



CITY OF MONTCLAIR
PLANNING COMMISSION MINUTES
REGULAR ADJOURNED MEETING
Monday, February 8, 2010

COUNCIL CHAMBER
5111 Benito Street, Montclair, California 91763

CALL TO ORDER

Chairman Flores called the meeting to order at 7:00 p.m.

PLEDGE OF ALLEGIANCE

Commissioner Lenhert led those present in the salute to the flag.

ROLL CALL

Present: Chairman Flores, Vice Chairman Sahagun, Commissioners Johnson, Lenhert and Vodvarka, Community Development Director Lustro, City Planner Diaz, Associate Planner Lai, and City Attorney Robbins.

Excused: Associate Planner Frazier-Burton

MINUTES

The minutes of the January 25, 2010 regular meeting were presented for approval. Commissioner Johnson moved, Vice Chairman Sahagun seconded, there being no opposition to the motion, the minutes were approved 4-0, Commissioner Lenhert abstaining.

ORAL AND WRITTEN COMMUNICATIONS

None.

AGENDA ITEMS

6.a PUBLIC HEARING - CASE NUMBER 2009-21

Project Address: NEC Monte Vista Avenue and Moreno Street
Project Applicant: Montclair I MGP Partners LLC
Project Planner: Michael Diaz, City Planner
Request: Tentative Tract Map, Precise Plan of Design and Variances

City Planner Diaz reviewed the staff report. He stated that staff has been working on this project for the last six months and there have been some concerns and issues raised regarding rentals versus ownership and deferred to the applicant to answer those questions. Staff believed the project was consistent with the goals of the North Montclair Downtown Specific Plan (NMDSP) and recommended review of the project and recommendation of approval to the City Council based on the findings in the staff report and attached Resolution. The applicant brought a PowerPoint presentation that should answer questions about the project and he would try to answer any remaining questions after the presentation.

Chairman Flores opened the public hearing.

James Atkins, 415 S. Figueroa Street, Suite 2600, Los Angeles, a partner of the applicant, Merlone Geier Partners, gave background information on the project. He stated that as the Commission may recall, this project was approved back in 2008 as a different plan. By way of history, M&H Realty, the predecessor to Merlone Geier Partners, was in contract to sell this parcel to Standard Pacific Homes. Standard Pacific intended to build a traditional townhouse condominium-type project on the site. They worked to entitle it for approximately 290 units. In 2007, Standard Pacific Homes fell out of contract with M&H and M&H subsequently finished the entitlements as they were. Merlone Geier's background is primarily a retail development and institutional investment firm. He joined Merlone Geier in summer 2008 coming from a residential background that worked with partnerships in Portland, Oregon, on Portland's Pearl District and neighborhood redevelopment projects and, most recently, in downtown Los Angeles, where he developed high-rise condominiums in the Staples Center neighborhood. He joined Merlone Geier as a residential component to their partnership. Simultaneously, they negotiated and joined with GLJ Partners. Garth Erdossy of GLJ Partners, who will serve as their development partner and general contractor, was present at the meeting. Also present was their architect, DesignArc, their landscape architect, their civil engineer, their land use consultant and he felt they would be able to answer any questions the Commission had. Regarding the park, their landscape architect, Steve Carroll from EPT, went through a design competition. They recognized early on his experience with these kinds of neighborhood redevelopment projects, making the park of very vital importance, the front door for our project, it's going to be a gathering place. It can either be a tremendous asset or a problem. They engaged four firms in a design competition, paid them each a modest stipend, and brought EPT on board. Most of Steve's experience came from large neighborhood development

projects and they spent a lot of time trying to conceptualize and visualize how this project would fit in with the specific plan and would encourage and set the bar for future projects. They think they have addressed that and asked the Commission to keep that in mind as they observed the presentation. Seeing this as the catalyst that helps other specific plan project areas develop, they get asked often who they thought would live in this project and he thought renters by choice. They might be different demographics, they might be young, students, empty-nesters, someone new to the area with a young family, but for whatever reason, their commonality is that they have decided at this point in their life, they are going to be a renter by choice, choosing a lifestyle that works for them at the time and they are also someone who is going to want to live in a new project, in a new neighborhood that is hopefully a catalyst for future projects to follow. In Portland, they called them "urban pioneers." They are people who want to live in a project that is just beginning and those two things will be the common thread between the people who would choose this.

Garth Erdossy, 5780 Fleet Street, Suite 130, Carlsbad, the managing partner of GLJ Partners, stated Merlone Geier was primarily an investment firm. They raise capital from university endowments, like Stanford and Yale, and they aggressively pursue investment in retail assets and, in fact, that is probably how they got involved in this one, because the property used to be a Sam's Club. They do not do a lot of residential, they stick to their niche, they are good at it and that is how GLJ Partners came into the picture. They have offices in San Diego and in Atlanta. The principals of GLJ have completed over 100,000 homes in 14 states and 40 cities. Their practice has been equally divided between "for rent" and "for sale" products. They build different types of product, high-rise condominiums, multi-story towers and projects like this one. One of their company policies is to build all of their communities to condominium standards. It's no secret that the economy has undergone incredible stress and they believe that purpose-built condominium projects are not going to be able to be built or financed for some extended period of time. The reason they build all of their communities to condominium standards is that they believe that the new condo stock that will enter the housing market will be a very important part of the matrix, especially in high-cost environments like we have in Southern California. They are very excited about the opportunity in multi-family, there are overwhelmingly positive demographics supporting growth and demand. There are 70 million people in what demographers call the "baby boom echo" who are now entering the age where they are beginning to form households. Some of them would like to form a household, but they are trying to get that first job, but as soon as the economy begins to pick up, we will begin to see that demand take off. There will be an incredible demand of roughly 2 to 3 million people annually for the next 14 years or so. These young people demand and appreciate walkable communities. They were attracted to this particular opportunity because of the great location and the exceptional master plan. They saw a lot of vision in the specific plan and thought the City really understands what they want their city to look like in the future and the plan is a viable plan that is going to happen. You have everything you need, extensive retail, great roadway, visibility and access to two major freeways and access to major universities. All that is needed here in Montclair is more households to kick off the specific plan. Very early on, they determined that the public park was crucial and prevailed in the contest. Their other primary responsibility was to create a

