



CITY COUNCIL AGENDA REPORT

MEETING DATE: MAY 4, 2021

ITEM NUMBER: PH-1

SUBJECT: FINAL ENVIRONMENTAL IMPACT REPORT (SCH NO. 2019050014), GENERAL PLAN AMENDMENT GP-20-01, REZONE R-20-01, SPECIFIC PLAN SP-20-01, MASTER PLAN PA-19-19, TENTATIVE TRACT MAP NO. 19015, AND DEVELOPMENT AGREEMENT DA-20-02 FOR DEVELOPMENT OF A MIXED-USE PROJECT (ONE METRO WEST) LOCATED AT 1683 SUNFLOWER AVENUE

DATE: APRIL 22, 2021

FROM: DEVELOPMENT SERVICES DEPARTMENT/PLANNING DIVISION

PRESENTATION BY: MINOO ASHABI, PRINCIPAL PLANNER
NANCY HUYNH, SENIOR PLANNER

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RECOMMENDATION:

Staff recommends that the City Council:

1. Conduct a public hearing including presentations from staff and the applicant and receipt of public comments; and
2. Continue the item to the next regular City Council meeting scheduled for June 1, 2021 in order to have further deliberations and receive additional information; or
3. Approve the EIR, General Plan Amendment, Master Plan, Tract Map and language of the Development Agreement, and give first reading to the Zoning Code Amendment, Specific Plan, and Ordinance adopting the Development Agreement.

APPLICANT OR AUTHORIZED AGENT:

The applicant and property owner is International Asset Management Holding Group, LLC. The authorized agent is Brent Stoll with Rose Equities.

PLANNING APPLICATION SUMMARY

Location:	1683 Sunflower Avenue	Application Number:	FEIR (SCH No. 2019050014); GP-20-01, R-20-01, SP-20-01, PA-19-19, T-19-01, and DA-20-02
Request:	The proposed One Metro West project would redevelop the 15.23-acre subject property with a mixed-use development, to include up to 1,057 residential dwelling units (anticipated to be rental units with a minimum of 106 affordable units), 25,000 square feet of commercial office, 6,000 square feet of specialty retail, and 1.5 acres of open space available for use by the general public. The project would also include off-site improvements to Sunflower Avenue and to an existing bicycle trail connection to the Santa Ana River Trail. The request includes a General Plan Amendment to change the General Plan land use designation of the subject property from Industrial Park to High Density Residential and to establish a site-specific density of 80 dwelling units per acre; Rezone to change the site's zoning designation from Industrial Park (MP) to PDR-HD; Specific Plan to establish site-specific zoning regulations and guidelines; a Master Plan to implement the Specific Plan and provide site plan and architectural details; a Tentative Tract Map for condominium purposes, and a Development Agreement between the applicant and the City.		

SUBJECT PROPERTY:

SURROUNDING PROPERTY:

Zone:	Current: MP (Industrial Park) Proposed: PDR-HD (Planned Development Residential – High Density)	North:	PDI – Planned Development Industrial (Across Sunflower Avenue)
General Plan:	Current: Industrial Park Proposed: High Density Residential	South:	Interstate 405 Freeway
Lot Dimensions:	Irregular	East:	PDC – Planned Development Commercial (South Coast Collection)
Lot Area:	15.23-acres ¹	West:	PDI – Planned Development Industrial
Existing Development:	Approximately 345,000-square-foot single-story industrial building with associated surface parking lot and site landscaping		

