



City of Costa Mesa

Memorandum

TO: City Council and Planning Commission
FROM: Gary Armstrong, Deputy CEO; Claire Flynn, Asst. Dev. Svcs. Director 
CC: CEO Hatch, Planning Staff 
DATE: August 10, 2015
SUBJECT: STRATEGIC PLANNING: NEW "GENERAL PLAN" DESIGNATION
 FOR THE FAIRVIEW DEVELOPMENTAL CENTER SITE

PURPOSE

The purpose of this memo is to provide a status update of a potential long-range planning effort to proactively anticipate the full closure of the Fairview Developmental Center Site (anticipated closure by Year 2021) and study land use alternatives for the subsequent redevelopment of the 114-acre property.

***NOTE:** *This work effort will be discussed – in concept only -- at the September 8, 2015 Joint Study Session with the City Council and Planning Commission at 5:00PM. Authorization to staff to proceed with any related work activity will be as specified by the City Council at a public hearing.*

BACKGROUND

Fairview Development Center Site History

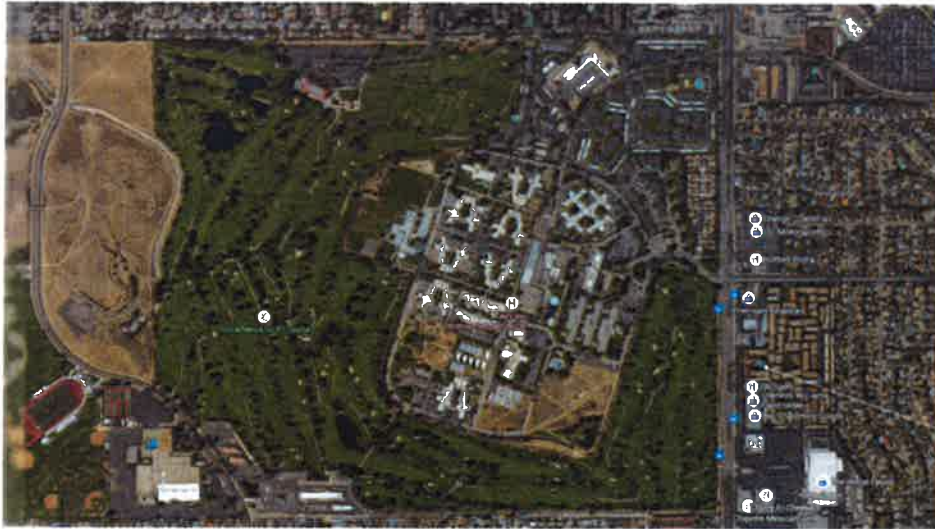
On January 5, 1959, the Fairview Developmental Center opened as a State hospital originally occupying 752 acres. Fairview Developmental Center had an initial bed capacity of 2,622 and was intended to house some 4,125 residents. The population at the facilities peaked in 1967 and have been declining since. The current population is 275 persons, and the downward trend is expected to continue due to the restructuring of the State of California's approach to providing institutionalized care for the developmentally disabled. In the past decade, the State has been focusing on residential care options (as opposed to institutional care) for these disabled individuals.

POPULATION ON THE LAST WEDNESDAY OF THE MONTH

Date	Population
Wednesday, June 24, 2015	275
Wednesday, March 25, 2015	281
Wednesday, December 31, 2014	296
Wednesday, September 24, 2014	311
Wednesday, June 25, 2014	312
Wednesday, March 26, 2014	319
Wednesday, December 25, 2013	322
Wednesday, September 25, 2013	324
Wednesday, June 26, 2013	342
Wednesday, March 27, 2013	354
Wednesday, December 26, 2012	362
Wednesday, September 26, 2012	369
Wednesday, June 27, 2012	374
Wednesday, March 28, 2012	377
Wednesday, December 28, 2011	382
Wednesday, September 28, 2011	389
Wednesday, June 29, 2011	397
Wednesday, March 30, 2011	409

Source: State DDS, 2015

As operations at Fairview Developmental Center continue to scale down, underutilized portions of the site have been converted to other uses. A large portion of the original land was transferred in 1979 to the City of Costa Mesa and now encompasses Fairview Park and the golf course. In 1985, the City granted a General Plan amendment and rezone of 54 acres of surplus land immediately to the north of the hospital facilities for high density residential uses. In 2004 and 2006, other parcels were converted to residential uses. These areas are planned developments with one-story, single-family residences, two-story, small-lot residential subdivisions, and two-story apartment buildings (Harbor Village Apartments).



