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Newport Beach Reaches Tentative Settlement with Group Home Operator

NEWPORT BEACH, Ca. – Representatives of the City of Newport Beach and Sober Living by the Sea (Sober Living), a subsidiary of CRC Health Group, reached a tentative settlement regarding the group home operator's recovery facilities in Newport Beach that will significantly reduce over-concentration of recovery facilities on the Balboa Peninsula and citywide, and place a "bed cap" on Sober Living's facilities. The settlement will be subject to the negotiation of a definitive agreement documented in the form of a publicly disclosed "development agreement," and will not be final until reviewed and approved by the Planning Commission and the City Council in publicly noticed proceedings.

"Thanks to the cooperation of Sober Living, this agreement will result in a dramatic and permanent reduction in the over-concentration of recovery facilities. In conjunction with the reduced number of facilities eligible to apply for use permits under the City's recently enacted group homes ordinance, the settlement is expected to result in bed count reductions of 47 percent citywide and 44 percent on the Balboa Peninsula, the area of our city with the highest over-concentration of recovery facilities," said Mayor Edward Selich.

Sober Living is the largest operator of recovery facilities (both licensed treatment and unlicensed "sober living") in Newport Beach, with roughly 35 separate facilities and, at one time, approximately 238 beds.

"Sober Living is by far the largest and financially most capable operator of recovery homes in Newport Beach, and is a leader nationally in the recovery community, so its willingness to agree to less concentration is a major step forward for us all," said Council Member Mike Henn. "This agreement, if approved as anticipated, will also save the City potentially hundreds of thousands dollars in legal fees and limit the risk of additional damage awards or adverse changes in the ordinance, if the litigation over the group homes ordinance were to continue."

In the tentative settlement, Sober Living agreed to the following conditions:

- Reduce the number of use permit applications for facilities in Newport Beach such that its *initial* city-wide bed count will be reduced to a total of 156, from its peak of about 238 beds in mid-2007.
- Limit *permanently* its citywide bed count to a maximum of 204 beds, with no increases above the initial 156 limit allowed until such time as the block by block de-concentration of facilities on Balboa Peninsula described below is completed.
- Limit *permanently* the number of beds on the Balboa Peninsula to 144 and on Lido Isle to 12.
- De-concentrate its facilities on the Balboa Peninsula and relocate up to five existing facilities away from facilities on the same block to attain (with a few specified exceptions) the “one facility per block” guideline in the City’s recent ordinance.
- The conditionally allowable increase of 48 beds that would take Sober Living up to its permanent citywide cap of 204 requires that any newly added beds over and above the initial limit of 156 must be placed in Multi-Family Residential (MFR) districts in areas other than on the Balboa Peninsula, Lido Isle, Newport Shores and West Newport.
- Limit over-concentration for all types of recovery facilities, including state-licensed treatment homes with six or fewer residents. This is the first time that Sober Living, or any operator in Newport Beach, has agreed to such a condition. The City’s recent ordinance could not go that far, because state law does not allow the City to otherwise regulate or control the number and location of licensed six-and-under facilities through anything but a voluntary and cooperative agreement like the one proposed.
- Maintain a 1,000-foot separation from elementary schools and licensed day care facilities. In addition, Sober Living agreed that facilities cannot be on streets adjacent to certain tot lots.
- Ensure that properties adhere to strict operating standards, often the standards that Sober Living already applies to its clients and facilities, which limit the impact of each location on its neighbors.
- Drop its lawsuit against the City’s ordinance and drop the pursuit of other legal claims associated with the City’s actions and ordinance.

“This settlement is a significant milestone, but there is more activity to be completed. Over the next few months, another dozen or so facilities with approximately 173 beds will be subject to public hearing as part of our use permit process,” explained Henn.

“When we started to tackle this issue almost two years ago, Newport Beach willingly entered into un-charted territory knowing that just about every group home operator and many California cities were watching and waiting to see how we would fare. This settlement is proof – we hope – that we’ve set a course of cooperation others can follow that benefits both residential neighborhoods and persons in recovery,” said Jim Markman, special counsel to the City with Richards Watson Gershon.

On Saturday, June 14, City representatives met with Concerned Citizens of Newport Beach (CCNB) in a continuation of the City-initiated mediation under the direction of retired Judge Gary Taylor. The third party in the mediation was Sober Living. The City presented CCNB with the proposed settlement terms described above, along with a monetary settlement in favor of CCNB. Although CCNB settlement discussions are continuing, the City believes that the settlement terms with Sober Living are consistent with the publicly stated goals of CCNB, which include:

- De-concentration of the existing over-concentration on Balboa Peninsula
- Bed caps applicable to the City and the Peninsula
- 1,000-foot distancing from elementary schools, licensed day care and certain tot lots.
- Strong operating standards consistent with the City’s recently-adopted ordinance.

“We believe that the settlement terms substantially met all of the publicly stated goals of CCNB. We hope CCNB decides to participate in the settlement, as we believe that this settlement is in the best interests of the residents of our city,” said Council Member Nancy Gardner.