SPECIFIC PLAN DEVELOPMENT STANDARDS COMPARISON

Development Standard	Required per Specific Plan	Proposed/Provided
Maximum Floor Area Ratio (FAR)	2.22	2.22
Maximum Building Height	7 stories 98 FT Maximum ⁴	Building A: 6 stories (78 FT) Building B: 7 stories (88 FT) Building C: 7 stories (98 FT) Office Building: 3 stories (52 FT)
Development Lot Building Setbacks:		
Front (Sunflower Avenue)	10 FT	10 FT
Side (east; adjacent to SOCO)	10 FT	10 FT
Side (west)	10 FT	10 FT
Rear (Along I-405 Freeway)	10 FT for Residential 5 FT for Office	10 FT for Residential 5 FT for Office
Parking Ratio ²		
Residential	1.3 spaces per unit	1.75 spaces per unit
Office	4 spaces per 1,000 gross SF	4 spaces per 1,000 gross SF
Retail	4 spaces per 1,000 gross SF	4 spaces per 1,000 gross SF
Total Parking	1,498 parking spaces	1,914 parking spaces ³
Open Space		
Private	3.22 acres (140,248 SF)	3.22 acres (140,248 SF)
Public	1.5 acres (65,340 SF)	1.5 acres (65,340 SF)
Total Open Space	4.72 acres (205,588 SF)	4.72 acres (205,588 SF)
¹ The entire project site is 15.75 acres; however, approximately 0.52 acres along the southwest site boundary would be dedicated for the I-405 Freeway expansion. Therefore, the proposed development would occur on the remaining 15.23 acres.		
² The One Metro West Specific Plan requires a minimum parking ratio of 1.3 parking space per dwelling unit and 4 spaces per 1,000 gross square feet for the office and retail uses.		
³ A total of 61 parking spaces for the office building would be shared with the residential uses in Building A and a total of 39 parking spaces would be dedicated for office building parking only.		
CEQA Status	Environmental Impact Report (SCH No. 2019050014)	
Final Action	City Council	

BACKGROUND:

Project Location

The subject property is 15.23 acres in size and is located at 1683 Sunflower Avenue. The site is zoned MP (Industrial Park) and has a General Plan land use designation of Industrial Park. The site is bounded by Sunflower Avenue to the north, the South Coast Collection (SOCO) retail center to the east, the Interstate 405 Freeway (I-405 Freeway) to the south, and industrial and logistics uses to the west (zoned PDI, Planned Development Industrial). Regional access to the project site is provided by the I-405 Freeway, State Route 73 (SR-73), and State Route 55 (SR-55). Harbor Boulevard and Sunflower Avenue are the major roadways that provide local access to the site; Hyland Avenue and Cadillac Avenue extend perpendicularly from Sunflower Avenue to the east and west, respectively.

The project site is currently occupied by office, warehouse, and manufacturing uses including Sakura Paper Factory, Robinson Pharma, South Coast Baking, and Dekra-Lite Industries, Inc. within an approximately 345,000-square-foot, one-story industrial building.

General Plan Screening

On March 5, 2019, the City Council conducted a General Plan Screening for the proposed One Metro West mixed-use development pursuant to City Council Policy 500-2 for General Plan Amendment applications. At that meeting, the City Council on a 6-1 vote (Councilmember Genis voting no) directed staff to allow for submittal of a land use application for a General Plan Amendment. The City Council staff report, minutes, and video of the One Metro West General Plan Screening are available at these links:

March 5, 2019 City Council staff report of the One Metro West General Plan Screening:
<http://ftp.costamesaca.gov/costamesaca/council/agenda/2019/2019-03-05/NB-1.pdf>

Minutes from March 5, 2019 City Council meeting:
<https://www.costamesaca.gov/home/showdocument?id=37718>

Video from March 5, 2019 City Council meeting:
http://costamesa.granicus.com/MediaPlayer.php?view_id=10&clip_id=3342

Planning Commission Hearings

On April 13, 2020, the Planning Commission held the first public hearing for the project, received reports and presentations from the staff and the applicant, received public comments and asked staff and the applicant questions. The project was continued to the April 27, 2020 Planning Commission meeting which was later cancelled. On May 11, 2020, the Planning Commission held the second public hearing, received staff and applicant presentations focused on responding to Commissioner questions from the first public hearing, received public comments, deliberated, and recommended certification

of the Environmental Impact Report (EIR) by a 7-0 vote, and recommended approval by a 6-1 vote (Commissioner Zich voting no). With the motion, the Planning Commission requested the following condition of approval be modified for the proposed art display adjacent to the I-405 Freeway (modifications shown in double-underlined and ~~strikethrough~~):

- **Modified Condition of Approval Number 9:** The final design of the public art display on Building A's parking structure façade along the I-405 Freeway, which shall incorporate vertical landscaping, shall be subject to ~~City~~ review and final approval by the Planning Commission. The Cultural Arts Committee (CAC) ~~shall~~ may first review the proposed freeway façade design and make a recommendation to the Planning Commission. No public art display visible along the I-405 Freeway shall be installed without prior review by and approval from the City Planning Commission.