Aerial Photo – Fairview Developmental Center at 2501 Harbor Blvd.

Senate Bill 82

Bill Authorizes Housing Project on maximum 20-acre site (Shannon's Mountain)

Existing law authorizes the Director of General Services, with the consent of the State Department of Developmental Services, to lease up to 60 acres located within the grounds of Fairview Developmental Center for a period of up to 55 years, for the purpose of developing affordable housing for the employees of, and transitional housing for patient-clients of, Fairview Developmental Center.

This bill would additionally authorize the Director of General Services, with the consent of the Director of Developmental Services, **to lease from 12 to 20 acres** located within the grounds of Fairview Developmental Center for a period of up to 55 years, at a price that will permit the development of affordable housing for people with developmental disabilities.

The bill would require the proceeds of this housing project and the housing project described above to be deposited in the Department of Developmental Services Trust Fund, which the bill would create. The bill would require that money in the fund be used, upon appropriation by the Legislature, to provide housing and transitional services for people with developmental disabilities, and would require that any funds not needed to support individuals with developmental disabilities be transferred to the General Fund.

Twenty Percent of Housing Project to be Available for Developmentally Disabled; Eighty Percent for Market Rate Housing Units

The bill will provide housing for individuals who qualify based upon criteria established by the Department of Developmental Services. A minimum of 20 percent of the housing units developed shall be available and affordable to individuals with developmental disabilities served by a regional center pursuant to the Lanterman Developmental Disabilities Services Act (Chapter 1 (commencing with Section 4500) of Division 4.5 of the Welfare and Institutions Code). When filling vacancies, priority for housing shall be given to individuals transitioning from a developmental center or at risk for admission to a developmental center.

The bill will allow for lease revenues or other proceeds received by the state under the leases for projects, to be utilized by the Department of Developmental Services to support individuals with developmental disabilities, including subsidizing rents for those individuals.

The other units (80 percent of housing project) are intended to be available at a market rate. A Request for Proposal is to be issued by the State by the end of Year 2015. At this time, a site specific density, building design, and architecture have yet to be determined.

Please refer to Attachment 1 for a description of other related pending legislation.



Shannon's Mountain is a vacant site generally located south of Florence Circle and west of Eugenia Way at the Fairview Developmental Center property

STRATEGIC PLANNING

1. How can the City pro-actively plan for the future redevelopment of the Fairview Developmental Center property, in anticipation for the partial or full closure of the developmental center in Year 2021?

Similar to the City's approach to the Orange County Fair & Event Center at 88 Fair Drive (Fairgrounds), a "unique General Plan land use designation" may be created.

In February 2010, City Council adopted a General Plan amendment that revised the "Fairgrounds" land use designation. The General Plan amendment and ballot initiative preserved the land uses and activities of the OCFEC should the State Department of General Services successfully sell the 150-acre site. The ballot measure identified a precise land use designation for the OCFEC and that any future amendment to the Fairgrounds designation would require voter approval.

In this case, in order to "lock-in" specific desirable land uses for the future development of the Fairview property, a unique General Plan land use designation that is distinct and solely applicable to this property could be analyzed as part of the General Plan update.



Closure of Fairview Developmental Center planned for Year 2021

2. What is required to “master plan” the property?

Once a unique General Plan land use designation is in place, any proposed use of the property by the State or other public/private entity, will need to comply with the City's General Plan. State DGS staff indicated that it is unknown whether or not the State would retain, lease, sell, or subdivide the property. The 20-acre Shannon's Mountain site area is assumed to be a 55-year land lease.

In contrast to a General Plan or Specific Plan, a master plan is a development specific, detailed plan which would need to define specific building locations, square footages, building height, parking, land uses, etc. for the remaining 94-acre site. It might be considered speculative to master plan the entire 94-acre property without knowing the State's plans to retain and redevelop the property for State institutional buildings.

