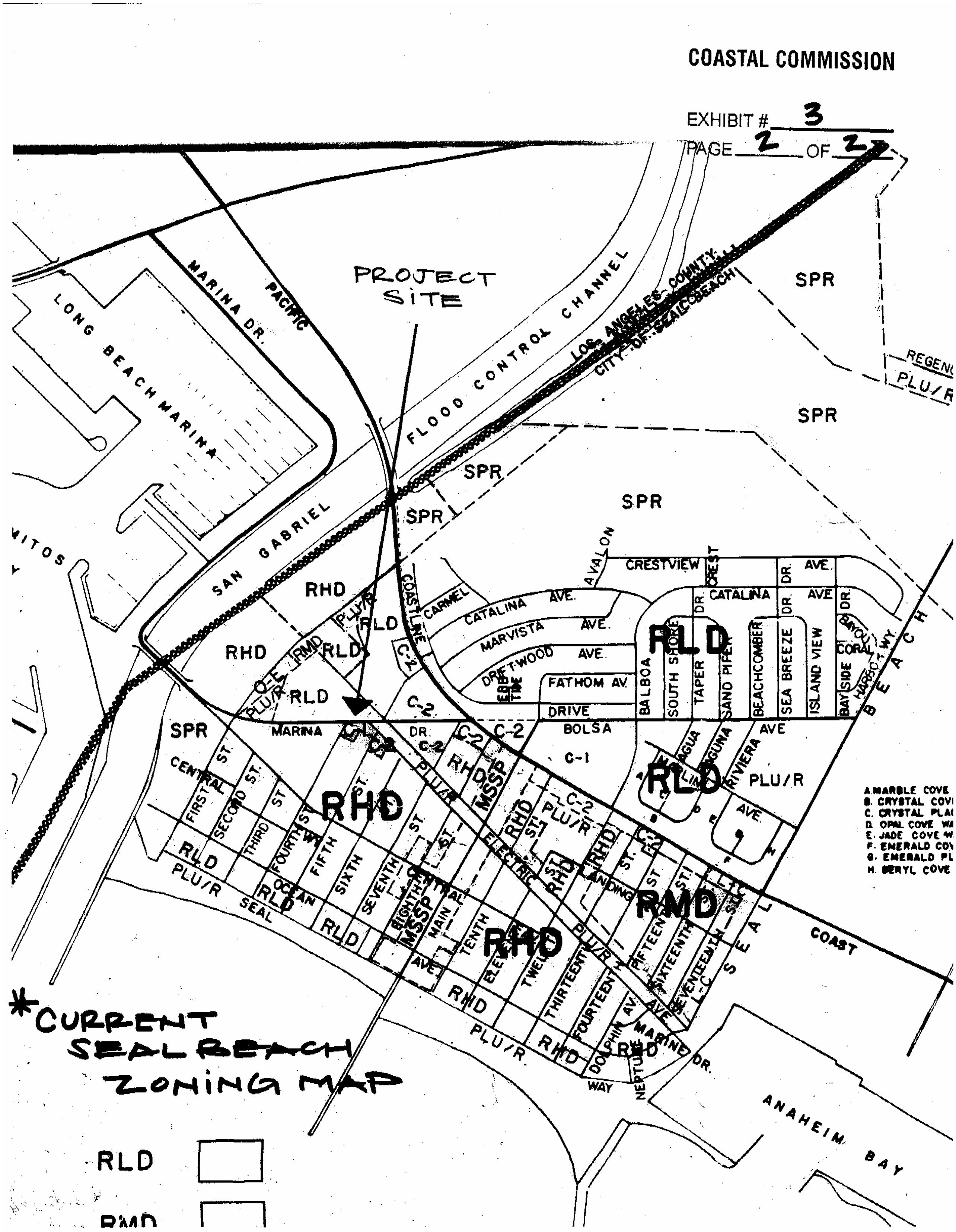

CHURCH
199-02
1" = 100'
COMMERCIAL
PROJECT SITE
MULTI-FAMILY RESIDENTIAL
COMMERCIAL
ELECTRIC AVENUE
SIXTH STREET
FIFTH STREET
FOURTH STREET
3RD. STREET
2ND. STREET
CENTRAL
MARINA
AVENUE
ALLEY
92
03
05
ASSESSOR'S MAP
BOOK 199 PAGE 02
COUNTY OF ORANGE
NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES
BAY CITY M.M. 3-19
STANTON & LOTHIAN'S 2ND. ADD. M.M. 4-19
TRACT NO. 698 M.M. 31-27
TRACT NO. 1084 M.M. 35-11
TRACT NO. 10421 M.M. 457-29,30
PARCEL MAP P.M. 26-40
MARCH 1980
THIS MAP WAS PREPARED FOR ORANGE COUNTY ASSESSOR DEPT. PURPOSES ONLY. THE ASSESSOR MAKES NO GUARANTEE AS TO ITS ACCURACY NOR ASSUMES ANY LIABILITY FOR OTHER USES. NOT TO BE REPRODUCED. ALL RIGHTS RESERVED. © COPYRIGHT ORANGE COUNTY ASSESSOR 1992
COASTAL COMMISSION
EXHIBIT # 2
PAGE 1 OF 1

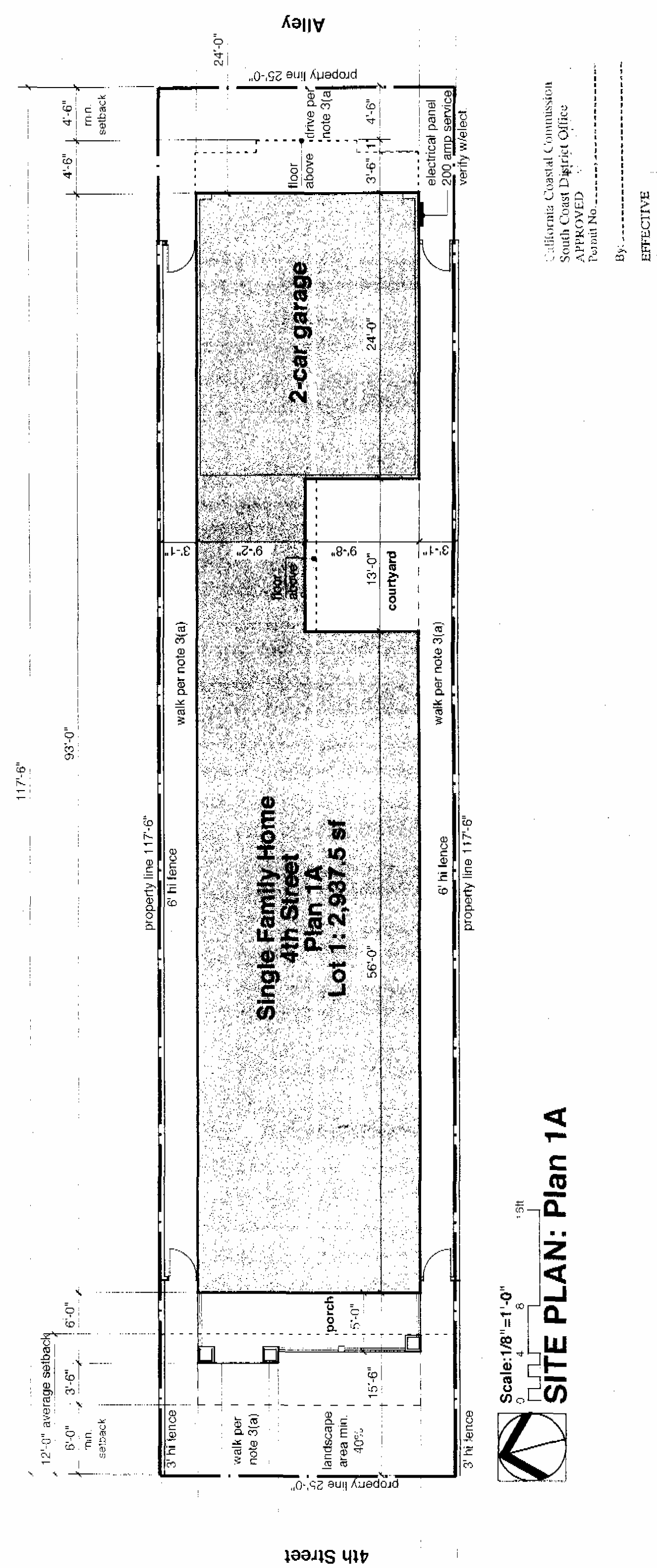
Exhibit 3-4
(Zoning Designations)