The Planning Commission discussed the following main topics at the hearings:

- RHNA and the project's contribution to the upcoming 6th RHNA cycle
- Jobs/housing balance and the project's effect
- Existing industrial land use and potential loss in revenue
- Proximity to the Measure X area, potential loss in Measure X-related revenue, and any conflicts with State cannabis regulations
- Proximity to the I-405 Freeway, impacts on future residents, and view impacts to residences across the I-405 Freeway
- Project's traffic impact on Harbor Boulevard and nearby residential communities
- Fiscal Impact Analysis
- Affordable housing component
- Development Agreement

The April 13, 2020 Planning Commission staff report and video from the meeting are available at these links:

April 13, 2020 staff report:

<http://ftp.costamesaca.gov/costamesaca/planningcommission/agenda/2020/2020-04-13/PH-1.pdf>

April 13, 2020 meeting video:

https://costamesa.granicus.com/player/clip/3540?view_id=10&redirect=true

April 13, 2020 meeting minutes:

<https://www.costamesaca.gov/home/showpublisheddocument/46222/637441649781970000>

April 13, 2020 public comments received:

<http://ftp.costamesaca.gov/costamesaca/planningcommission/agenda/2020/2020-04-13/PH-1-pc.pdf>

The May 11, 2020 Planning Commission staff report and video from the meeting are available at these links:

May 11, 2020 staff report:

<http://ftp.costamesaca.gov/costamesaca/planningcommission/agenda/2020/2020-05-11/PH-1.pdf>

May 11, 2020 meeting video:

https://costamesa.granicus.com/player/clip/3548?view_id=10&redirect=true

May 11, 2020 meeting minutes:

<https://www.costamesaca.gov/home/showpublisheddocument/46224/637441650283070000>

May 11, 2020 public comments received:

<http://ftp.costamesaca.gov/costamesaca/planningcommission/agenda/2020/2020-05-11/PH-1-pc.pdf>

Airport Land Use Commission (ALUC)

One Metro West is located within the Airport Environs Land Use Plan (AELUP) and subject to a consistency determination by ALUC prior to City Council decision. On Thursday, June 18, 2020, ALUC determined that the project is consistent with AELUP and requested as part of their approval a disclosure notice to the future tenants related to the aircraft and helicopter noise be included in the lease agreement (Condition of Approval No. 50).

The June 18, 2020 ALUC staff report is available at the following link:

<https://files.ocair.com/media/2021-04/Agendaltem1.pdf?VersionId=jlcS1z4jWdqsqBxM1gtpqHMqg4iq1SWK>

DESCRIPTION:

Project Description

The One Metro West project proposes to redevelop the existing 15.23-acre project site from an industrial use to a mixed-use development with residential, retail, commercial and open space uses. The General Plan land use designation and zoning designation of the property is Industrial Park. The project would change the General Plan land use designation to High Density Residential and rezone the property to PDR-HD (Planned Development Residential – High Density).

The residential component of the project would include up to 1,057 multi-family units located within three separate buildings – Buildings A, B, and C. The residential buildings

are proposed at six and seven-stories with the maximum building height at 98 feet (which is Building C). Parking structures would be provided in each of the residential buildings. The project proposes to provide a total of 1,914 parking spaces. The proposed 6,000-square-foot specialty retail uses would be located on the ground floor within Building C, facing Sunflower Avenue and are intended to primarily serve the on-site residents of the One Metro West project. The proposed creative office uses would occupy a standalone three-story, 25,000-square-foot building with maximum building height of 52 feet.

Building Summary

Building Type	Square Footage (sq. ft.)	Building Height	Unit Total
Building A	969,660 sq. ft.	6 stories/78 feet	449 units
Building B	549,880 sq. ft.	7 stories/88 feet	379 units
Building C	495,100 sq. ft.	7 stories/98 feet	229 units
Office	25,000 sq. ft.	3 stories/52 feet	--

The proposed residential unit mix includes studio, one, two and three-bedroom units in nine different floor plan layouts. The units range in size from 618 square feet to 1,526 square feet. Refer to the table below for a breakdown of the proposed unit mix.