According to State representatives, it is speculative to guess the extent of the remaining acreage of Fairview Developmental Center that might be offered for sale/lease and redevelopment in the future. In other words, the State may retain much of the property for a “state need” or build-out as it relates to supportive uses for the developmentally disabled in the community.

3. What are the benefits of creating a unique “General Plan” designation for the property?

A unique General Plan designation and zoning classification for the Fairview Developmental Center site will achieve the following objectives and could be implemented as part of the current General Plan update process given the timing of the pending environmental and traffic analysis.

4. How can the City ensure that future development of the property include a requirement that athletic stadiums, sports parks, and other active use fields be incorporated into any future development plan (institutional, housing, or corporate headquarters uses).

If the City wishes to promote the creation of new athletic fields within the Fairview Developmental Center property, Council may direct staff to explore the possibility of mandating that a “sports parks component” be included in any future redevelopment of the property.

For example, if the existing buildings at the Fairview Development Center are planned for demolition, the new General Plan designation/Zoning will require that a specified area(s) be designated for sports field. If the property is offered for sale to a private developer for a housing project or commercial building (corporate headquarters only), the City may consider requiring a parkland component in order to activate a master plan for new development. In other words, it may be a requirement that the future housing or corporate office project must include a specific acreage of active park uses for sports fields – or the plan cannot be considered in conformance with the unique General Plan land use designation.

This will ensure that any future development include a critical mass of sports fields for active open space to serve the community.

5. If additional land uses (i.e. housing and commercial uses) are considered in the unique General Plan designation and zoning district, what are some possible permitted and non-permitted uses?

The unique General Plan designation, in a similar manner as to the Fairgrounds designation, could strictly prohibit certain uses and promote other uses at the same time (see table below). A maximum density cap, FAR, and trip budget would need to be established for the new General Plan designation. These suggested “permitted uses” are for discussion purposes only and were based on:

- Historic reuse of State lands due to closure of other Developmental Centers or sale of State lands (See Attachment 2, History of Redevelopment of Certain State Lands).
- Preliminary consultation with State DGS and State DDS on probable future redevelopment of the property, with emphasis on institutional uses that may be needed to serve the developmentally disabled.
- An imperative and local need for sports parks / active use fields in Costa Mesa.

PERMITTED USES (DESIRABLE USES)	DEVELOPMENT REQUIREMENT: SPORTS FIELDS	PROHIBITED USES
<ul style="list-style-type: none"> • Institutional & Recreational Uses; 0.25 FAR [existing General Plan and zoning] • Institutional Uses supportive of Developmentally Disabled: Hospital, medical, dental, physical therapy, in-patient care, psychiatric facilities, and short-term housing, admin offices • Dedicated athletic fields • Sports complex • Sports field for active use (soccer, baseball, etc.) • Educational Institution (Cal Poly, University of CA, etc.) • High Density Housing at 20 to 40 du/per acre; maximum 1,000 units • Corporate Headquarters (Cisco, Microsystems, etc.) at 0.40 FAR 	<p style="text-align: center;">Sports Parks/ Athletic Fields shall be a parkland component of any future development project at the Fairview Developmental Center.</p>	<ul style="list-style-type: none"> • Exposition/conference uses • Restaurants • Retail Stores • Car dealerships • Concerts/Live entertainment uses • Casinos/Gambling Venues • Shopping Center • Hotels/Motels • Swap Meet • Amusement Center • Industrial Uses

6. *Would a Master Plan for the property be created once the new General Plan designation is in place?*

The unique General Plan land use designation (and corresponding Zoning District) will require a Master Plan for any future development project, whether or not the State retains the property or sells to a private entity. A Master Plan is required to be approved by the City Council if the property is owned by a non-State entity or if the State elects to participate in the City's planning process for Master Plan adoption.

The General Plan land use designation will "lock-in" the allowable uses and trip budget for the property – but unlike a Master Plan -- it is not necessary at this point to create a site plan showing the specific layout of specific buildings, total square footage, architecture, building height, parking areas, etc. If Council wishes to create a Master Plan for a specific development project for the Fairview Developmental Center site, conceptual plans may be created by an outside consultant.