COASTAL COMMISSION

EXHIBIT # 3
PAGE 1 OF 2

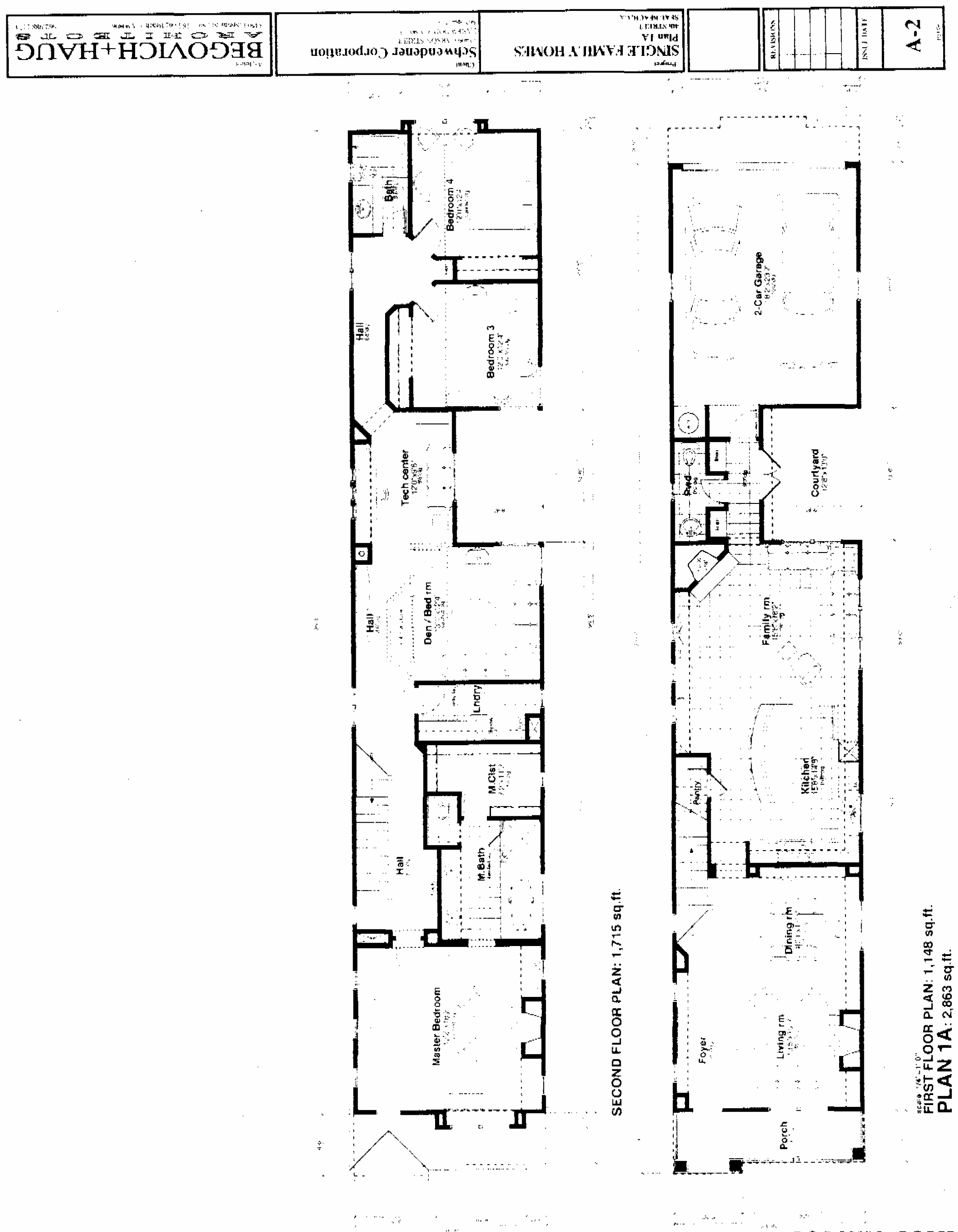

COASTAL COMMISSION
EXHIBIT # 3
PAGE 2 OF 2
PROJECT SITE
*CURRENT SEAL BEACH ZONING MAP
LONG BEACH MARINA
MARINA DR.
PACIFIC
SAN GABRIEL FLOOD CONTROL CHANNEL
LOS ANGELES COUNTY
CITY OF SEAL BEACH
SPR
RHD
RLD
RMD
C-2
C-1
PLU/R
MSSP
CRESTVIEW
CATALINA AVE
MARVISTA AVE.
DRIFTWOOD AVE.
FATHOM AV.
BOLSA AVE
MARINA DR.
CENTRAL
ELECTRIC
OCEAN
SEAL
LANDING
COAST
ANAHEIM BAY
A. MARBLE COVE
B. CRYSTAL COVE
C. CRYSTAL PLACE
D. OPAL COVE WAY
E. JADE COVE WAY
F. EMERALD COVE
G. EMERALD PLACE
H. BERYL COVE
RLD
RMD