Unit Summary

Unit Type	Square Footage (sq. ft.)	Building A	Building B	Building C	Total
Studio	618 sq. ft.	53	47	31	131
1 Bedroom A	745 sq. ft.	63	66	77	206
1 Bedroom B	812 sq. ft.	0	5	0	5
1 Bedroom C	820 sq. ft.	154	110	14	278
2 Bedroom A	1,150 sq. ft.	146	106	69	321
2 Bedroom B	1,170 sq. ft.	6	9	13	28
2 Bedroom C	1,184 sq. ft.	14	22	14	50
3 Bedroom A	1,526 sq. ft.	13	14	0	27
3 Bedroom B	1,370 sq. ft.	--	--	11	11
Total Units		449	379	229	1,057

The One Metro West project would also include a 1.5-acre urban open space area with seating and resting areas as well as landscaping, art pieces, and shade structures. A 1,500-square-foot community room accessible from the open space and integrated within Building B would also be available for public and private events subject to the terms of the Development Agreement with the City. An active transportation hub would be provided within the open space. The hub would include bicycle lockers, bicycle storage, bicycle repair facilities and space to accommodate a future community-wide bike-share program. The open space area is also proposed with a bicycle trail connecting to the existing Santa Ana River Trail. The proposed bicycle trail is a straight 14-foot wide path along the western edge of the open space accessible from Sunflower Avenue. The original design presented at the Planning Commission public hearings was a meandering bicycle path located in between the subject property and the adjacent property to the west; however, an agreement with the adjacent property owner has not yet been secured so the bicycle path was redesigned and relocated to be entirely on the project site.

The open space including the bicycle trail would be privately maintained but available to the general public through the dedication of a public access easement, as shown on the Tentative Tract Map.

As part of the project's off-site improvements, Sunflower Avenue from Cadillac Avenue to Hyland Avenue would be improved with bicycle paths, new sidewalks, street parking, and landscaped medians. Proposed off-site improvements would include the following:

- Narrow Sunflower Avenue from a four-lane roadway to a three-lane roadway with one travel lane in each direction with a center striped left turn lane;
- Add a six-foot sidewalk, eight-foot parkway, seven-foot protected bike lane, seven-foot landscaped median, and seven-foot parallel parking lane on the southern side of Sunflower Avenue adjacent to the project site;
- Add a six-foot bike lane and two-foot striped buffer median on the northern side of Sunflower Avenue; and
- Underground existing SCE poles and utility lines (only along the project frontage; although it may extend as far as Hyland Avenue, subject to coordination with the adjacent property owner).

Planning Applications and Required Approvals

The proposed project requires approval of the following planning applications:

- **Final Environmental Impact Report** (SCH No. 2019050014)
- **General Plan Amendment (GP-20-01)**: Amend the Land Use Element to change the General Plan land use designation of the property from Industrial Park (IP) to High Density Residential (HDR) to allow residential uses and establish a site-specific maximum density of 80 dwelling units (du) per acre and site-specific maximum building height of 98 feet;
- **Rezone (R-20-01)**: Change the zone of the project site from Industrial Park (MP) to Planned Development Residential – High Density (PDR-HD) to allow for a mixed-use development with residential and commercial uses;
- **Specific Plan (SP-20-01)**: Establish site-specific zoning regulations such as development standards and design guidelines which would function as the project's zoning document;
- **Master Plan (PA-19-19)**: Implement the Specific Plan and provide site plans and architectural details including floor plans, building elevations, landscaping, and renderings/streetscape views;
- **Tentative Tract Map No. 19015 (T-19-01)**: Subdivide the site including establishing the right to a future airspace subdivision for condominium purposes as well as dedication of an easement to the City for public access and use of the 1.5-acre open space; and
- **Development Agreement (DA-20-02)**: Agreement between the applicant and the City pursuant to California Government Code Sections 65864 et seq. The Agreement guarantees project approvals for a period of 25 years in exchange for public benefits including, but not limited to, 106 affordable housing units (67 units

very-low income; 39 units low-income). The DA is described in detail later in this report.