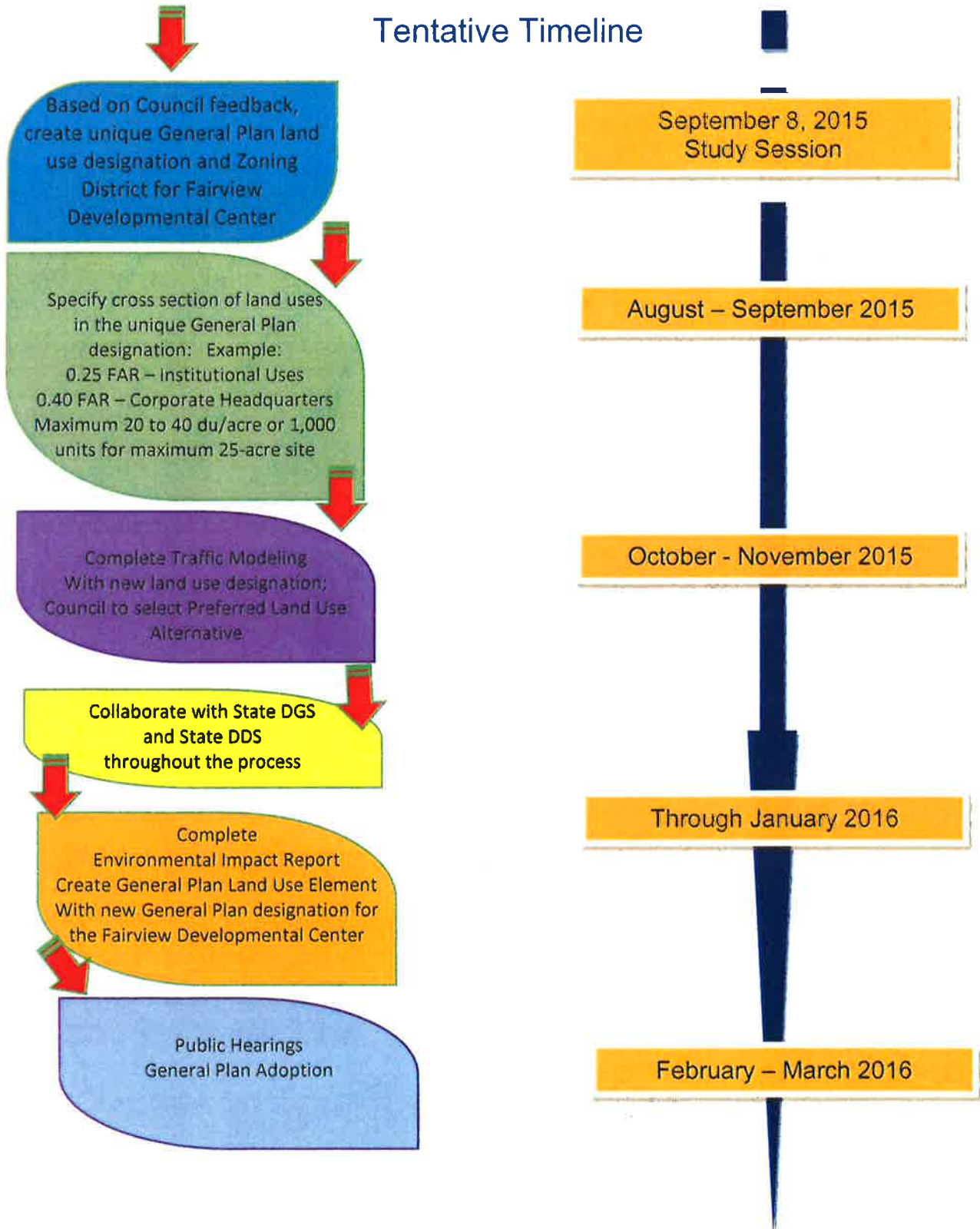
7. *If there is interest to expedite the timeline for this work effort, is there an advantage to implementing this process immediately as part of the City's current General Plan update?*

Because the city-wide traffic analysis is already underway for the General Plan Update, the creation of a unique General Plan designation, trip budgets, and site-specific FARs for the property could seamlessly be analyzed with the other proposed changes to the General Plan. The impacts to Harbor Boulevard could be fully evaluated and considered by City Council.