COASTAL COMMISSION

EXHIBIT # 4

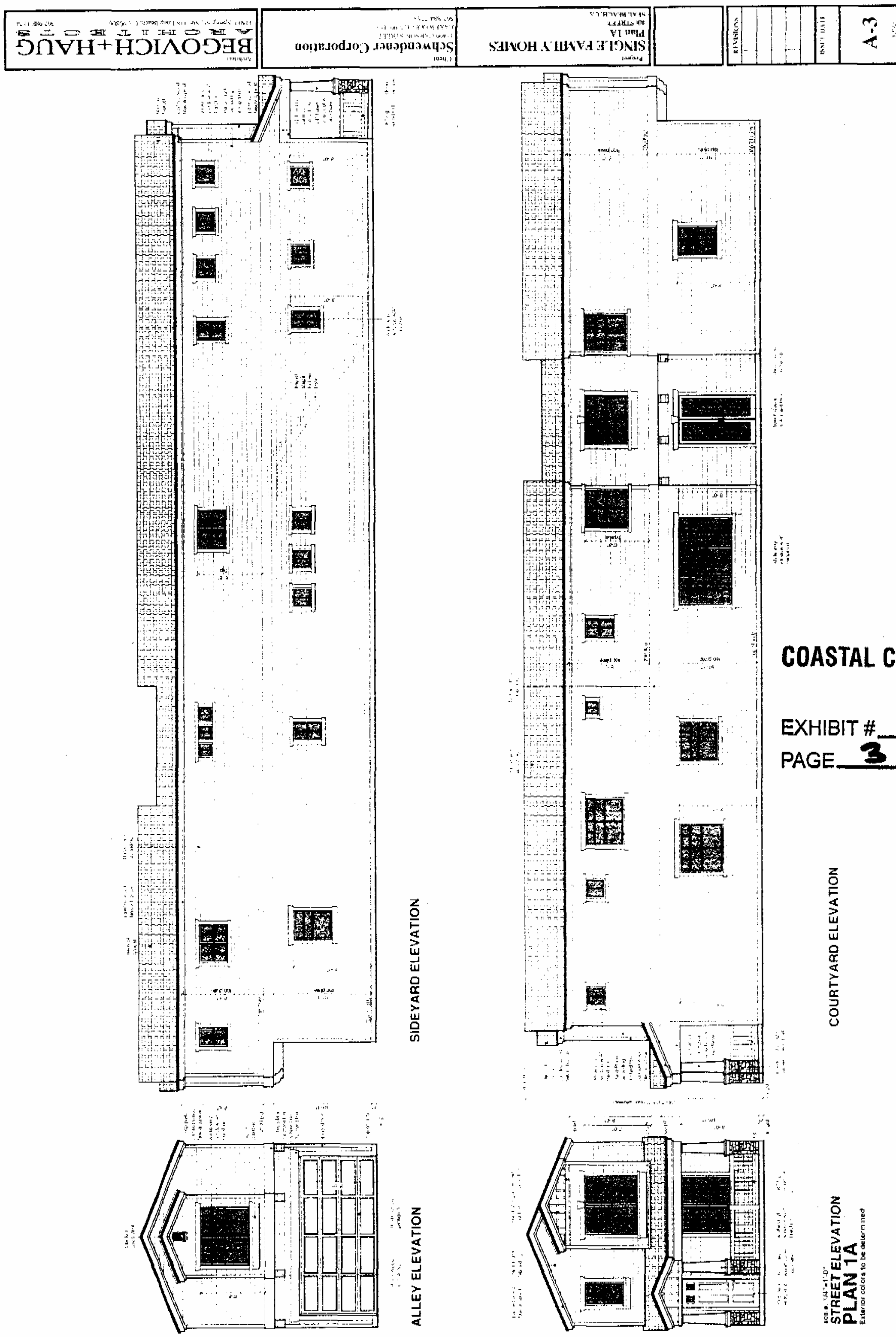
PAGE 1 OF 3



COASTAL COMMISSION

EXHIBIT # 4

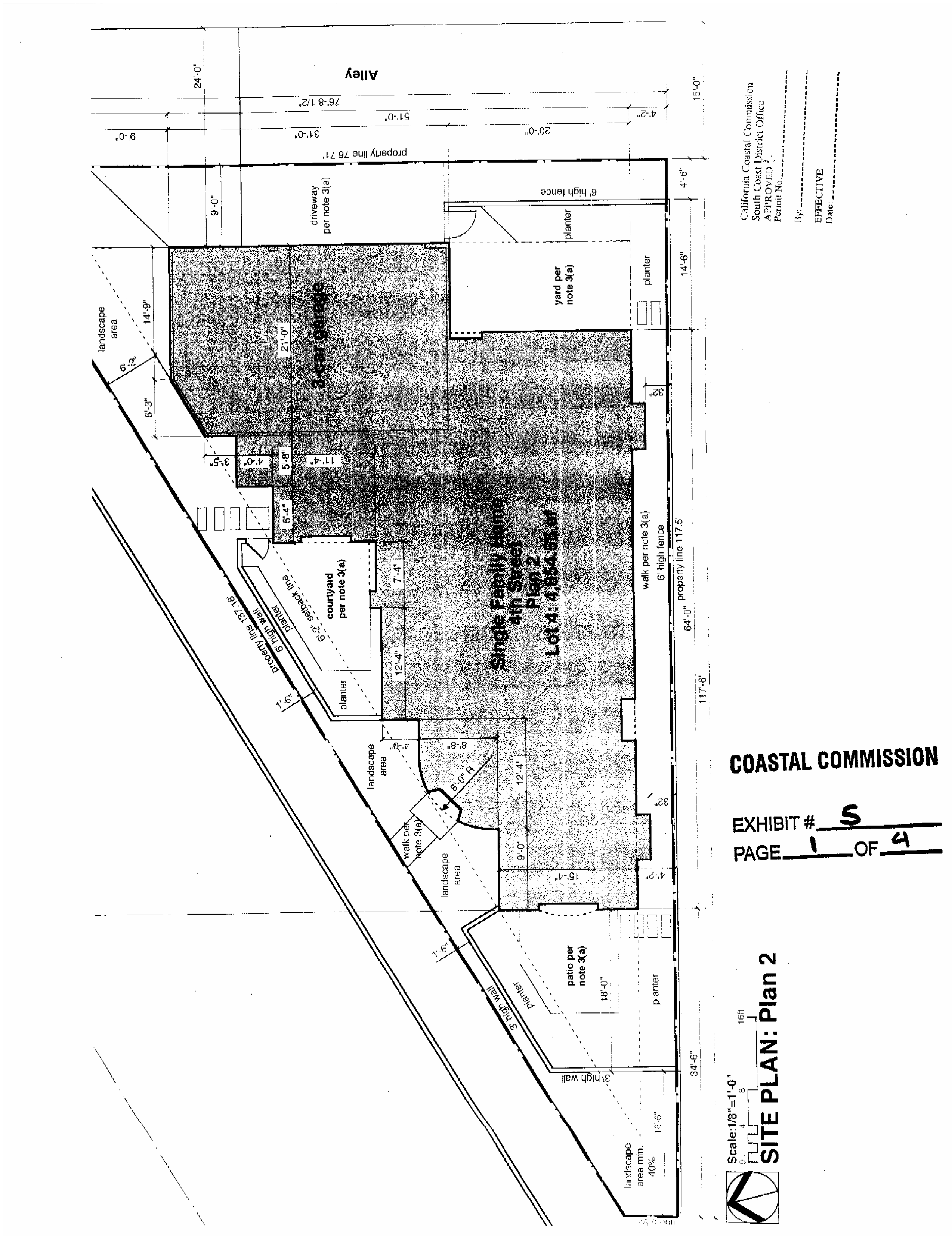
PAGE 2 OF 3

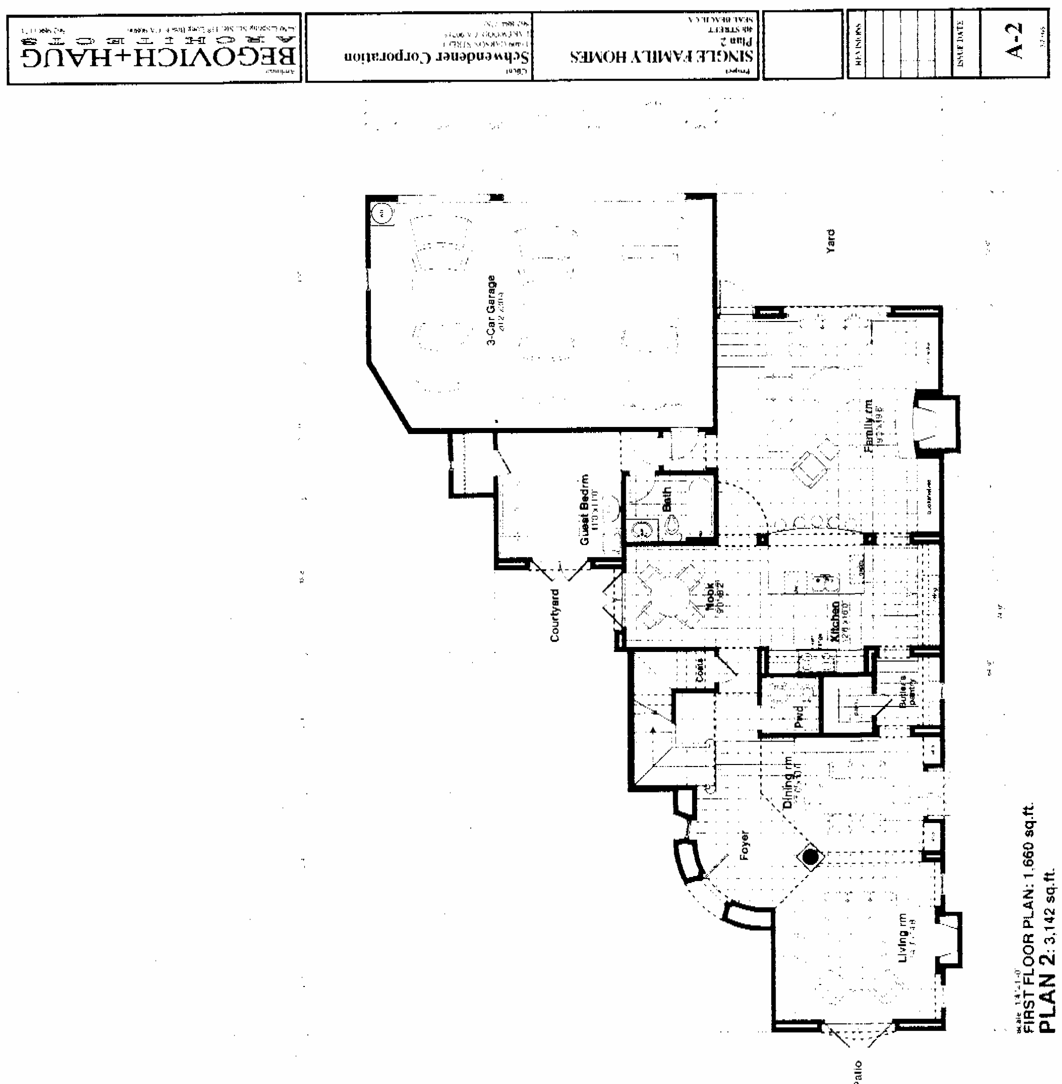


COASTAL COMMISSION

EXHIBIT # 4

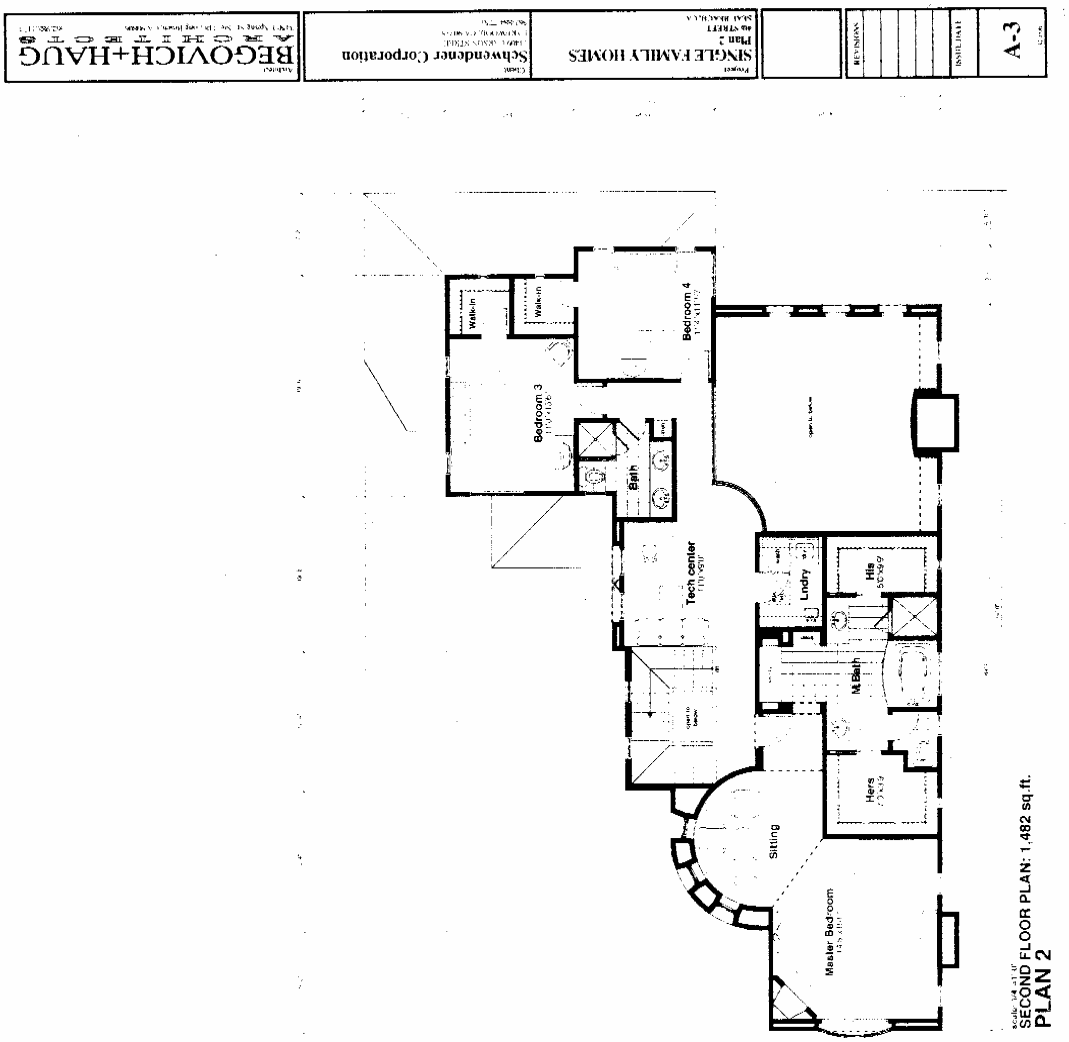
PAGE 3 OF 3


Alley
property line 76.71'
driveway per note 3(a)
6' high fence
planter
yard per note 3(a)
3-car garage
landscape area
courtyard per note 3(a)
6'-2" setback line
6' high wall
property line 137.18'
Single Family Home
4th Street
Plan 2
Lot 4: 4,854.56 sf
walk per note 3(a)
6' high fence
property line 117.5'
walk per note 3(a)
landscape area
patio per note 3(a)
3' high wall
landscape area min. 40%
California Coastal Commission
South Coast District Office
APPROVED
Permit No.
By:
EFFECTIVE
Date:
COASTAL COMMISSION
EXHIBIT # 5
PAGE 1 OF 4
Scale:1/8"=1'-0"
SITE PLAN: Plan 2