community that was architecturally significant, befitting the initial community in a big master/specific plan. They needed architecture that was innovative and beautiful. To that end, they engaged DesignArc, which has a very viable practice in Southern California with offices in Los Angeles and Santa Barbara. They are experts at the Santa Barbara style. They spent the last 30+ years designing very nice homes in Santa Barbara so they bring that experience to the table and have come up with a very innovative family product that is like no other he has ever been involved in.

Mark Kirkhart, 29 W. Calle Laureles, Santa Barbara, principal of DesignArc Architects. They have offices in Santa Barbara and Los Angeles and have been practicing for over three decades. He resides in Santa Barbara. He was going to review the PowerPoint presentation, getting into a little bit of the planning of it and will then turn it over to Steve Carroll of EPT who was going to go through the landscape component, which they felt was a very, very important part of the project, and then he would take it back and wrap up about the architectural character and how they approached the design of the site. The first thing they did was spend a lot of time studying the specific plan and everyone was very impressed with the efforts that the City had taken to put together the specific plan. It was one of the most comprehensive plans they have seen; they understood the City had a real vision of what it sees happening in the north part of the city. In taking that to heart, the first thing they did was study the various elements of the specific plan. One thing that was obvious was connecting the public streets through the project, which was done by connecting Olive to Moreno to the south. The other thing that seemed very obvious was that they were quite taken by the public park. In the specific plan, it was actually shown very small, kind of in the center of the site. They grabbed onto that idea and felt if there was a way to expand on the public park and really stretch it out to the community and make it an offering to bring people from the community into the public park, not just the residents living within the project, but extend a hand out of the site. Their plan developed with a much larger public park than had been anticipated in the specific plan, which they felt was a real benefit. The other thing was the public streets they put through the site are not just public streets. The specific plan has very detailed ideas about how those streets will be structured, the widths of the street, the pedestrian scale of the street, the relation of the architecture to the street, the landscape, the overhead trees, everything to make those streets very slow-moving, very pedestrian friendly. Both surrounding the park and even included in what they call traffic calming at the intersection of the park and Olive Street, they are putting a bit of a bend in the street. Everything possible to slow down the traffic and the actual intersection had the potential for the heart of their project where community events, perhaps times when the street could be closed off, and have farmers' markets, etc. The other thing is the actual scale of the buildings themselves, very much the same scale that was anticipated within the specific plan. Roughly, their buildings are 20 to 30 units per building, which means you have a family of 20 or 30 people in one building as opposed to larger 80-unit buildings. They included live-work units in the center of every one of the buildings that faces the park and each of the U-shaped buildings, there is a live-work unit in the middle, which they think will have an opportunity to provide eyes on the park, not only the residents that are there looking out but even all day long, people that live and work at home to build in some security. The other thing is that they made a very big effort to not have any of the driveways or garages apparent from the public

streets. They made a very big effort to take the driveways to the backside of the buildings so when you are walking down the sidewalks, you are not being interrupted by curb cuts, there is parallel parking on the streets, very much of a small urban scale setting. With the strategic placement of the additional amenities within the site, it fosters a sense of community. Mark Kirkhart turned the presentation over to Steve Carroll of EPT Design.

Steve Carroll, 844 E. Green Street, Pasadena, of EPT Design, acknowledged they were introduced to the project through a design competition and past experience working with DesignArc. He commented that being a resident of Claremont, he felt comfortable working in this area. In digging deeper, they drew inspiration from two things, (1) the agricultural history of the area, and (2) the natural context, given the San Antonio Wash infiltration basins and an area further north, outside Montclair but along the San Antonio Wash, the area referred to as the Arroyo de Los Alisos, which actually became the namesake of their design competition submittal. The landscape speaks to the Santa Barbara style architecture. There is color in the design, used for aesthetic reasons but for identity and way-finding. He wanted to speak about four areas. The public park, the Paseos, and the two pool terraces, one referred to as The Villas and the other The Vineyard. They drew their inspiration from the natural and historic context for the park in the notion of the Arroyo de Los Alisos. The idea was to literally create an arroyo. The park is proposed at only 65 feet wide and they were concerned about safety so what they have done is dropped or sunken the park from the street level. It actually drops about four feet. The park is broken into three components; at the north end, there is a terraced lawn area and an amphitheater-like space that they see being used for small community gatherings and different types of events. At the center of the park, there is a play area, but they have not designed into the park any play apparatus other than natural materials so they have a climbing tree and boulders which sit in the center of the park. Toward the south, you will see a large lawn terrace. It is the only lawn other than the terraced amphitheater in the entire project but would be a passive-like space. It is not wide enough to accommodate sporting events but you could certainly kick around a soccer ball or throw a Frisbee in this area. One of the sustainable aspects of this arroyo concept is that they have taken drainage from the adjacent streets to the east and west and channeled that water into the park so it actually spills through some gabion walls that are the linear forms that you see along the edges. That water is taken through bio-swales and ultimately reaches the south end where you see the circular form where water is infiltrated before it ever gets to the storm drain system.