The project also requires approval from:

- Parks, Arts, and Community Services Commission (PACS) for the proposed removal of City trees on Sunflower Avenue; and
- Cultural Arts Committee (CAC) for the project's Public Art Plan including the art design adjacent to the I-405 Freeway

Both of the above future approvals are required as conditions of approval of the project.

Measure Y

The City Attorney's Office has opined to the Planning Commission that the project as currently proposed is subject to the requirements of Measure Y because it meets the definition of a "major change in allowable land use". The project requires one or more legislative land use approvals (GPA, rezone and specific plan) and it meets at least one of the specified increase criteria (over 40 additional residential units). See Costa Mesa Municipal Code (CMMC) Section 13-200.102(f) and (k). In addition, the project is not subject to any of the listed exceptions to Measure Y. See CMMC Section 13-200.106. As such, if approved by the City Council, the project would be subject to final approval by the voters pursuant to Measure Y at either the next regularly scheduled election or a special election funded by the applicant. See CMMC Section 13-200.104(a). As drafted, the Ordinances necessary to approve this project would not become effective unless and until approved by the voters.

Modified Construction Phasing Schedule

Since the Planning Commission hearing on May 11, 2020, the applicant has modified the project's construction phasing schedule. Previously, the project was proposed to be constructed in one phase over a period of five years beginning in January 2022 to January 2027.

The modified construction schedule would occur in three phases instead over the same period of time with construction anticipated to conclude in 2027. Phase 1 would include Building A and the open space area, phase 2 would include Building B, and phase 3 would include Building C and the office building. The modified phasing schedule has been analyzed in the Final EIR which did not substantially change the analysis resulting in any new significant environmental impacts. Refer to the Environmental Determination section of the staff report for further discussion.

ANALYSIS:

Proposed Land Use and Density

The proposed project via the requested General Plan Amendment represents a change in land use policy that would allow for residential development north of the I-405 Freeway beyond the development permitted under previously approved entitlements and development agreements. In addition, it also represents a land use policy change that would result in redevelopment of the predominantly and historically industrial zoned properties in the area into residential developments. The latest project in a similar context is the Baker Block project at 58 dwelling units (du)/acre that was approved in the Airport Industrial area in 2014.

The proposed project is requesting a General Plan Amendment and Rezone to allow a site-specific density of 80 du/acre on the site. Higher density residential developments may be beneficial in this context because they allow for a self-contained development (with a mix of uses like the proposed project) which could generate less traffic than typical low density residential developments. In that sense, higher density developments tend to be more walkable, as well, since destinations like retail and commercial are clustered or located closer to residences.

The buildings have been designed to be situated and set back to ensure minimal impacts on surrounding developments while also providing adequate width for drive aisles and site circulation, emergency access lanes, open space areas, and opportunities for natural lighting. The buildings have been designed to provide private and common space areas at the ground, roof and internal levels – including a 1.5-acre urban open space dedicated for general public use. Other past high density projects were approved with similar and in some cases, less open space. The site is also developed with an existing infrastructure system including water, sewer, and storm drain connections adequate to support a high-density mixed-use development. The Specific Plan also provides guidelines to ensure the design and scale of the buildings incorporate techniques to give the overall development a human scale to avoid a bulky appearance sometimes associated with high-density buildings. Examples include ground level patios with front stoops, canopies over commercial entries, and outdoor dining areas.

It should be noted that the City has approved a number of projects with similar or higher densities than the proposed project north of the I-405 Freeway such as 580 Anton (125 du/acre), Halcyon Apartments (81 du/acre), and Sakioka Lot 2 (80 du/acre). Therefore, the density is in line with other similarly situated and approved projects, considering site size, context and project design.

Regional Housing Needs Assessment (RHNA) and the Housing Element

The Regional Housing Needs Assessment (RHNA) is mandated by State Housing Law as part of the periodic process of updating local General Plan Housing Elements. Once RHNA allocations are assigned, each jurisdiction must update its General Plan Housing Element and demonstrate through sites and zoning analysis how it will accommodate the future housing needs and meet its local RHNA allocation.