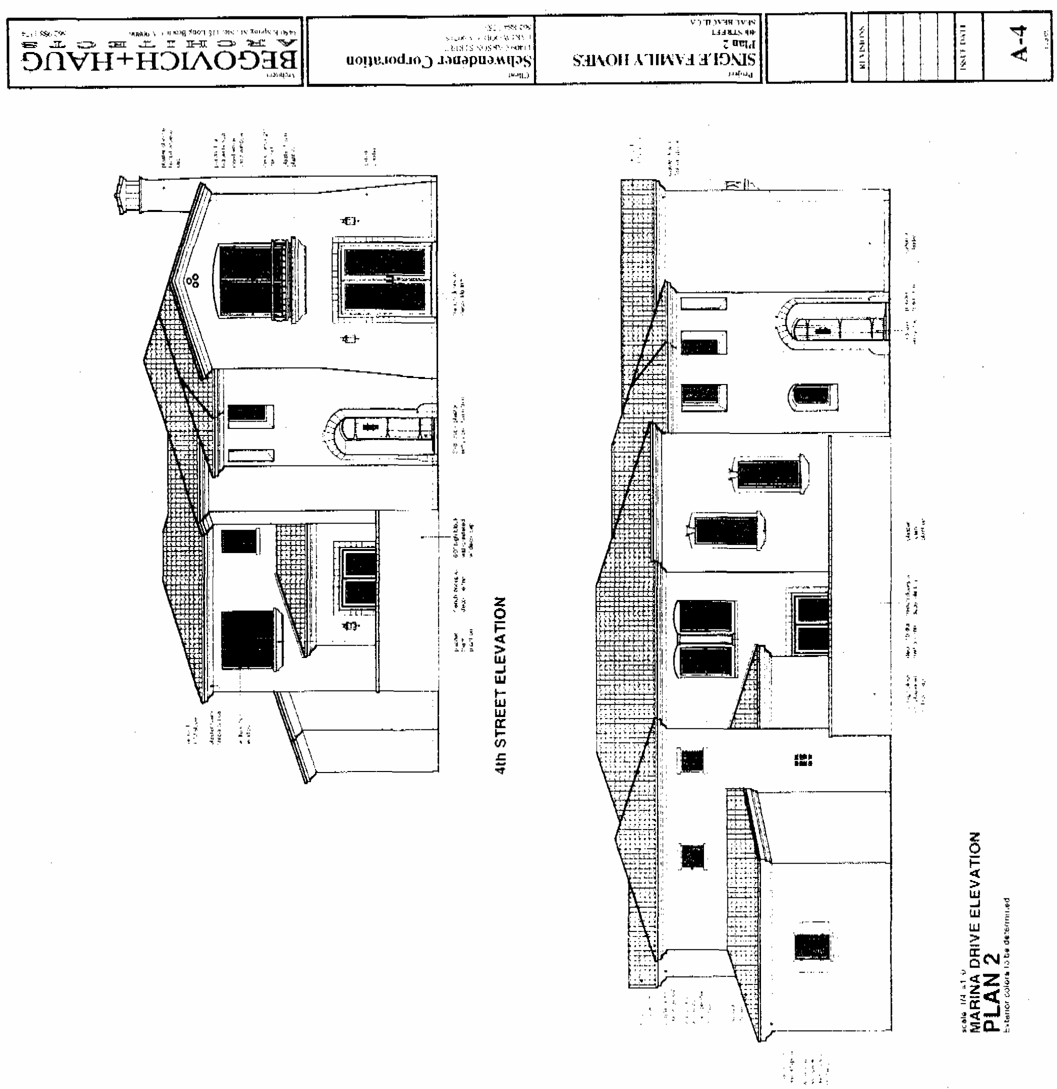
COASTAL COMMISSION

EXHIBIT # 5
PAGE 2 OF 4



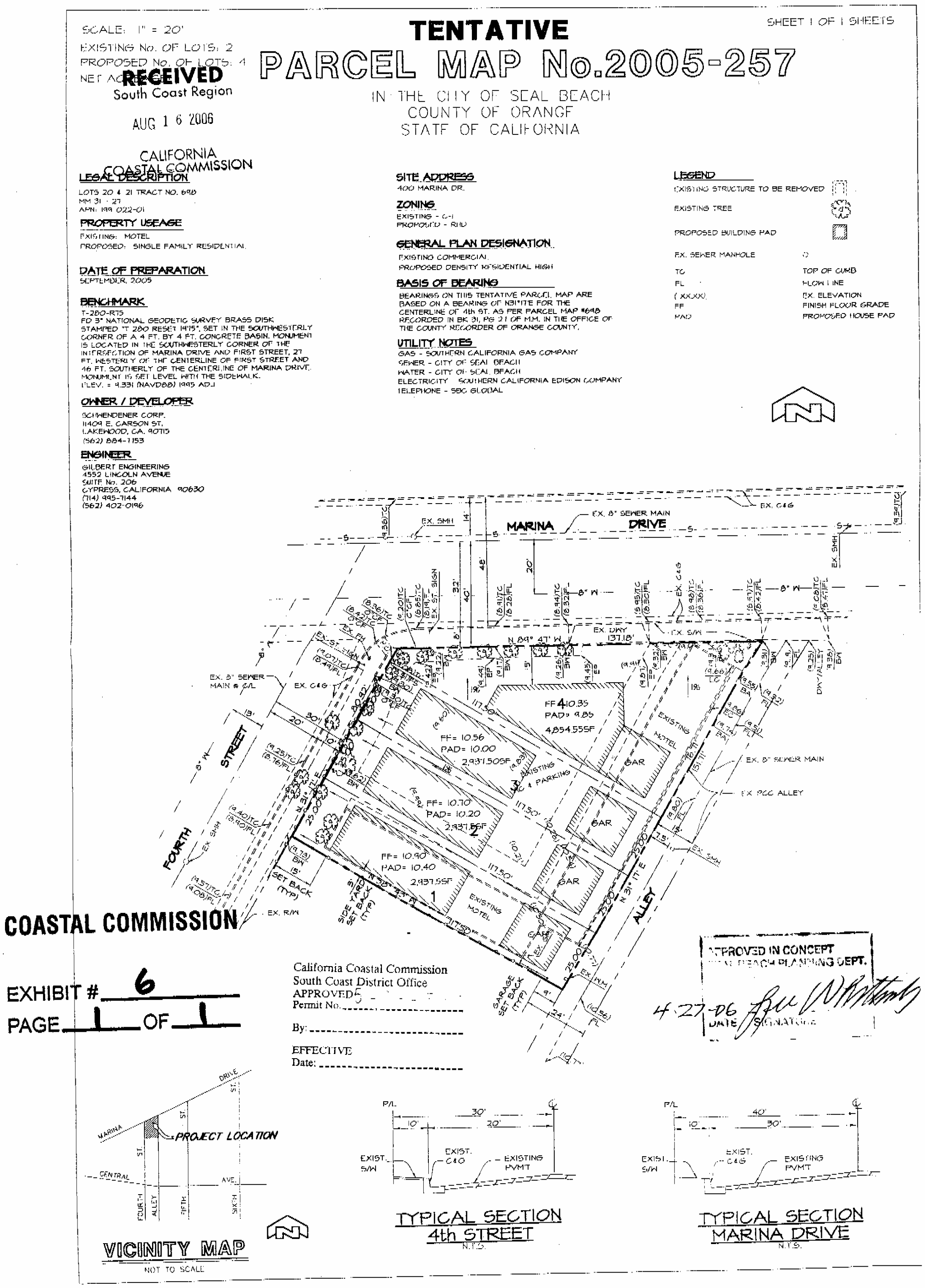
COASTAL COMMISSION

EXHIBIT # 5
PAGE 3 OF 4



COASTAL COMMISSION

EXHIBIT # 5
PAGE 4 OF 4


SHEET 1 OF 1 SHEETS
SCALE: 1" = 20'
EXISTING No. OF LOTS: 2
PROPOSED No. OF LOTS: 4
RECEIVED
South Coast Region
AUG 1 6 2006
CALIFORNIA COASTAL COMMISSION
TENTATIVE
PARCEL MAP No.2005-257
IN THE CITY OF SEAL BEACH
COUNTY OF ORANGE
STATE OF CALIFORNIA
LEGAL DESCRIPTION
LOTS 20 & 21 TRACT NO. 698
MM 31 - 27
APN: 199 022-01
PROPERTY USEAGE
EXISTING: MOTEL
PROPOSED: SINGLE FAMILY RESIDENTIAL
DATE OF PREPARATION
SEPTEMBER, 2005
BENCHMARK
T-280-R75
FD 3" NATIONAL GEODETIC SURVEY BRASS DISK STAMPED "T 280 RESET 1975", SET IN THE SOUTHWESTERLY CORNER OF A 4 FT. BY 4 FT. CONCRETE BASIN. MONUMENT IS LOCATED IN THE SOUTHWESTERLY CORNER OF THE INTERSECTION OF MARINA DRIVE AND FIRST STREET, 27 FT. WESTERLY OF THE CENTERLINE OF FIRST STREET AND 46 FT. SOUTHERLY OF THE CENTERLINE OF MARINA DRIVE. MONUMENT IS SET LEVEL WITH THE SIDEWALK.
ELEV. = 9.331 (NAVD88) 1995 ADJ
OWNER / DEVELOPER
SCHWENDENER CORP.
11409 E. CARSON ST.
LAKEWOOD, CA. 90715
(562) 884-1153
ENGINEER
GILBERT ENGINEERING
4552 LINCOLN AVENUE
SUITE No. 206
CYPRESS, CALIFORNIA 90630
(714) 995-7144
(562) 402-0196
SITE ADDRESS
400 MARINA DR.
ZONING
EXISTING - C-1
PROPOSED - RHD
GENERAL PLAN DESIGNATION
EXISTING COMMERCIAL
PROPOSED DENSITY RESIDENTIAL HIGH
BASIS OF BEARING
BEARINGS ON THIS TENTATIVE PARCEL MAP ARE BASED ON A BEARING OF N31°17'E FOR THE CENTERLINE OF 4th ST. AS PER PARCEL MAP #698 RECORDED IN BK 31, PG 27 OF M.M. IN THE OFFICE OF THE COUNTY RECORDER OF ORANGE COUNTY.
UTILITY NOTES
GAS - SOUTHERN CALIFORNIA GAS COMPANY
SEWER - CITY OF SEAL BEACH
WATER - CITY OF SEAL BEACH
ELECTRICITY - SOUTHERN CALIFORNIA EDISON COMPANY
TELEPHONE - SBC GLOBAL
LEGEND
EXISTING STRUCTURE TO BE REMOVED
EXISTING TREE
PROPOSED BUILDING PAD
EX. SEWER MANHOLE
TC TOP OF CURB
FL FLOW LINE
(XX.XX) EX. ELEVATION
FF FINISH FLOOR GRADE
PAD PROPOSED HOUSE PAD
MARINA DRIVE
EX. 8" SEWER MAIN
FOURTH STREET
ALLEY
EX. PCC ALLEY
FF=10.35
PAD=9.85
4,854.55SF
FF=10.56
PAD=10.00
2,931.50SF
FF=10.70
PAD=10.20
2,931.56SF
FF=10.90
PAD=10.40
2,937.55SF
EXISTING MOTEL
GAR
COASTAL COMMISSION
EXHIBIT # 6
PAGE 1 OF 1
California Coastal Commission
South Coast District Office
APPROVED
Permit No.
By:
EFFECTIVE
Date:
APPROVED IN CONCEPT
SEAL BEACH PLANNING DEPT.
4-27-06
DATE
SIGNATURE
PROJECT LOCATION
VICINITY MAP
NOT TO SCALE
TYPICAL SECTION
4th STREET
N.T.S.
TYPICAL SECTION
MARINA DRIVE
N.T.S.

ERA
Economics Research Associates

RECEIVED
South Coast Region
MAR 1 4 2007
CALIFORNIA
COASTAL COMMISSION

MEMORANDUM

TO: Mr. Alan Schwendener
The Schwendener Company

FROM: Christine Safriet, Associate
Michael Wright, Principal
Economics Research Associates

DATE: February 28, 2007

RE: Visitor Serving Commercial Market Conditions
Seal Beach Coastal District
ERA Project No. 17041

INTRODUCTION

The Schwendener Company retained Economics Research Associates (ERA) to examine certain issues pertaining to the proposed redevelopment of an attached multi-family residential project located at 400 Marina Drive in the city of Seal Beach. The 13,621 square foot property is located in the Coastal District as designated by the State of California in the California Coastal Act of 1976.

The property owner has requested a rezoning of the site from C-2, General Commercial, to RHD, Residential High Density. ERA has evaluated the potential effects on the area's ability to serve the commercial facility needs of its visitors and residents that would result from the proposed zoning change. The following memorandum report summarizes the findings of this analysis. During the course of this study, the following tasks were performed:

- Physical inspection of subject property and adjacent areas.
- Review of the historical operation of the property, including any attempts at commercial uses.
- Analysis of retail sales patterns of the market area.
- Survey of existing visitor-serving commercial areas in the coastal district of Seal Beach