While the closure of the Fairview Developmental Center is anticipated by December 2021, State officials have indicated that the priority focus is on the Sonoma Developmental Center, and it may be some time before the actual closure of FDC.

Thus, given the timing of the General Plan Update and the preparation of an Environmental Impact Report, the new General Plan land use and zoning for the Fairview Developmental Center site could be adequately incorporated into the Preferred Land Use Alternative and the General Plan EIR. There would be no need for a separate EIR for this work effort.

8. What is the timeline and process for adopting a unique General Plan designation and zoning district for the Fairview Developmental Center property? Tentative only.



Senate Bill 639 (Senator Stone)

Status: 5/1/2015 - Passed Deadline pursuant to Rule 61(a)(2). (Last location was Committee of Human Services on 4/28/2015)

The State Department of Development Services (DDS) is charged with overseeing the provision of services to individuals with developmental disabilities. DDS oversees a number of developmental centers throughout the State. State law currently contains a number of requirements for retaining certification and detailed closure plans required before shutting down a developmental facility. Senate Bill 639 would require the Department of Developmental Services (DDS) to submit a plan to the State Legislature by April 1, 2016, to close the Sonoma and Fairview developmental centers no later than December 31, 2018. Should DDS determine that the closure of these facilities is not feasible within this time frame, the bill allows for an extension to December 21, 2019. The bill requires a detailed plan for using both properties to benefit the developmentally disabled community on an ongoing basis and requires the state to estimate potential revenues that may be generated from different options for use of the properties. These options could include, for example, lease or rental agreements between DDS and private entities, developing community-based integrated housing resources, or other proposals for commercial development.

The bill also includes language that directs DDS to minimize the expenditure of State funds related to any developmental center residential units that are decertified for failure to meet Federal or State health and safety laws or regulations, or that receive notification from a state or federal regulator that they are at risk of decertification. Senate Bill 639 also includes codified Legislative intent that requires funds previously used to operate developmental centers instead be shifted to support community-based services for individuals with developmental disabilities. The bill was last scheduled for a hearing on April 28, 2015 but failed the deadline pursuant to Rule 61(a)(2).

Assembly Bill 1405 (Assemblymember Grove)

Status: 7/14/2015 - In committee: Set, second hearing. Hearing canceled at the request of author. (Committee Location: Accountability and Administrative Review)

Assembly Bill 1405 would require the Department of Developmental Services (DDS) to close the Fairview and Sonoma Developmental Centers (DCs) and directs the Director of the Department of General Services (DGS) to, upon the closures, lease all or part of the parcels. The bill requires the closure of the Sonoma facility by the end of 2018 and the Fairview facility no later than December 31, 2021. Requires that 50% of the proceeds generated from the leasing of these facilities be deposited into the "Community-Based Fund" and appropriated to supplement the activities of DDS. The balance of the proceeds would be deposited into the Budget Stabilization Account. According to the bill language, the revenue generated would be used to fund services at regional centers. Similar to Senate Bill 639, this bill also required that DDS provide a closure plan for both facilities. As of July 14, 2015, the bill was set for a second hearing with the Committee on Accountability and Administrative Review. However, the hearing was cancelled at the request of the author and has yet to be rescheduled.

California Developmental Center Closures & Current Uses



① **Camarillo State Mental Hospital**

- 1 University Dr, Camarillo, CA 93012
- Closed in 1997
- Currently the location for California State University, Channel Islands
- As of Fall 2014, total enrollment of the University reached over 5,000 students