The City has started to prepare for the 6th RHNA eight-year cycle. For the 2021-2029 Housing Element planning period, Costa Mesa's RHNA allocation is 11,760 units including 6,801 affordable units (very low, low and moderate income) as shown in table below.

6th Cycle RHNA for Costa Mesa

Very-low income (<50% of AMI)	2,919	24.8%
Low income (50-80% of AMI)	1,794	15.3%
Moderate income (80-120% of AMI)	2,088	17.8%
Above Moderate income (>120% AMI)	4,959	42.1%
Total	11,760	

If approved, the project would help address a portion of the City's total RHNA allocation and would also help address a portion of the City's affordable housing allocation. The project is proposing a total of 106 units (or ten percent of the total units) as affordable housing units, deed-restricted for 40 years. The affordable units are proposed to be at the low and very low-income levels. The terms and conditions of the affordable units were negotiated and included in the draft Development Agreement (Attachment 5, Exhibit A). The affordable units would be required to be integrated throughout the site and distributed among various buildings and unit types. The affordable units would not have any different amenities or distinction from the market rate units.

In updating its Housing Element, the City has begun to study potential opportunity sites to accommodate housing and to modify zoning in certain areas of the City to accommodate the City's RHNA allocation of 11,760 dwelling units. As such, although in the past there was no interest in pursuing rezoning for housing in the area north of the I-405 Freeway, Costa Mesa's 6th cycle RHNA allocation is a reason to reconsider that approach. The City anticipates that substantial land use policy changes will be needed to comply with State Housing Element law requiring the City to plan for this level of future housing development.

Rental Housing and Jobs/Housing Balance

General Plan Land Use Element Policy LU-1.3 calls for a better balance between ownership and rental housing in Costa Mesa. The proposed development would provide additional rental housing that may further the gap between ownership and rental housing in the City. However, given the demand for diverse housing options and the City's high RHNA allocation, ownership housing may no longer be the best method for expanding the housing stock in the City. Rental housing, including workforce housing in mostly industrial areas, as well as affordable housing provided may take on greater importance. While the project would provide only rental units including deed-restricted affordable units, it would improve the City's overall jobs-housing balance.

The jobs-housing balance has implications for mobility, air quality and the distribution of tax revenues and is one indicator of a project's effect on quality of life. The City is currently considered job-rich with more jobs than housing. Providing more housing options in a job-rich area would generally improve quality of life because of less time spent commuting to

work (reducing vehicle miles traveled) which could also reduce potential adverse impacts such as traffic and air quality.

Industrial Uses and Employment

The proposed project would reduce the land area zoned for industrial uses, which would incrementally reduce the City's revenue stream from industrial land use. In addition, there would be fewer employment opportunities in the industrial/manufacturing sector. However, the project's proposed change in land use would replace the industrial jobs with different jobs such as the on-site office building, retail uses, and leasing office. The project is anticipated to generate 129 jobs, which is a net increase of 84-percent, or 59 jobs compared to the property's existing number of industrial jobs totaling 70 employees with three tenants onsite.

Given the housing shortage in the State and the City's high RHNA number, the addition of housing with affordable units would increase the City's housing stock and improve the City's jobs/housing balance. Providing housing in proximity to major employment areas such as the area north of the I-405 Freeway is encouraged by urban planners and housing advocates alike as a means to reduce vehicle miles traveled and encourage a more integrated horizontal mixed-use land use strategy.

Adjacency to Measure X Zone

The project is located within the boundaries of the Measure X zone, which includes properties zoned for cannabis-related manufacturing and distribution as well as retail cannabis non-storefront (delivery) uses under Measure Q. Rezoning the site for the proposed mixed-use development would remove the possibility of commercial cannabis uses locating on the property in the future. In addition, the Specific Plan expressly prohibits commercial cannabis uses on the site, thereby rendering the site ineligible for potential future cannabis tax revenue.

Adjacency to the I-405 Freeway

Building A Parking Structure Lighting and Public Art

To enhance the façade of the parking structure located along the I-405 Freeway, the project proposes a creative method of screening the parking structure that would provide visual interest such as a public art display. The final design and details of the screening artwork have not yet been finalized. In addition, the Specific Plan provides examples of potential design ideas. The applicant would be required to submit its final design to the City's Cultural Arts Committee (CAC) for review and approval to ensure the design for the public art along the freeway is appropriate.