COASTAL COMMISSION
EXHIBIT # 7
PAGE 1 OF 17

- Analysis of commercial and retail demand and projection of future commercial requirements.

A summary of ERA's findings is presented below, followed by a discussion of the supporting data and analysis.

SUMMARY OF FINDINGS

Our principal findings, based on assessment of the subject site and an analysis of the retail and commercial supply and demand conditions in the City of Seal Beach, are as follows:

- ***Poor Commercial Location.*** From a market perspective, the subject site is poor as a commercial location. Marina Drive, west of the Pacific Coast Highway, functions as a residential collector street rather than a commercial corridor. The site has extremely low traffic counts that are decreasing over time, and is several blocks outside and removed from the established visitor-serving and resident-serving commercial areas in the City. Visibility of the site is satisfactory from Marina Drive but completely obstructed from the PCH.

- ***Poorly Suited to Commercial Use.*** The subject site is poorly suited for visitor-serving commercial uses. The site is too small to attract an anchor tenant, and there are no nearby previously existing anchor tenants. There is minimal pedestrian and vehicle traffic in front of the site. A neighboring retail site is already serving existing demand for neighborhood and convenience-related commercial uses.

- ***Use Consistent with Residential.*** Development of the site with residential uses is consistent with the adjoining area which consists of mostly residential uses.

- ***Outside Commercial Concentrations.*** There are two major concentrations of commercial businesses in the focus area of this report: 1) the Main Street corridor; and 2) the PCH corridor. The Main Street corridor primarily serves the visitor market with visitor-serving uses located on the first three blocks beginning at Ocean Avenue. The business establishments become increasingly resident-serving the farther they are located from Ocean Avenue and the beach. PCH is the main arterial through the coastal district. The PCH commercial corridor serves both visitors and residents, but the retail activity is concentrated around Main Street.

COASTAL COMMISSION

EXHIBIT # 7
PAGE 2 OF 17

- ***Adequate Existing Commercial Stock.*** Seal Beach and the Coastal Area are not presently underserved with respect to visitor-related facilities. Existing visitor-serving retail establishments in the City perform significantly better than the Orange County average in terms of sales per outlet (excluding farm-related equipment). This indicates that the existing commercial stock is more than adequate to satisfy the area's present and near-term commercial needs.

- ***Adequate Expansion and New Development.*** Numerous existing and vacant properties have been designated for expansion or new development for future hotel, restaurant, retail, commercial, and related visitor-serving uses. These properties are better suited for visitor-serving uses than the subject property in terms of their locational attributes.

Considering the aforementioned factors and specifically noting that the site does not satisfy basic retail site selection criteria, is removed from the major concentration of visitor-oriented businesses which are in close proximity to the beach, and that there are properties better suited for future development with visitor-serving uses, we conclude that the use change from General Commercial to Residential High Density will not negatively impact the coastal District's ability to provide for its visitors.

COASTAL COMMISSION

EXHIBIT # 7
PAGE 3 OF 17

OVERVIEW OF SEAL BEACH

The City of Seal Beach is a small coastal community of approximately 12 square miles located in the northwest corner of Orange County. It is bordered by the City of Long Beach to the north and the City of Huntington Beach to the south. The US Naval Weapons Station occupies approximately 8 square miles of the city. The City includes 1.5 linear miles of beach frontage, and approximately half of the municipality is located within the Coastal Zone.