② Lanterman Developmental Center

- 3530 Pomona Blvd, Pomona, CA 91768
- Closed June 30, 2015

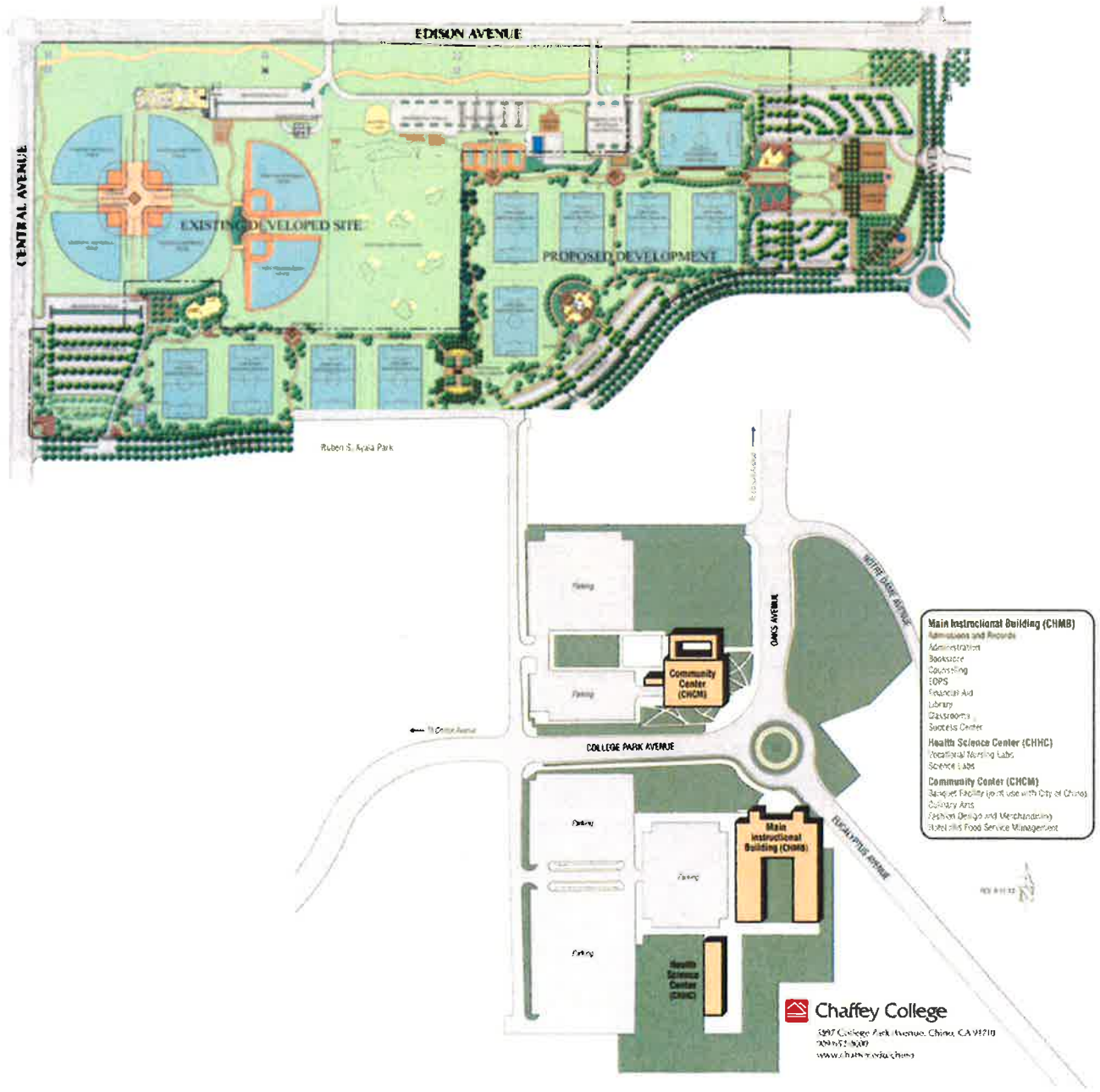


- Transferred to California Polytechnic State University for academic purposes and will be used to expand their Innovation Village development.
- Requirements for the property include:
 - The property will be used to support the educational mission of the CSU
 - Cal Poly must potentially address the needs of individuals with developmental disabilities served by DDS in the master planning of the property
 - CSU must plan to accommodate the real property needs of Air Resources Board, California Highway Patrol and the California Conservation Corps



3 California Institution for Men, Chino

- In 2004, 710 acres of the Northern portion of the California Institution for Men were sold
- 140 acres were developed into the Ruben Ayala Regional Park
- 100 acres were transferred to Chaffey Community College District for development into a new full-service campus
- 470 acres were sold to a private developer and was created into 2,200 residential units
- The sale price for the entire property was over \$120 million