Mr. Carroll showed some visual imagery that supports some of the design ideas, the terraced amphitheater, the roof terrace, the large climbing tree, a fairly large oak tree, and the fairly passive space that would accommodate lounging, reading, and those types of activities.

The Paseos. There are six paseos flanking the U-shaped buildings with the design inspiration coming from agriculture in the region and you will see how they are using color and materials as a way-finding device to identify the variety of the Paseo spaces. Simple, semi-public; private patios come off the central spine of the walkway. All the Paseos lead to the park and at the end there is a seating space that would

predominantly be used by the adjacent residents but it is open to the public. There are three Paseos: an "Avocado Paseo," a "Walnut Paseo" and an "Orange Paseo." The materials do not necessarily say we are going to use that gate or particular plant, but the notion of using color in both plant material and paving materials to identify the various Paseo spaces.

The Villa. The Villa is one of two pool terraces on the project. One is defined as a bit more active than the second. It is surrounded by a variety of active uses. They would be designed with amenities that are similar to what you will find in a residential backyard; an outdoor dining space, a fireplace, barbecues, a place to sit and eat. The pool would be conducive to swimming laps and a variety of lounge spaces run the perimeter of the pool space. In the design competition, the space was referred to as the Citrus Terrace and they are using colors that not only use citrus in a grove but the yellow and green tones. The second space sits in the middle and you will see the round pool form which is different from the lap pool form in the other space and is referred to as the Vineyard Terrace. The circular form also draws or connects to the infiltration basin at the end of the park. Those two forms interconnect along that linear paseo. The same types of amenities are provided, such as barbecues, outdoor dining, and an outdoor fireplace that can be utilized from two sides. Again, color dictates and identifies the space. He turned the presentation back over to Mark Kirkhart of DesignArc.

Mr. Kirkhart stated that if the park was the heart of the project, then The Villa is the heart of the community. The building was designed to replicate a large Santa Barbara or Montecito-style mansion in the 8,000 square-foot range. It has a combination of active gathering spaces for meetings, an exercise room, a conference/business center, lounge with a coffee component, and a large indoor event room with a display kitchen. In other projects such as this, they have seen people schedule a chef and conduct cooking classes. Also, the management center or leasing office is located in this building as well. This is where people can meet and pick up their mail and it truly becomes the heart of the community. This will be a very high-end interior design, very much in keeping with the Spanish Colonial Revival style architecture. They have not seen this exact kind of idea before and he admitted they feel they have invented it for this project. It is not unusual to see motor court homes, where you have people that tuck into garages behind their house and go directly into the house. But many times those spaces are not very active and become cold places where just cars come and go and their idea on this was to figure out a way to actually utilize the space where the cars travel for additional activities. They see an opportunity for that space to be used for kids to ride their bikes or kick balls around. People who live there might want to close the area off for an event such as a Fourth of July block party. The motor court has access from the center of the building. Approximately half the people who park in those garages have the ability to go straight into their units. They felt it was important that not all the residents would be going straight into their units so the other half actually have to go out through the garage door and walk up to their entry. The ground level is primarily one-story flats that are ADA-accessible and adaptable with the exception of the one tall piece in the middle, which is a townhouse live-work unit. There are two stairwells at the left end of the building that go up and a sidewalk where you walk above the garages to access the front doors, which would be for the guests as well. There are also the two

rectangular areas right at the intersections which could become break-out spaces; little courtyards on the upper floor where residents can gather. There are stairs on both ends of that. People can actually go up the stairs and circulate between buildings across that courtyard. Two-story townhomes go on top of that. The idea is that for the people who are not able to go directly into their unit, they would not walk by more than one other residence. All the kitchens and entries are located along the backside with windows looking out into this area. People circulating in and out of their front door will constantly be looking over into this space so they tend to keep an eye on what's going on in the building. These buildings primarily front the park only on the one side. In order to accommodate the unusual geography of the site, they have basically taken the same DNA of the building and taken the pieces apart and created blocks of those buildings to surround the Vineyard Terrace, opening out onto the more passive recreational pool. The last building is what they call the podium building. It takes advantage of a very unusual site condition which is 16 to 18 feet of vertical change between Arrow Highway on the north and the primary level of the site on the south. They are proposing a lobby in this building. There are 63 smaller units, mostly studios and one-bedroom units, but there are a few two-bedroom units. People who are a little more social have a patio on top of the podium and a little sitting area with a fire pit and the lobby will primarily be used as a lounge, but as the north side of Arrow Highway gets developed, this will be an area where the residents of this building would come down and get across the street to the new Transcenter.

Mr. Kirkhart added that DesignArc has been developing Santa Barbara style projects for over three decades in Santa Barbara; they understand this style, which consists of white-washed buildings, beautifully textured, plastered, deep, recessed openings, and lots of shadows. Mr. Kirkhart then presented a fly-through simulation of the entire project to the Commission.

City Planner Diaz commented that one of the speakers present, Anne Cheng, is the author of the letter that was placed at each Commissioner's seat just before the meeting.

Anne Cheng, 1645 Perkins Drive, Arcadia, owner of the adjacent 4.86-acre land located at the northwest corner of Fremont Ave and Olive Street, stated she had questions for the applicant. She asked if Merlone Geier will convert the rental units to sale units in the future. Is Merlone Geier going to manage the property themselves or will they hire a property management company? How long does Merlone Geier intend to hold the property? Chairman Flores asked staff if Ms. Cheng's questions could be answered. Director Lusto deferred to Jim Atkins of Merlone Geier Partners.