Population

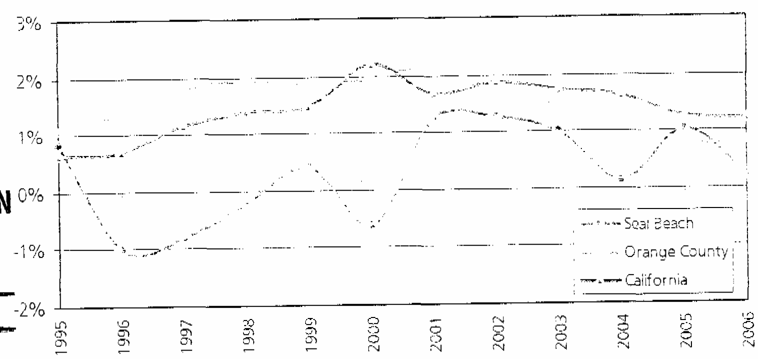
The 2006 population of Seal Beach is approximately 25,300 as indicated in Figure 1. The City has not experienced significant growth since 1990, with average year over year growth ranging between -1 and 1 percent, as indicated in Figure 2. In contrast, both Orange County and the State of California have experienced net positive population gains over the same time period, with growth averaging approximately 1.5 percent per year.

Figure 1
POPULATION GROWTH

Population	Seal Beach	Orange County	California
1990	25,098	2,410,668	29,588,381
1995	24,650	2,590,100	31,617,000
2000	24,100	2,829,800	33,871,648
2005	25,244	3,047,054	36,728,196
2006	25,298	3,072,336	37,172,015
CAGR	0.05%	1.53%	1.44%

Source: California Department of Finance, Economics Research Associates

Figure 2
POPULATION – YEAR OVER YEAR PERCENTAGE CHANGE



Source: California Department of Finance, Economics Research Associates

COASTAL COMMISSION

EXHIBIT # 7
PAGE 4 OF 17

Local Coastal Program

The California Coastal Act requires all cities and counties located along the coast of the Pacific Ocean to prepare a Local Coastal Program (LCP). The LCP typically consists of two elements – a coastal land use plan and an implementation plan (e.g. zoning ordinances or maps) that have been developed by a municipality and certified by the local Coastal Commission. Once an LCP has been certified, land use and development permitting authority within the coastal zone are turned over to the city or county that submitted the plan. In 1983, Seal Beach drafted a coastal land use plan and submitted it to the Coastal Commission for review. The Commission returned the plan to the City with a number of comments. The plan was never certified. At present, the City of Seal Beach does not have a certified Local Coastal Program, so the Coastal Commission maintains authority over development and permitting decisions within the City's coastal zone.

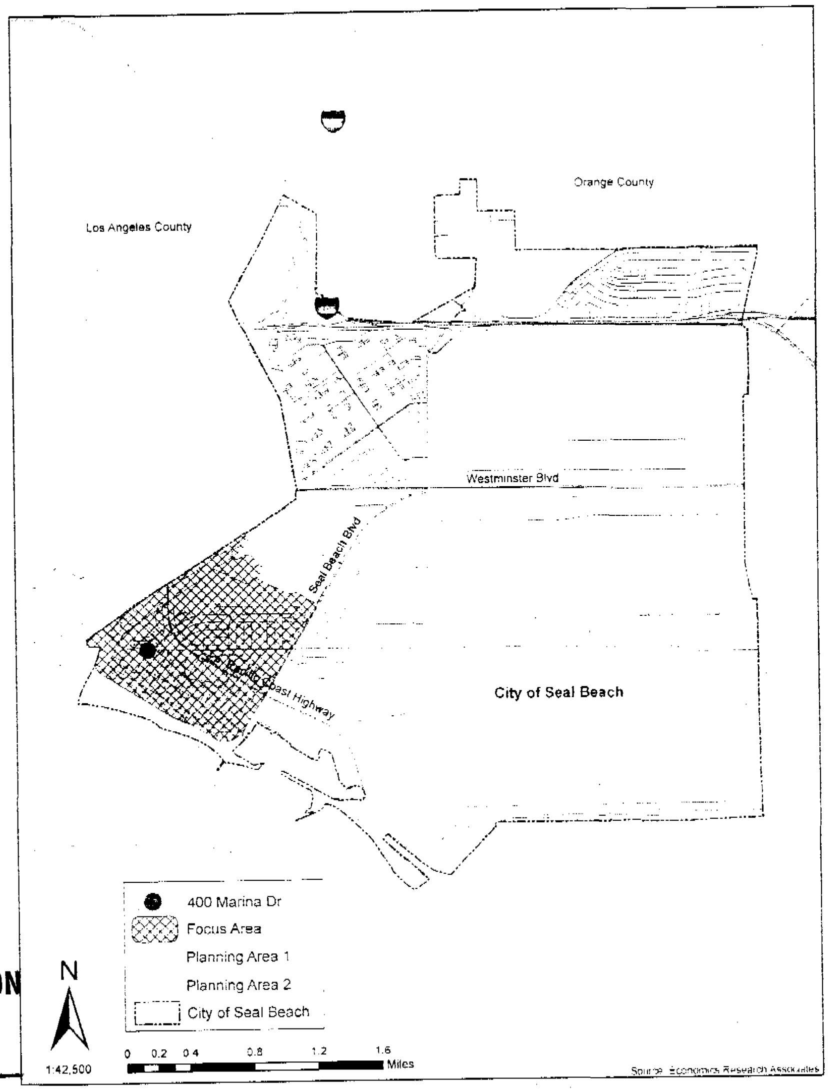
Focus Area

For the purposes of this analysis, we are concentrating on commercial, retail, and residential activity located between the coastline and Crestview Avenue, and the San Gabriel River and Kittes Highway. This area corresponds to the entirety of Planning Area 1 and a small portion of Planning Area 2 of the City's 2003 General Plan. Due to data aggregation techniques, data in the report includes information collected for the entirety of the municipal boundaries of the City of Seal Beach, as indicated in Figure 3 below.

COASTAL COMMISSION

EXHIBIT # 7
PAGE 5 OF 17

Figure 3
CITY OF SEAL BEACH, CALIFORNIA



Source: Economics Research Associates and City of Seal Beach General Plan

COASTAL COMMISSION
EXHIBIT # 7
PAGE 6 OF 17

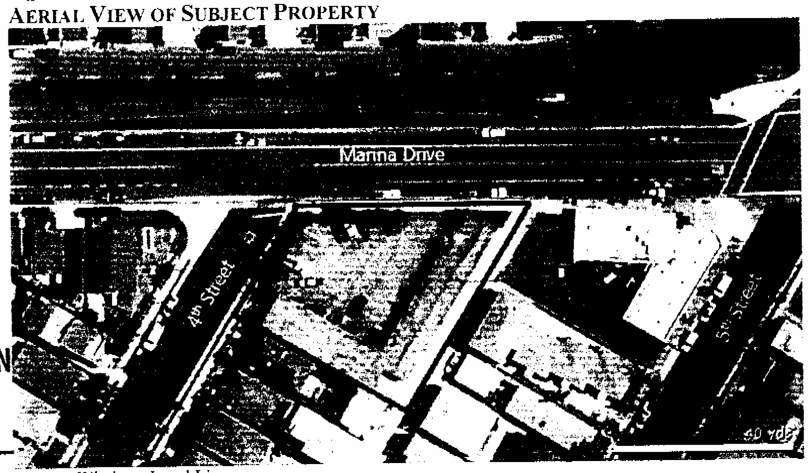
PHYSICAL INSPECTION AND SITE REVIEW

Site Description

ERA inspected the subject property at 400 Marina Drive on January 23, 2007. Figure 4 provides an aerial view of the subject property, outlined in red. The site is located on the southeastern corner of 4th Street and Marina Drive. 4th Street is a residential street of well-kept single and multifamily homes. Marina Drive is a mixed residential and commercial boulevard connecting a network of residential streets to the Pacific Coast Highway.

The 13,621 square foot site is roughly diamond-shaped and consists of an existing L-shaped one story wooden frame building fronted by a 10-stall asphalt parking lot in fair condition. Currently, the building houses 10 studio apartments. The parking lot is shielded from Marina Drive and 4th Street by a row of short, bushy trees approximately 20 feet tall. A narrow space separates the western rear side of the building from neighboring lots. The eastern side of the property faces an alley. On the western corner of 4th Street and Marina Drive is a multi-story multifamily residential structure. Across the street to the north of the subject property is a paved bicycle/walking path and then a large concrete block wall that defines the southern boundary of a relatively new single family residential planned development. A mini-mall containing a convenient store, a pizza restaurant, a beauty salon, and a custom cabinetry shop is located directly to the east of the subject property on Marina Drive at 5th Street, just past the alley.

Figure 4
AERIAL VIEW OF SUBJECT PROPERTY



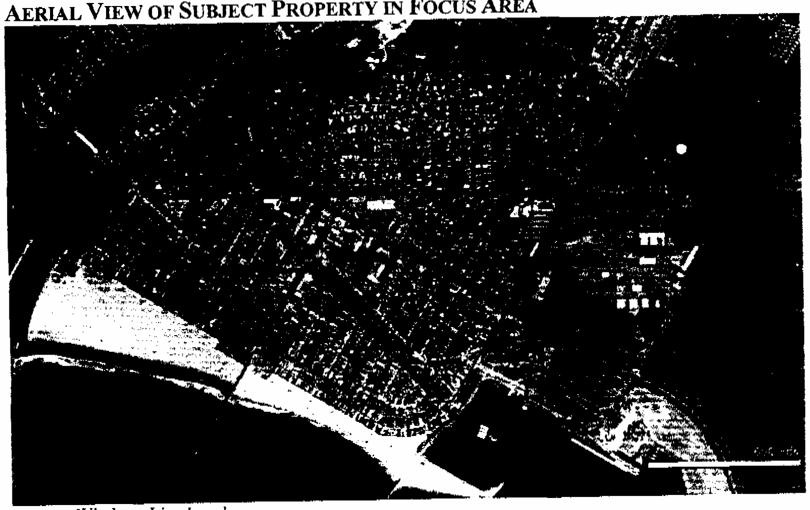
Source: Windows Local Live

COASTAL COMMISSION
EXHIBIT # 7
PAGE 7 OF 17

Site Access

Figure 5 shows the location of the site in relationship to the surrounding areas. Vehicular and pedestrian access to the site is good. Marina Drive connects to the Pacific Coast Highway, the primary transportation corridor for the area, approximately a quarter-mile to the east of the subject property. Marina Drive connects into the City of Long Beach to the west, and can also be used to travel to the northern edge of Seal Beach Park, which includes parking facilities. Pedestrian and bicycle access to the property is available via well-maintained sidewalks in all directions, a bicycle lane on Marina Drive, and a bicycle/walking path in the linear park on the north side of Marina Drive. The site is approximately four blocks from the beach.