④ **East Agnews Developmental Center, San Jose**

- In 1995, 155 acres were sold to Cisco Systems, which is now home to Cisco's corporate headquarters, which employs approximately 13,000 workers
- In 2014, 81 acres were sold to the Santa Clara Unified School District and the City of San Jose for future development of K-8 school and a high school, as well as a regional park
- Total price for both sales amounted to more than \$100 million



⑤ West Agnews Developmental Center

Historic Core, Santa Clara

- 1250 Hope Dr, Santa Clara, CA 95054
- In 1999, Sun Microsystems purchased 82 acres which included dozens of buildings in various stages of decay and turned it into its headquarters
- After purchasing the property, Sun Microsystems moved the Visitors Center building to the cemetery site to be restored; the site was renamed the Agnews Historic Cemetery.
- In 2010, Sun Microsystems was acquired by Oracle Corporation, who still uses the property as their Santa Clara Campus
- Sold for over \$50 million



⑥ West Agnews

Developmental Center Land, Santa Clara

- 1250 Hope Dr, Santa Clara, CA 95054
- In 1998, 180 acres were sold to a consortium of national developers, which has since been developed for 3,000 units of housing, a K-8 school with a park (Don Callejon School, Live Oak Park), shopping center (Rivermark Village), library, museum (James Lick Mansion) and fire station
- In August 1998, the National Association of State Directors of Administration and General Services conferred an award to the State of California in the public works category for marketing real property for the West Agnews Developmental Center.
- In June 1999, the State of California was recognized by the American Planning Association for Planning Implementation of the Agnews West Mixed Use Conceptual Master Plan.



East Agnews Developmental Center,

San Jose: (2014) 81 acres of land were sold to the Santa Clara Unified School District and City of San Jose for the future development of a K-12 campus and regional park for \$80 million.

(1995) 155 acres of land valued at \$30-35 million in an "as-is" condition, were sold to Cisco Systems as a fully entitled property for \$91 million. The site in San Jose is now home to Cisco's corporate headquarters and accommodates approximately 13,000 workers.

California Institution for Men, Chino:

(2004) 710 acres, of which 140 acres were developed for the Ruben Ayala Regional Park; 100 acres were transferred to the Chaffey Community College District for development of a new full-service campus; and 470 acres were sold to a private developer for 2200 residential units. Sales price was over \$120 million.

Fairview Developmental Center, Costa Mesa:

(2005) 5.47 acres were sold for the development of 37 detached condominium units. Prior to DGS' involvement, the City was considering downzoning the property from residential use to a substantially lower valued Public-Institutional use. Sales price was \$11.1 million.

West Agnews Developmental Center Historic Core, Santa Clara:

(1999) The West Agnews Development Center consisted of 82 acres that included dozens of buildings in various stages of decay. Sun Microsystems paid \$51 million, which included costs to rehabilitate the most historically significant buildings and construct infrastructure that allowed DGS to market the adjacent property. Because of the condition of the existing buildings, the "as-is" value of the property was nominal.

West Agnews Developmental Center Land,

Santa Clara: (1998) 180 acres were sold to a consortium of national developers for approximately \$200 million. This return represents a 400% increase in value over the "as-is" condition prior to DGS initiating its value enhancement process. The land has since been developed for 3,000 units of housing, a K-8 school and park, shopping center, library, museum and

fire station. In August 1998, the National Association of State Directors of Administration and General Services conferred an award to the State of California in the public works category for marketing real property for the West Agnews Developmental Center. In June 1999, the State of California was recognized by the American Planning Association for Planning Implementation of the Agnews West Mixed Use Conceptual Master Plan.

University of California Bay Area Research Extension Center (BAREC), Santa Clara:

(2008) 17 acres that were most recently used for agricultural research were sold to a prominent housing developer and local housing authority. The new residential community will consist of 110 single family houses, 165 affordable senior residences and a fully improved one acre park. The sales price was over \$44 million.

Fred C. Nelles School for Boys, Whittier:

75 acres are being sold to a large residential developer for a master-planned community that will include 750 single-family units, a senior housing project, and, over 200,000 square feet of retail space. The sale price is in excess of \$42 million dollars. The sale is scheduled to close in March of 2015.