Additionally, the project would be required to submit a lighting plan and photometric study for the Planning Division's review and approval prior to issuance of the first building permit to ensure the project provides adequate lighting without impacts to

surrounding uses. All proposed project lighting along the freeway would also be required to meet Caltrans standards to ensure lighting would not impact motorists travelling on the freeway (Mitigation Measure No. AE-1).

Furthermore, at the May 11, 2020 Planning Commission meeting – a condition of approval was added to require the art display along the Building A parking structure adjacent to the I-405 Freeway be reviewed by the Planning Commission following a recommendation by the City's CAC's review (Condition of Approval No. 9). The City Council could consider including additional requirements and criteria in the design guidelines in the Specific Plan for the parking structure and art display adjacent to the freeway.

Noise Impacts to Future Residents

The project is adjacent to the I-405 Freeway which could result in adverse noise impacts to future residents, unless adequately addressed. Building A and the office building are the only two structures proposed to be located adjacent to the I-405 Freeway. Building A is designed so that no residential units or balconies directly face the freeway but are instead facing toward the building's internal open space or courtyards. The residential units would be further buffered from the freeway by Building A's parking structure which stretches nearly the entire southern property line adjacent to the freeway.

Outdoor areas such as the 1.5-acre open space, balconies, patios, private common spaces, and internal courtyards are exempt in the Specific Plan from the City's exterior noise standards. The exemptions reflect that there is a different expectation of the exterior noise environment for residential uses in mixed-use areas, compared to the relatively low exterior noise levels typical of a traditional single-family residential neighborhood. The project would be required to comply with all other City noise standards including interior residential standards. In addition, the project would be required to submit an acoustical noise study prior to the issuance of a residential building permit (Condition of Approval No. 73).

Health Risk Assessment

Due to the project's location in an industrial setting and in proximity to the I-405 Freeway, the City required a Health Risk Assessment (HRA) be prepared for the project in accordance with the policies and procedures of the State Office of Environmental Health Hazards and the South Coast Air Quality Management District (SCAQMD). The purpose of the HRA is to determine the increased health risks to future residents of a proposed project from exposure to toxic air contaminants (TACs) from all sources in a project's vicinity, including vehicles from the freeway – which are the primary sources of TAC emissions within 1,000 feet of the proposed project site. The closest portion of the residential buildings are located approximately 300 feet from the edge of the nearest I-405 freeway lane.

The health risk levels compared to SCAQMD significance thresholds are shown in the table below.

Health Risk Assessment

Location	Maximum Cancer Risk (risk per million)	Maximum Noncancer Risk (Hazard Index)	Maximum Noncancer Acute Risk (Hazard Index)
Residences on Project Site	9.3 in a million	0.011	0.010
SCAQMD Significance Threshold	10	1.0	1.0
Exceeds Threshold?	No	No	No

The health risks do not exceed the SCAQMD significance threshold; thus, future residents would not be exposed to significant health risks. The project would be required as a condition of approval to install special air filters at all residential buildings as well as maintain the filters per recommended practices to ensure it efficiently captures air particles and pollutants.

Views from the Residences South of the I-405 Freeway

The applicant has prepared a Visual Analysis Booklet (Attachment 11) which analyzes views of the proposed One Metro West project from the residential neighborhood south of the I-405 Freeway. The study concludes that 82 out of 667 homes north of Gisler Avenue in the Mesa Verde neighborhood would be able to see the project over the 16-foot high sound wall along the I-405 Freeway. Homes located on Rhode Island Circle, Maryland Circle, Wyoming Circle, Nevada Avenue, and New Hampshire Drive that are within 275 to 1,000 feet of the freeway have the most direct views of the project site. Although, view impacts on private property are not a CEQA issue, the City Council may consider the change in views from certain residential properties south of the I-405 freeway in its general review of the project.