Figure 5
AERIAL VIEW OF SUBJECT PROPERTY IN FOCUS AREA



Source: Windows Live Local

Traffic Counts

Marina Drive at 4th Street is predominantly a residential serving connector street. Traffic counts on Marina Drive were undertaken by the City in 1999 and 2006 and are shown in Figure 6 below. Vehicular traffic along Marina Dr. has decreased substantially over the past seven years, by approximately 25 percent.

COASTAL COMMISSION

EXHIBIT # 7
PAGE 8 OF 17

ERA
Economics Research Associates

Figure 6
AVERAGE DAILY VEHICLE COUNT ON MARINA DRIVE

	1999	2006	Change
Marina @ 1st St.	7,694	5,809	-24%
Marina @ 6th St.	5,004	3,713	-26%

Source: City of Seal Beach Engineering Department

Visibility

Visibility of the site is good from Marina Drive in either direction. There are no major natural impediments (trees, hills, etc.) that block visibility, and surrounding building heights are generally limited to two stories. There is no visibility of the site from the Pacific Coast Highway or 5th Street. Given the limited traffic counts on Marina Dr. (Figure 6) and the lack of visibility from the PCH, the number of drive-by customers that on-site commercial activity could hope to capture is very low.

Adjoining Land Uses

Marina Drive to the east of the property up to the PCH is used exclusively for commercial and residential accessory purposes, including a mini-mall, a church and wedding chapel, a hotel, and a 2-story retail/commercial center containing more than forty retail and office establishments with numerous vacancies. Marina Drive to the west of the subject property is predominantly residential, and contains a few interspersed commercial and residential accessory services. As can be seen in Figure 7 below, land uses to the immediately north and south of the property are exclusively residential for several blocks.

Figure 7
EXISTING LAND USES NEAR SUBJECT PROPERTY

Source: Windows Live Local and Economics Research Associates

COASTAL COMMISSION
EXHIBIT # 7
PAGE 9 OF 17

COMMERCIAL SUPPLY

Efforts to Use Site for Commercial Purposes

The subject property was purchased by The Schwendener Company approximately 13 months ago, on November 18, 2005. According to the Alan Schwendener Company, the company contacted the City of Seal Beach to inquire about the feasibility of rezoning and subdividing the property for residential ownership. After these conversations, the company acquired the property in order to execute the rezoning and subdivision. The Schwendener Company has made no efforts to investigate alternative commercial uses of the property. According to Lee Whittenberg, Director of Development Services for the City, the property has been used as a residential apartment building since 1979 (See Appendix A).

Existing and Planned Commercial Development within Focus Area

Main Street is the primary commercial area serving the retail and restaurant needs of Seal Beach visitors. The three blocks of Main Street, from Ocean Avenue to the Pacific Coast Highway, offer a vide variety of establishments serving visitors and residents. These shops primarily target beach visitors and also cater to the needs of local residents. In addition to the retail development along Main Street, retail shopping centers have been developed in the Seal Beach Coastal Area on both northern and southern sides of the Pacific Coast Highway along its entire traverse through the City of Seal Beach, excluding the US Naval Station property. These facilities primarily target automobile traffic along the PCH, but also include some local-serving uses including grocery stores and pharmacies. Samples of these retail centers are highlighted below.

Bay City Center. Less than two blocks from the subject property, Bay City Center contains 51,200 square feet. of gross leasable area in several two-story buildings. The center is located on the south side of the Pacific Coast Highway between 5th Street and Marina Avenue, with entrances on all three streets. Five full-service restaurants are located within the center as well as three other food outlets. Other tenants include various retail and service outlets. The center is not fully occupied.

Seal Beach Shopping Center. This 82,000-square-foot center located at the northeast corner of Main Street and the PCH is anchored by a 48,000-square-foot Pavilions Supermarket and a Sav-On Drugstore. The site is currently under construction as the entire facility is being renovated and expanded. An additional 2,700 square feet of retail space will be added at the southern end of the property. Prior to construction, the center was approximately 90 percent leased. Current plans call for a six-month closure of the Pavilions to accommodate new construction.

COASTAL COMMISSION

EXHIBIT # 7
PAGE 10 OF 17

Zoeter Place. Located at 12th Street and the PCH, the 22,800-square-foot Zoeter Place opened in 1990. Tenants include a restaurant and various service and retail establishments.

Old Ranch Town Center. This 25-acre, 287,000-square-foot shopping center opened in 2001, and is located on Seal Beach Boulevard to the north of Interstate 405. The center is anchored by Target, Ralph's Supermarket, Bed, Bath & Beyond, and Sav-On. Fully leased, the center's other tenants include various restaurants, retail, and service establishments.

The Shops at Rossmore. The aging strip mall, Rossmore Center, is being upgraded to "The Shops at Rossmore," a new retail lifestyle center expected to house approximately 20 businesses. Construction began in November 2006 and the development is expected to open in stages beginning in April 2007. Gross leasable area for the site is being increased from 376,000 square feet to 462,866 square feet. Anchor tenants include Kohl's Department Store and Mel's Diner.

Pacific Gateway Business Center. Pacific Gateway Business Center, a 50.3-acre site adjacent to the Boeing Seal Beach location near the intersection of Westminster Avenue and Seal Beach Boulevard, is currently under development by Overton Moore Properties. The development plan calls for 826,280 square feet of new commercial and industrial space on land formerly owned by Boeing. Phase I of the project opened in 2006, and Phase II is expected to be completed by late spring or early summer of 2007.

DWP Site. A large tract of vacant land lies immediately to the west of the San Gabriel River, bordered by Marina Drive on the north, 1st Street on the west, and the beach on the south. Approximately 9 acres is owned by the Department of Water and Power, with the remainder owned by unrelated private parties. In the late 1990s, a specific plan was developed for the DWP-owned property, permitting hotel and hotel-accessory service uses. The site remains undeveloped. Representatives of the City have suggested that, despite significant interest in the site for both hotel and residential uses, the property remains undeveloped due to large greenbelt requirements in the specific plan, which limit the amount of developable space.

COASTAL COMMISSION

EXHIBIT # 7
PAGE 11 OF 17

COMMERCIAL DEMAND

Analysis of Retail Sales

ERA examined data from the California State Board of Equalization on taxable retail sales in order to evaluate the sales performance of Seal Beach establishments. Figure 8 shows sales and business permit data for the City of Seal Beach and the entirety of Orange County. While the number of retail permits in Seal Beach is generally between 45 and 55 percent of total permits, retails sales account for a substantially higher proportion of total sales, ranging between 75 and 85 percent of taxable commercial sales. This indicates that the majority of sales in the city are going to retail establishments. Stated another way, retail establishments capture a significant majority of dollars spent in the city.

Figure 8
TAXABLE SALES

	Seal Beach				Orange County			
	Retail Outlets		Total All Outlets		Retail Outlets		Total All Outlets	
Year	Permits	Sales	Permits	Sales	Permits	Sales	Permits	Sales
2000	251	$ 126,447	573	$ 170,523	33,665	$ 27,484,989	92,716	$ 44,462,460
2001	248	159,139	573	198,966	36,305	28,518,701	94,079	44,595,314
2002	271	182,492	596	217,319	38,209	29,646,818	96,183	44,869,156
2003	297	217,860	606	266,912	40,852	32,287,697	100,039	47,517,066
2004	317	233,129	603	306,259	43,310	35,441,953	101,508	51,682,059
2005	330	243,983	591	305,700	45,402	37,672,834	102,858	55,063,246

Note: Sales are in nominal dollars.
Source: California Department of Finance, Economic Sciences Corporation, and Economics Research Associates

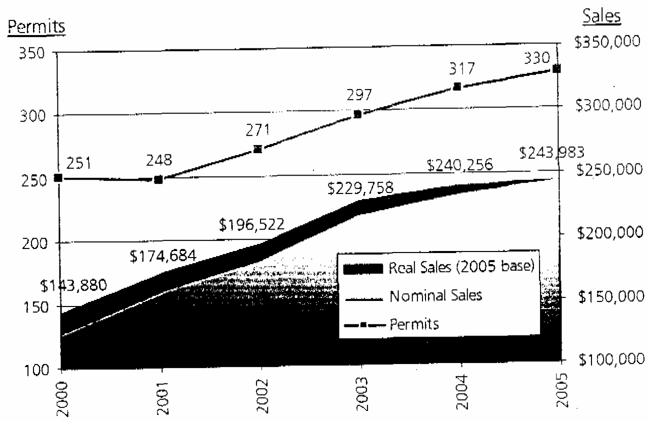
Figure 9 provides a graphical snapshot of the retail data for the City of Seal Beach. As can be seen in the graph, growth in both retail permits and retail sales has been steady for the period 2000 to 2005. The slight flattening in the retail permits growth in the year 2001 may be attributable to the economic shock caused by the events of September 11, 2001. Retail sales totals did not seem to be particularly affected by this event.