Mr. Atkins replied that as far as a conversion plan, one thing they have done on the tentative tract map was to create each building as a stand-alone lot so that when the market opportunity presents itself, it could be done. So they tried to do the forensics, do all the inspections and design to condo standards (sound attenuation, plumbing materials, HVAC choices, HOA documents and CC&Rs), having it all ready and then create the tract map so they can pull individual buildings out, release them from the underlying loan from the apartments and sell individual buildings, which makes a much

easier proposition when it comes time to convert. If the proposition were to convert and sell 385 units all at once versus phasing it slowly to convert the project from an all market rate project into a 27-unit "for sale" condo project that works together with the existing apartment project and that will convert over time, exactly how fast units would sell would be market driven. Having a "for rent" project, it is hoped that many of the potential buyers will be people who are living there at the time. As to the management question, they do not intend to manage it themselves. Merlone Geier manages its own retail projects. Instead, they would go through a RFP process to search for a professional management company, probably someone doing some business in the area who understands the market and the needs of the tenants, understands what kind of programs, the recurrent theme about community, trying to program that, whether it is cooking classes, classes in the weight room, or things for kids in the pool. They would try to find a management company that has experience in that and also knows how to manage and maintain the rules. It is certainly in their best interest to maintain this in the highest manner possible. As far as how long they would hold the property was market driven. The fund that holds the property was created in 2007. They have gone out with two institutional lenders who oversee their endowment funds, foundations, etc. and have pooled money; that fund has been created for ten years (through 2017) and then they have the ability to extend the fund for several years past that so it does not force them to sell assets in a down market. Their investment horizon is the 2017 to 2020 horizon and he felt that gives them an advantage: (1) they have the money in the bank, so to speak, and (2) they have patient, long-term investors interested in maintaining the investment long-term who are also willing to spend the money up front to make conversion a possibility when and if that opportunity presents itself. In his experience, he felt it would be in the investment horizon. He did not know if they would be the converter, but it allows them to sell to someone else who does that kind of business.

Garth Erdossy added that they had a lot of experience with their projects being converted. A 300-unit, 24-story tower where they first offered the units to the existing residents had typically 20 to 30 percent of the residents interested in purchasing. They get first choice and usually buy the unit they are in. The intent would be to convert the entire property, but they would need the flexibility in order to make sure it was done properly. As they have seen, they cannot predict the housing market. As a large builder of "for sale" housing in many markets across the country, they have seen a lot of different things happen in the capital markets regarding "for sale" product and do not believe they would be able to be financed easily anytime soon so they believed the conversion would be the most probable outcome. A lot of people have asked why they are starting the project now in a tough economy. The answer was the demographics; there is a growing consciousness that a home is not necessarily an investment, it is more like shelter and if you think you are going to lose money, you start to look at what you are really getting. If you are a condo owner, you have to chase around the handyman to fix things when they break. In a rental community, those things are taken care of by a professional management company. When you want to go on a trip, you lock and leave and don't worry about it because there is a professional management company on site to take care of everything while you're gone. That is becoming very appealing to a wide array of demographics and they can't really point to one demographic cohort as their typical renter. The trades are very hungry right now, so the

pricing is very favorable. So when you take a long-term deal like they do, they can hold an asset for 7 to 13 years. They like to be able to produce that asset in the lowest possible cost environment. They also believe that its not *if* the economy recovers, it's *when* and they want to be there with the very best product and this location, ready with beautiful homes when people are ready to form new households or move from their existing household.

Chairman Flores commented it may be difficult for someone to sit at the meeting and digest all the information and suggested that the applicant have a meeting with Ms. Cheng so that she understands completely.

Vinod Kapoor, 3660 Startouch Drive, Pasadena, the owner of the EZ Lube property, stated that this was the first time he had the opportunity to come and see the plans and his concern was the easement between the two properties. Apparently, The Villas encroaches upon the easement and that is a serious concern for him. He was also concerned about the zero setback. He had issues that need to be resolved because it impacts his property rights. Chairman Flores suggested a possible meeting between the applicant and this property owner as well.

Hearing no other comments and no one else being present, Chairman Flores closed the public hearing.

Commissioner Johnson asked about the variances, particularly the space between this development and the existing residences. She was interested in the distance and in which direction the building would face. Was it toward the existing residences, which direction would the windows face and if the windows face the existing residences, what mitigation efforts are in place to fix that? She had heard from a couple of the existing residents who have some concerns about privacy that they have enjoyed forever and think there is going to be someone six feet from them on the third floor staring down into their backyard. She wants to make sure that is not the case or if that is the case, what are we going to do to mitigate that. City Planner Diaz commented the staff report reflects that the closest three-story, U-shaped buildings are 53 to 56 feet away from the property line so they are at least that many feet west of the existing wall that separates the single-family residences from the subject site. Moreover, there are very few windows that actually face the existing residences. Most windows are oriented to the north and to the south. There should not be much of an issue with regard to privacy of those units. The garages, which are the buildings closest to the property line, do a couple things: they break up the visual monotony along the driveway on the east side of the property and also gives some privacy breaks to the existing residences because the garage itself forms a wall to help keep the feeling of the taller buildings imposing upon their backyards. In some cases, the garages will help to enhance privacy. The variance request was done because the masonry wall that is there is not congruent with the property line. The property line is actually in the backyards of the single-family homes, but the applicant has chosen not to tear down the walls and disrupt all their backyards, but to maintain that wall there and then to put the garages close. By eliminating spaces, they had eliminated maintenance issues that might impact the privacy of the property owners to the east. Mark Kirkhart stated they also have

landscaping along the edge and trees to provide an additional buffer and that there are very few windows facing that direction. Light and ventilation are primarily facing north and south and they are aware of that.