The State of
California

Department of General Services
Real Estate Services Division
Asset Management Branch
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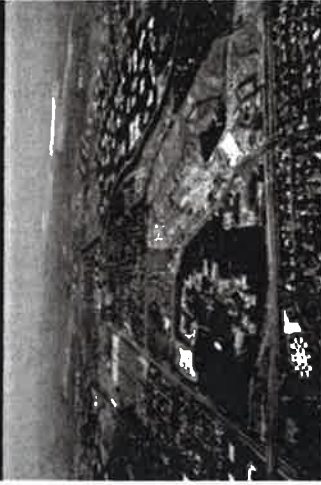
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DGS
GENERAL SERVICES

GENERAL SERVICES

Department of General Services
Real Estate Services Division
Asset Management Branch

Value-Enhanced Surplus Property Sales Process



The State of
California

35

Enhancing Surplus Property for the Highest & Most Certain Return

The California Department of General Services established the Asset Enhancement program in order to maximize the return to the state from the sale of surplus real property. This award winning program utilizes a team of specialized and experienced consultants who provide independent and cost effective due diligence which reduces entitlement risks to the buyer, thereby increasing market value of the property to the state.

Key steps in the process include a development constraints and opportunities analysis, a comprehensive marketing program, review and analysis of proposals, negotiation and



West Agnews Preliminary Concept Plan

preparation of agreements, environmental documentation, outreach to the local community, and assistance with securing entitlements.

The program's approach to enhancing surplus property has proven remarkably successful in selling over \$600 million of surplus real estate to create over 15,000 jobs, 5,500 housing units, substantial tax-generating retail space, and a variety of nonprofit and public services. At a cost that averages only 1 to 2% of the ultimate sales price, this enhancement process includes the following steps:

Investigate the Property

Independently conducting extensive due diligence to identify potential physical, title, and entitlement limitations that could affect property value.

1. Assess Existing Physical Conditions

- ◆ Historic Resources
- ◆ Biological (i.e. vegetation, wildlife, aquatic resources and associated habitats)
- ◆ Onsite and offsite utility capacities
- ◆ Traffic conditions
- ◆ Hazardous materials
- ◆ Geotechnical
- ◆ Boundary survey
- ◆ Site-specific conditions

2. Title issues

- ◆ Leascholds
- ◆ Easements
- ◆ Encumbrances

3. Entitlement Audit

- ◆ Outreach to most affected neighbors for input
- ◆ Meet with key stakeholders
- ◆ Work with staff of entitling agency
- ◆ Meet with elected officials of entitling agency

Position the Property

Increase value by reducing risk and avoiding devaluation by independently developing marketing and financial information.

- ◆ Evaluate and compare alternative marketable uses and values
- ◆ Prepare alternative conceptual site plans based on entitlement audit and market analysis
- ◆ Estimate realistic mitigation costs
- ◆ Determine preliminary entitlement consensus from authorities having jurisdiction

Market the Property

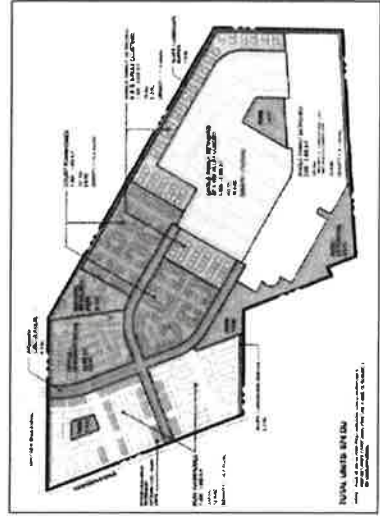
Incorporate seller managed and conducted due diligence into a user friendly web-based sales package that provides documentation to address typical questions of interested buyers.

- ◆ Identify most effective print media
- ◆ Draft text of RFP package
- ◆ Design and prepare web based RFP
- ◆ Design and install property sign
- ◆ Respond to inquiries from interested buyers
- ◆ Evaluate proposals for highest and most certain return
- ◆ Negotiate sales contract that protects the state's interests

Entitle the Property

Actively participate in the most economically viable and sensitive aspect of the sales process.

- ◆ Collaborate on entitlements with buyer
- ◆ Organize public and political outreach
- ◆ Monitor IIR preparation
- ◆ Negotiate land use agreements (mitigation agreement, development agreement, cost sharing, etc.)



Concept Plan for former Fred C. Nelles CYA, Whittier