Figure 10 provides a comparison of retail sales per type of outlet for Seal Beach versus Orange County for the year 2005, which represents the most current data available. Due to reporting concerns regarding confidentiality, it is not possible to obtain a more detailed breakdown of sales for the City of Seal Beach (e.g., Women's Apparel, Men's apparel, etc.). The "Other Retail Stores" category includes specialty stores, which is one of the major visitor-serving categories. Specialty stores include vendors of gifts, arts and novelties; sporting goods; florists; photographic equipment and supplies; musical instruments; stationary and books; office, store, and school supplies; and other specialty items.

COASTAL COMMISSION
EXHIBIT # 7
PAGE 12 OF 17

In the retail categories for which data is available, Seal Beach regularly outperforms Orange County in terms of sales per outlet in the visitor serving categories of food, eating and drinking places, home furnishings and appliances, and other retail stores.

Figure 9
SEAL BEACH RETAIL GROWTH: PERMITS, REAL AND NOMINAL SALES



Source: California Department of Finance, US Bureau of Labor Statistics (CPI-U Western Region All Items), Economic Sciences Corporation, and Economic Research Associates

COASTAL COMMISSION

EXHIBIT # 7
PAGE 13 OF 17

VISITATION

The City of Seal Beach contains 1.5 linear miles of beach frontage extending eastward from the San Gabriel River to Seal Beach Boulevard, interrupted by the entrance to Anaheim Bay, and continuing on to the western boundary of Anderson Street. On the northwest, the San Gabriel River serves as the geographic boundary that separates the cities of Seal Beach and Long Beach, and the counties of Orange and Los Angeles. On the Southeast, Anderson Street separates Surfside Colony, a private gated community in Seal Beach, from Sunset Beach in the City of Huntington Beach.

Beach Facilities

Seal Beach is the primary visitor attraction in the area. Seal Beach Municipal Pier is a city-maintained facility located at the base of the Main Street shopping area. It currently offers sport- and pier- fishing facilities and a restaurant located at the end of the pier, over the water. Adjacent to the pier is the 1.4-acre Eisenhower Park and a major retail destination, the Main Street shopping district. Public parking facilities are located at First Street, Eighth Street and Tenth Street.

Figure 10
RETAIL SALES BY TYPE OF BUSINESS – 2005

	Seal Beach		Orange County		Sales¹/Outlet		Index
Type of Business	Permits	Total Sales¹	Permits	Total Sales¹	Seal Beach	Orange County	SB:OC
Retail Stores							
Apparel stores	30	#	4,083	2,062,892	-	505.24	-
General merchandise stores	24	#	1,794	5,467,357	-	3,047.58	-
Food stores	12	15,180	1,599	1,716,228	1,265.00	1,073.31	118%
Eating & drinking places	84	63,033	7,716	4,798,676	750.39	621.91	121%
Home furnishings and appliances	18	17,501	3,856	2,269,650	972.28	588.60	165%
Building Mtrls. & Farm impl.	5	3,328	1,003	3,165,171	665.60	3,155.70	21%
Auto dealers and auto supplies	1	#	2,414	7,728,809	-	3,201.66	-
Service Stations	13	44,582	662	3,554,347	3,429.38	5,369.10	64%
Other Retail Stores	143	100,359	22,275	6,909,704	701.81	310.20	226%
Retail Stores Totals	*330*	*$ 243,983*	*45,402*	*$ 37,672,834*	*$ 739.34*	*$ 829.76*	89%
All Other Outlets	261	61,717	57,456	17,390,412	236.46	302.67	78%
Total All Outlets	**591**	**$ 305,700**	**102,858**	**$ 55,063,246**	**$ 517.26**	**$ 535.33**	**97%**

Notes:
¹ Total Sales are in ($000s)
- Sales omitted because their publication would result in the disclosure of confidential information.
Values are included in Other Retail Stores category when possible.

Source: California Department of Finance and Economics Research Associates

COASTAL COMMISSION

EXHIBIT # 7
PAGE 14 OF 17

Beach Traffic

Visitor traffic to the pier and beaches in Seal Beach varies based on several conditions, primarily season, weather and the economy. Although precise attendance figures are not yet available for 2006, the Seal Beach Lifeguard Department estimates that pier and beach attendance exceeded two million visitors. More specific annual attendance figures for the prior five year period are provided in Figure 11.

Figure 11
ANNUAL BEACH ATTENDANCE – CITY OF SEAL BEACH

Year	Attendance
2001	2,136,830
2002	1,996,042
2003	1,899,333
2004	1,973,600
2005	2,157,643

Source: United States Lifesaving Association

The Lifeguard Department estimates that the majority of beach visits occur during the summer, from mid-June through mid-September. Visitation slows down from October to February, and then from March builds gradually to the summer peak.

Beach users include both local and out-of-town visitors. Types of use include surfing, body boarding, windsurfing, kite surfing, swimming, beach combing, and general beach going. Seal Beach residents typically use the beach to the south of the pier. Local teens tend to congregate to the immediate south of the pier, with local families locating further south. Non-local visitors tend to congregate near the public parking facilities. During the summer months, surfers are restricted to the northern end of the beach, between the San Gabriel River and Fourth Street, from 10:00 a.m. to 6:00 p.m.

Visitor Accommodations

There is one lodging facility located within the boundaries of the City of Seal Beach: the 70-room Pacific Inn, located at the corner of Marina Drive and the Pacific Coast Highway, two blocks from the subject property. Within a 1- to 3-mile radius, there are four additional hotel/motel facilities:

COASTAL COMMISSION

EXHIBIT # 7
PAGE 15 OF 17

- Seaport Marina Hotel, Long Beach
- Best Western Golden Sails, Long Beach
- SRS Hotels, Long Beach
- Ocean View Motel, Huntington Beach
- Pacific View Inn and Suites, Huntington Beach

ERA
Economics Research Associates

In terms of the larger coastal supply of lodging facilities in Seal Beach, Long Beach, Sunset Beach, and Huntington Beach, a recent study by PKF Consulting indicates an inventory of 7,100 rooms available in 78 facilities. Of these facilities, 13 are considered waterfront or ocean-proximate, and provide 1,791 rooms. Market occupancy for this subset of facilities has ranged from 60-70 percent between 2000 and 2005. In 2005, the aggregate occupancy rate was 69.7 percent, a 3.7 percent increase from 2004. Compared to other coastal areas, such as Santa Monica and San Diego, which generally have occupancy rates in the mid-70s to low-80s, the market in and around Seal Beach is weak and has room to accommodate significant growth.

Indicative of this trend, the Seal Beach Inn and Gardens, a 23-room facility that was located in Seal Beach, closed in the summer of 2006.

There are, however, a number of hotel rooms in the pipelines. The City of Seal Beach has proposed at 110-room Hampton Inn hotel on a site formerly owned by Boeing. Construction is slated to begin in March 2007. A ten-room bed and breakfast facility has also been approved at 308 7th Street in Seal Beach, and is projected to open in late 2008. Furthermore, there are a number of other large hotel facilities projected to open in the next five years, totaling 670 additional rooms, including the Seal Beach properties enumerated above.

COASTAL COMMISSION

EXHIBIT # 7
PAGE 16 OF 17

ERA

APPENDIX A
HISTORICAL USE OF SUBJECT PROPERTY

03/05/2007 22:16 5624580220 CONNIE PICO PAGE 02/02

03/05/2007 14:25 562-4930733 PAGE 02/02

City of Seal Beach

BY FACSIMILE (563) 590-5084
AND FIRST CLASS MAIL

FILE COPY

December 11, 2006

Mr. Fernie Sy
California Coastal Commission
200 Oceangate, Suite 1000
Long Beach, CA 90802--4302

Dear Mr. Sy:

SUBJECT: **CDP APPLICATION NO. 5-06-328**
400 MARINA DRIVE - SEAL BEACH
CLARIFICATION ON CURRENT USE OF PROPERTY

Based on a review of a property survey conducted by the Planning Department of the City of Seal Beach in April, 1977, the above referenced property was being utilized as a 10-unit apartment building at that time, and has been so utilized to the current time. The City has not been able to confirm what the use of the structure was prior to that date.

If you have any questions regarding this matter, please contact my office at your earliest convenience. I can be reached at (562) 431-2527, ext. 313 or by e-mail at lwhittenberg@ci.seal-beach.ca.us.

Sincerely,

Lee Whittenberg
Director of Development Services

Cc: Alan Schwendener FAX: (562) 856-3255

Z:\My Documents\Coastal Commission\400 Marina Drive Property Use Letter.doc\LW\12-11-06

COASTAL COMMISSION

EXHIBIT # 7
PAGE 17 OF 17

Source: The Schwendener Company