City reaches legal agreement on Costa Mesa Motor Inn site development that includes affordable units

The City of Costa Mesa has reached an agreement to settle lengthy disputes over development of the Costa Mesa Motor Inn site and challenges to the city's motel ordinance.

The Los Angeles Superior Court entered a judgment last week that allows development on the Motor Inn site of a new apartment project with up to 200 units, including nine units reserved for very low-income tenants for the next 55 years.

The settlement agreement effectively ends three lawsuits, two filed in 2014 challenging a city ordinance that regulates long-term stays at motels, and one objecting to the City Council's 2015 land use approvals for the owner-applicant to develop a 224-unit project on the Motor Inn site.

"I am pleased we can put this behind us, get rid of a closed, dilapidated motel that has become an eyesore and attractive nuisance along Harbor Boulevard, and importantly reach a beneficial settlement for the litigants and the community," Mayor Sandy Genis said. "I'm glad a mutual settlement was achieved in a way that makes available some financial assistance to former Motor Inn residents and adds more affordable housing in our city with nine very low-income units to be part of the new development."

Mayor Genis also thanked Council Members John Stephens and Jim Righeimer for their hard work on the settlement.

Under this settlement agreement, Miracle Mile Properties, the owner of the land and owner/operator of the closed Motor Inn

at 2277 Harbor Blvd., agreed to reduce the number of apartments to 200, of which nine will be affordable to very low-income families or individuals under a 55-year restrictive covenant.

The total amount paid in settlement of the litigation is $2,325,000, of which the city is paying $1,362,500. The total settlement amount includes $1.4 million to plaintiff's lawyers, $250,000 to individuals and $50,000 to the Costa Mesa Motel Residents Association.

The settlement agreement also calls for $600,000 to be deposited into a Motor Inn Fund, of which $300,000 will come from the City of Costa Mesa, to be set aside for financial assistance to former long-term occupants of the Motor Inn. Payments from the fund will be handled by a claims administrator hired by the plaintiffs' attorneys up to $25,000.

The City of Costa Mesa's Housing Authority currently owns and operates eight small apartment complexes with 30 units of affordable housing on West 18th and James Streets. Under this settlement and within the next 90 days, the city through its Housing Authority will solicit proposals from experienced affordable housing developers for continued operation of these properties as long-term affordable housing for another 55 years.

In addition, by this settlement the City Council will evaluate the ordinance regulating long-term occupants at local motels; and, when the State of California ultimately allows development of the acreage at the Fairview Developmental Center, the city will promote affordable housing to be part of new housing developments at that site.

With the settlement agreement and judgment in place, Miracle Mile intends to proceed with the demolition of the Motor Inn and construction of the new apartment development at the site.