Commissioner Johnson asked Mr. Kirkhart if he could clarify what live-work is; is it someone who works from home, a retail establishment, what exactly does that mean? Mr. Kirkhart replied that the space is a very small, studio-type space on the ground level and is not intended to be a retail establishment per se. It is suited to someone like an artist who might work at home, an insurance agent who has his own office, or a graphic designer, landscape architect, or other office-type business. It is not geared toward a full-blown retail establishment. The intent is that the person who lives there also works there, so it's not rented out to a third person. The space is actually connected vertically so the living space is an overlooking loft space that would not be conducive to have a person renting from you.

Commissioner Johnson stated that she understood the plans design this to be a walkable space. However, she heard during the presentation there is only one place to pick-up the mail. She commented that if she just got off work, she would not want to hike all the way to the other end to get her mail. Mr. Kirkhart replied he believed they would be limited by the U.S. Postal Service with regard to how many locations of drop-off and pick-up are permitted and they were fairly certain the postal service will only want to have one. That is why they provided parking next to that building, so if you did happen to live farther, you could park, go get your mail and then drive to your unit.

Commissioner Johnson asked if there were green elements in the project such as solar lighting, etc. City Planner Diaz answered his understanding was that the architects plan on complying with the green building principles and standards. Mr. Kirkhart stated they would not pursue LEED certification but it would be to the "Build Green" standards, which is right on the cusp of being LEED-certified. They would be installing Energy Star appliances, using the "Build Green" standards during the course of construction in terms of recycling materials, excess materials, drought tolerant landscapes, etc. They will be doing a lot of things to make it sustainable.

Commissioner Vodvarka stated he was very impressed with their program but is still against apartments. He does not like rentals. He lives in a neighborhood that was one of the first tracts built in Montclair in the mid-1950s and he now has a few rentals in his neighborhood which he is not happy with. The only time they have green lawns at the rentals is when it rains. This particular program reminded him of what he saw in Orange County during the tour and in Orange County he could see something like this succeeding, but he could not see it in Montclair. He would like it if it was a "for sale" development, but felt there were enough rentals in Montclair already.

Vice Chairman Sahagun asked about HOA documents and whether they were in place or if they were they working on them, about CC&Rs, and if there was money set aside for the future conversion. Mr. Atkins replied that the HOA and CC&Rs would be created and ready when the project is completed, but they are not done yet. The design needs to be further advanced. For instance, they need to know how assessments would be

completed exactly and what maintenance costs were. Within their market rate rental project, they have a capital reserve allowance so they are setting aside money for capital reserves and, consistent with state law, when you create that HOA, you would have to present a reserve study to the Department of Real Estate and ensure that it is adequately funded. So, the reserve study is intended to provide for money for all of the things whether it is five years or 50 years down the road that have to be replaced and if, at that time, there needs to be money for a reserve study, the DRE will mandate that. One of the big things he has done with condos was long-term liability and one of the ways to reduce your long-term liability was to make sure the reserve fund was accurate, conservative, and has money set aside to deal with maintenance issues when they come up. Many of the projects you see problems with did not have that. It is their intention to do a reserve study, get it approved by the DRE and set aside money to satisfy the DRE.

Vice Chairman Sahagun commented that he understood they wanted to turn around and sell the units. He inquired about the projected timeline. He knew that the market controlled this, but wondered if there was a timeline in which they would either sell to another developer or start the conversion and start selling the units off. The specific plan did not envision rentals and the project is beautiful. Mr. Atkins replied that the outcome is impossible to predict. It would not be possible for them to go to their investors and say that they want to do a "for sale" project; the economics do not make sense. The economics for a quality, market-rate, and institutional apartment project does make sense for the construction costs of today, where they see demand. They are doing everything they can so they can be in a position to respond to that. Because when it happens, it will happen relatively quickly. In his former partnership, they developed about 750 units or homes in three towers in downtown Los Angeles. In the first two buildings, those were sold at the height of the market in 2005 and 2006. Today, out of those 420 units, about 25% of the units are leased. We asked people to sign a one-year "no flip/no lease" clause. We wanted to keep speculators out at the time because they wanted to build a community. As it turns out over time, many of those units became rentals anyway and they brought a resolution to the board to limit that to 25% or 30%. The board and the people living in the community voted not to put a cap on it. He and his wife bought a home in his first project in 2006 and it really comes down to management. It is not necessarily who lives there, whether they are a buyer or a renter, it is how it's managed. He saw many condo projects that were poorly managed and funded, the reserve study was inadequate, and the HOAs were not set-up to handle conflict resolution. It boils down to management issues. He would like to be able to predict the market. If you are smart about it you build the right project; they think the attached-garage project will be a perfect opportunity and a candidate for conversion. It works well and appeals to young people who want to have that drive-in/drive-out ability. About half the units have the attached garage.

Commissioner Lenhart commented that after studying the documents regarding this project, all he could find was variance upon variance upon variance. There are a lot of things he did not agree with. He asked how many of the units in the adjoining area in Upland are vacant. Director Lustro commented that if Commissioner Lenhart was referring to College Park, which is on Monte Vista just north of the police station, in

Upland, they are still leasing up that project, which is relatively new, and he believed they are at about 70% occupancy and still leasing up the new units. Commissioner Lenhart commented about units in Ontario that cannot be rented and he feared that it will be a lot like it was with the apartments on Mills Avenue north of the freeway in the 1960s. When those units were built, it was going to be high-end residential, renting to the college students and what happened is that the City has spent a lot of money on a foundation area trying to clean up the mess and he does not want to see anything like that again. He has been in this Valley for 60 years and in this city for 50 years and would hate to see anything like that happen again. He cannot agree with the parking. The specific plan shows that you have a variance for the parking, but when you have three bedrooms, there is a possibility that you have six people, and a possibility of six cars and he wanted to know where you're going to put them. There are a lot of things he would like to look at a little bit longer and as far as he was concerned, he would like to continue the item to a later date so he could study it a bit more.

Vice Chairman Sahagun stated that before the Commission voted on the item, he wanted to discuss it further. When the specific plan was done, it discussed this particular site, and as Ms. Cheng wrote in her letter, this project will set the precedent for any future development. It is setting it up for failure or a great community. He has been here for about 15 years and knows that Commissioner Lenhart was one of the founding fathers of the City who really cares about the community. He loved the project and wished it was "for sale" right now. He understands the concept and what the future plans are but he would like to hear a little about the staff that has worked on this for a long time.

Director Lustro stated that Vice Chairman Sahagun was correct that when the specific plan was developed, it was about a three-year process and staff tried to think through everything they wanted to see happen in North Montclair. They believe the area, which comprises about 150 acres, is a very desirable neighborhood, has a lot of assets close by and the goal was to develop a community where people wanted to live and, as the plan developed, where they would also be able to have some additional neighborhood shopping opportunities as well. Montclair Plaza is in close proximity, but the plan makes provisions for a limited amount of retail opportunities in specific areas of the plan, primarily around the intersection of Arrow Highway and Fremont Avenue. The comment about the first project in the door being a high-quality project and setting the bar where we would like to see it is absolutely correct and that has been a goal of staff and of the City Council because we realize if we do not do the first project right, we might as well throw the specific plan in the trash because we have set the course for future development in North Montclair and so the expectation all along is to set the bar very high. As everyone is aware, there are no directives or provisions in the specific plan with regard to types of ownership. The specific plan is silent on whether projects should or need to be ownership or rental housing. In fact, as the specific plan came together, staff has felt all along that there are opportunities for a healthy mix of both ownership housing and rental housing and there are a number of communities where that has worked very well. The closest example and most notable would be around Victoria Gardens in Rancho Cucamonga. There are condominiums and apartments there and they are all of a very high quality. Staff does not believe that we deserve

anything less than that and, going back to the issue of high quality, staff absolutely agrees and that is what we're shooting for. During the course of reviewing this particular project for almost one year now, one of the things that has come up over and over again is about the high quality of this project. The architecture speaks for itself, viewing the fly-through presentation, the plans, the boards posted for viewing at the meeting, staff has no concerns about the quality of this particular project. Staff believes it meets or exceeds the quality of the two projects that have come to the Commission before and that have been approved by the Commission and the City Council. It is probably been the issue of least concern to staff in the review of this project over the past several months. Instead, staff has focused more on the details and logistics of putting together this project and moving forward on conditions of approval, CC&Rs, and the ongoing development of the community facilities district, which will maintain certain public aspects of the specific plan area. So many of the meetings have focused on those aspects and how they relate to the project. Three of the five commissioners had an opportunity to go on a tour that the developer conducted back in August and got to see the quality, character and lifestyle of a couple of other projects that the development team would like to replicate here in Montclair. Staff feels privileged that this development team would like to do something of this quality in this community. That said, staff also knows there has been extensive discussion about ownership type; "for sale" versus "for rent" and that has always been an issue and was something that staff brought to the forefront in the first meeting with this development team. The development team felt, and staff has come to agree, that they wanted an opportunity to move this project forward as a rental project because they believe that staff and the Commission and City Council would see the high quality of this project and the concern over the project being a rental project would be minimized. Trying to compare this project to anything else in Montclair is truly unfair because we have nothing like this in this community. The largest apartment project under a single ownership in Montclair is 165 units. It is an older project, fairly well maintained, but to try to compare this project to apartments in our Foundation Areas or other multi-family neighborhoods is truly comparing apples to oranges. Most of our multi-family neighborhoods that the Commission is familiar with are neighborhoods of duplexes, triplexes and fourplexes that were built almost 50 years ago. The character of those neighborhoods is primarily two, three or four units on single lots under multiple ownerships, with most of those ownerships being absentee landlords. The vast majority of those properties do not have an on-site manager and that has been the main reason that the City has had to spend so much time and resources trying to maintain quality of life in those neighborhoods. We have had some successes in the Foundation Areas, but there are other neighborhoods where we continue to fight the fight. Basically what it comes down to is management and most of those neighborhoods do not have that. What is being proposed with this project is a horse of a different color, so to speak, where you have a rental community under a single ownership, an institutional quality professional management company that has experience managing projects of this scale, hopefully in this area so they know the neighborhood. All of that said and in support of staff's recommendation, with all due respect to other developers and other property owners in the area, he believed that it would be hard to imagine seeing a "for rent" or "for sale" project come before the Commission that is of a higher quality than this. If the Commission has concerns about rentals, then he suggested the Commission take the

appropriate action. If the Commission believes this project would not be an asset to North Montclair or a good start to what we want to accomplish then take the appropriate action from there. One final comment is that if it is the Commission's direction to continue this item, then staff would like to know what in particular or what reasons you would want to provide to staff for continuing this item. Staff believes it has provided the Commission with a wealth of information, some pretty detailed plans, heard a very detailed presentation from the development team, a PowerPoint presentation, and a fly-through presentation of this particular project so if it is the Commission's desire to continue this item, then staff would need some direction as to what additional information it would like to be brought forward.

Chairman Flores asked for clarification that the Commission was only recommending to the City Council and not giving the go-ahead on this project, but he understood some of the Commissioners' questions about the project. He commented that he was already convinced that we will not get as good a deal as being proposed by this project for a long, long time and if it's a consensus that the Commission wants more time to hash it out and talk to the applicants again, he would be willing to do that, but staff needs direction and a consensus. Director Lustro commented as a point of information or as a reminder, there was a request to discuss this project at the January 25 meeting of the Real Estate Committee, which is a subcommittee of the City Council. The development team had an opportunity to present an abbreviated version of what was presented here tonight, although the fly-through presentation was presented on a laptop computer and it did not have quite the same impact. The direction or the request at the Real Estate Committee was to work with the developer to schedule a tour for the City Council which is what the three commissioners attended back in August. They were impressed enough with the presentation that they wanted to go on a tour so we are in the process of setting that up. The issue of "for rent" housing versus "for sale" housing was discussed at the City Council meeting of February 1, there was some discussion about the tour and it continued to be the consensus of the full Council that they were interested in participating in a tour conducted by the team, much like the one done for the Commission last August.

Commissioner Lenhart stated that he was planning on attending the tour in August but ended up in the hospital, but would like to attend a future tour.

Vice Chairman Sahagun stated he also missed the tour and would like to attend a future tour. He also asked for any comments by any of the homeowners wanting to hear their input. Director Lustro stated the public hearing was already closed, so unless it is the Commission's desire to re-open the public hearing, then comments from the public cannot be taken.

With the consensus of the Commission, Chairman Flores re-opened the public hearing.

Ms. Lopez, 4852 Olive Street, Montclair, a resident that would be a neighbor to the residential community being proposed, stated her concern is more about the potential for congestion. She lives on Olive Street and to get home she heads north on Monte Vista and makes a left on Olive Street. At times, just because it's a heavy traffic street,

there are cars that will honk at her because she is making a left onto her street. From the plans, it looks like Olive Street would be a way to enter and exit the residential community and she is concerned about the congestion on an everyday basis, but especially at holiday times, it is very difficult to get home. From the freeway to Olive Street, it can take 15 minutes to get home so she is concerned about the added congestion. She also wanted to state that she and her family were opposed to rental property.

Director Lustro commented that he could reply to Ms. Lopez's question. With respect to northbound traffic on Monte Vista at Olive Street, one of the conditions of approval recommended for this project is that Monte Vista Avenue be re-stripped through the project length, the purpose being to provide a two-way left turn lane down the center of Monte Vista from the north project boundary south to Moreno Street. What that would do is allow smoother traffic circulation going northbound because it would allow motorists wanting to turn left onto Olive Street to get out of the through lane of traffic and into a left turn pocket.

Anne Cheng commented about the quality of this project and the Santa Barbara style is very new to this area. She knows that the past experience of this developer is commercial retail and this would be their first time involved in residential development. She would like to know if this project did not go as well as we thought, and she cannot find a good quality builder to come in because they will not want to build next to a rental property, is there any exit plan for the City. Director Lustro commented that he felt it has been stated several times during the meeting that none of us can predict what the housing market is going to do. Again, it's a timing issue, depending upon who you talk to and when you talk to them, everyone has a different estimate of when the economy is going to pull out of the funk it has been in for the last few years. As the Commission may recall, when the economy went sour in 2006-07, we had several single-family residential projects under way in the south end of the City. There was some severe impact on those projects. Fortunately, they all got finished, but they got finished in a slower timeframe than what we had hoped. The houses sold a lot slower and for a lot less than what they started at. There were a couple tracts that had models selling at the top of the market for \$650,000 and by the time the subdivisions were finished, they were selling for probably 60% to 70% of that. Clearly, there is no way of predicting what is going to happen. We had a commercial project that began construction a couple years ago, the developer ran out of money, basically mothballed the project, it is has been sitting about 70% completed for well over one year. Fortunately, the project just got picked up by another developer and now construction has started again. We can only do the best we can on this. Ms. Cheng's question is a good question. What if the economy were to sour some more and there were some financial issues. If we were looking at a "for sale" project, the same question is valid with respect to how does the project get finished and what is the alternative. It applies whether it is a "for rent" or "for sale" project. The only thing is to reiterate something that was said earlier and that is that the property owner, Merlone Geier Partners, has a fund set aside to build this project. They do not have the same need for construction financing that a lot of developers would in this market right now when banks are very reluctant to loan money.

If the applicant was not comfortable financially to move forward on this project, then it probably would not be before the Commission for discussion.

Hearing no other comments and no one else being present, Chairman Flores closed the public hearing.

Chairman Flores commented that maybe the Commission could continue the item until after the City Council and the Commissioners who missed out on the previous tour can attend the one that is planned. The Commission seems split and he wanted them to get together on it, it is really a worthwhile project and to him, once in a lifetime and he would like to see it come about. Maybe we can get a consensus to continue it until after the next tour. Director Lustro suggested if it was the consensus of the Commission to continue the item and there was no direction to bring back any additional information, then staff would simply bring back the same item to the Commission in the future, maybe with a briefer presentation, staff and the applicant would be available for any questions at that particular time and suggested in the interest of time that the item be continued to the meeting of March 22. The reason for that particular date is that it looks right now that the tour will likely be scheduled during the week of March 8, probably mid-week. That would give the two Commissioners an opportunity to go on the tour and then the item would come back at the next Planning Commission meeting. Staff would not have to re-notice the meeting because it would be continued to a date certain.

Commissioner Johnson stated the only thing she has heard that as an issue is about "renters" and she felt that all of us, including her to some extent, have a stereotypical view of what a renter is. It is someone who does not care about the property, they might not keep the lawn watered, property maintenance may go down, and that is a whole lot of "what ifs." She felt if we were looking at a project that had multiple million-dollar mansions that were for sale and if the market could bear that, we could go forward with that and have this beautiful community of million-dollar mansions and then the Beverly Hillbillies move in next door. You have no guarantee of who your neighbor is going to be and she felt, as one of the presenters said, *when* the market turns we need to be ready with a product that people will want and what she was hearing is that the Commission is continuing it because there are renters, the scourge of the earth, and renters are human beings. What struck her while on the tour, because she was expecting to see *renters*, was that what she saw instead was the complete opposite of a stereotypical renter and she thought the reason for that was (1) this is a very high-end project and (2) the building is designed in a way to attract young folks who want to congregate in certain places. If someone were to come to me and ask, "Do you want a 385-unit building that is all apartments and nothing more?" she would probably say no, but that is not what this is. There are lots of community spaces, the park, the water spaces, it is a community and you cannot control who lives in your community. Even if it were a "for sale" property, you do not know who is going to move in next door. There is no way to control that and she felt the Commission needs to get away from our distaste of the word renters because all renters are not evil people.

Commissioner Sahagun wanted to make sure the Commission addressed Mr. Kapoor's earlier comment regarding the easement and setback regarding the walls, he wanted to

make sure there is no space between walls from one project to the next as it was in the Richmond American development where there were existing walls and new walls went up and there was six inches to one foot of space for junk to accumulate. Director Lustro responded that there are no double wall conditions proposed in this project.

Commissioner Vodvarka felt the item should be tabled until the City Council gets a chance to look at the other projects and maybe they could change his mind, but at this time he felt the two commissioners that missed the previous tour should see it because it is a beautiful place to see. He commented that he could not live there because he loves his own home that he has been in for 55 years come March.

Commissioner Johnson asked if the Commission does not continue the item and chooses to go forward, was she correct in presuming that before this project goes forward, the Council would have an opportunity to go on the tour and if there is something they do not like they can send it back to the Commission? Director Lustro affirmed that was correct. The proposed timeline right now was to review the item at this meeting and staff was in the process of setting the date for the tour. The intention was to not take this to Council, irrespective of the Commission's recommendation, until after they have had an opportunity to go on the tour. The thought would be that if the Council participates in the tour the second week of March, if the Commission had a positive recommendation, that staff would take this to Council in the month of April.

Chairman Flores commented that his concern was that he felt the Commission did not have a consensus and if it gets sent to Council, what happens then? Director Lustro reviewed the options: (1) the Commission can recommend approval of the project to the Council and, in that event, staff would not schedule a public hearing before the Council until after the tour; (2) the Commission can recommend denial to the Council but would have to make findings for a denial recommendation; or (3) the Commission can choose to continue the item and if the Commission chooses to go that route, he suggested it be continued to a date certain such as has been suggested. If the recommendation is to deny the project, the findings cannot include that it is because it is a rental project because the specific plan is silent on ownership type. Just for that reason alone, it is not inconsistent with the specific plan.

Commissioner Lenhert moved to continue the item to the March 22, 2010 Planning Commission meeting, seconded by Commissioner Vodvarka, there being no opposition to the motion, the motion passed 5-0.

6.b PUBLIC HEARING - CASE NUMBER 2009-27
Project Address: 5436-5440 Arrow Highway
Project Applicant: Borgia/Maestri Partnership
Project Planner: Jim S. Lai, Associate Planner
Request: Tentative Parcel Map

Associate Planner Lai reviewed the staff report.

Chairman Flores opened the public hearing.

Kevin Richer, 2313 E. Philadelphia Street, Suite F, Ontario, representing LDDC, the project engineer, stated they have reviewed the conditions and have no objections to any and was available for questions.

Hearing no other comments and no one else being present, Chairman Flores closed the public hearing.

Commissioner Vodvarka commented that he did not realize the building was empty until he received the staff report and was thrilled to see someone gobbled it up so quickly. He liked the condominium concept for this site and hoped the owner had tenants for the property.

Commissioner Lenhart moved that, based upon evidence submitted, the project is deemed exempt from the requirements of the California Environmental Quality Act (CEQA), pursuant to Section 15315 under State CEQA Guidelines, and direct staff to prepare a DeMinimis finding of no impact on fish and wildlife, seconded by Vice Chairman Sahagun, there being no opposition to the motion, the motion passed 5-0.

Commissioner Vodvarka moved to recommend City Council approval of Tentative Parcel Map No. 19246 under Case No. 2009-27 for a three-lot industrial condominium at 5436-5440 Arrow Highway, per the submitted plans, as described in the staff report, and required findings subject to the conditions in attached Resolution Number 10-1717, seconded by Chairman Flores, there being no opposition to the motion, the motion passed 5-0.

INFORMATION ITEMS

Vice Chairman Sahagun commented the coffee was cold and thought it would be nice to have hot coffee, especially for a long meeting such as this and asked that items on the agenda be rearranged in the future so the short, quicker items are scheduled first.

Chairman Flores commented that he saw a survey crew on the former gas station site at Monte Vista and South Plaza Lane and wondered if anything was being proposed for

that site. Director Lustro responded that staff is not aware of any project being proposed on that site.

Chairman Flores adjourned the meeting at 9:12 p.m.

Respectfully submitted,

Laura Berke
Recording Secretary