Traffic

A traffic impact analysis (TIA) was prepared for the project which analyzed several traffic scenarios: 1) existing conditions (baseline condition), 2) existing plus the proposed project conditions, 3) future short-term cumulative baseline condition with and without the proposed project, and 4) general plan build out baseline condition with and without the proposed project. The study area consists of a total of 29 intersections within the jurisdictions of Costa Mesa, Fountain Valley, Santa Ana, and 12 freeway on/off ramp segments within the jurisdiction of Caltrans.

The existing industrial use generates 429 average daily trips (ADT) with 37 vehicle trips in the AM peak hour and 8 vehicle trips in the PM peak hour. The proposed mixed-use project would generate a net increase of 6,800 ADT with 498 AM peak hour and 662 PM peak hour trips.

The TIA concluded that the project would have significant impacts to the following intersections and freeway ramps:

- Euclid Street/I-405 Northbound Ramps – Newhope Street (Caltrans)
- Susan Street/South Coast Drive (City of Costa Mesa)
- Talbert Avenue/Mt. Washington Street (City of Fountain Valley)
- I-405 Northbound at:
 - South of Fairview Road On-Ramp (p.m. peak hour only)
 - Fairview Road On-Ramp (p.m. peak hour only)
 - Fairview Road On-Ramp and Harbor Boulevard On-Ramp (p.m. peak hour only)
 - Harbor Boulevard On-Ramp (p.m. peak hour only)
 - Harbor Boulevard On-Ramp and Hyland Avenue On-Ramp (both a.m. and p.m. peak hours)
 - Hyland Avenue On-Ramp (both a.m. and p.m. peak hours)
- I-405 Southbound at:
 - Harbor Boulevard Off-Ramp (both a.m. and p.m. peak hours)
 - Harbor Boulevard Off-Ramp and Harbor Boulevard Loop On-Ramp (both a.m. and p.m. peak hours)
 - Harbor Boulevard On-Ramp (both a.m. and p.m. peak hours)
 - Harbor Boulevard Loop On-Ramp and Harbor Boulevard Slip-On Ramp (both a.m. and p.m. peak hours)
 - Harbor Boulevard Slip-On Ramp (both a.m. and p.m. peak hours)
 - Harbor Boulevard Slip-On Ramp and Fairview Road Off-Ramp (both a.m. and p.m. peak hours)

It should be noted that the Euclid Street/I-405 Northbound Ramps – Newhope Street intersection would be improved as part of the planned I-405 Freeway widening project.

Mitigation measures were identified to improve the Level of Service (LOS) at the other two impacted intersections to LOS D or better as follows:

- Susan Street/South Coast Drive (City of Costa Mesa):
 - At General Plan Buildout (2040) with Project: Add a southbound right-turn lane by restriping Susan Street. Sufficient right-of-way is available for this improvement.
- Talbert Avenue/Mt. Washington Street (City of Fountain Valley):
 - At Existing Plus Project: Installation of a traffic signal;
 - At Future Short-Term Cumulative (2027) Plus Project: Add a traffic signal; restripe the northbound approach to a shared left through lane and a dedicated right turn lane, and convert the southbound right turn lane to a dedicated free right turn channelized lane.
 - At General Plan Buildout (2040) with Project: Add overlap phasing to the northbound right turn movement.

Although the proposed project would contribute to deficient LOS at the above listed freeway segments and ramps, there are no feasible improvements to address the deficiency. Therefore, the project's impact to the identified freeway segments and ramps is considered significant and unavoidable; it should be noted that the freeway segments currently operate a deficient LOS but the project would add to the deficiency.

Despite mitigation measures that would reduce impacts to less than significant levels, impacts to the two intersections listed above are identified in the Final EIR as significant and unavoidable. For Susan Street/South Coast Drive, although fair share funding of the project's portion to fund the proposed improvement would be provided, there is no way to guarantee that the full improvement funds would be secured nor that these improvements would be constructed at a particular point in time. For the Talbert Avenue/Mt. Washington Street intersection, since the intersection is not located within the City of Costa Mesa, there is no way to guarantee that the improvements identified would be implemented by another City. Although impacts to the two intersections could be reduced to less than significant levels with mitigation measures, as a conservative approach, the Final EIR identifies the impacts as significant and unavoidable.

The project would also be subject to the City's traffic impact fees based on the project's net trips at \$235 per net increase in trips.

Vehicle Miles Traveled (VMT) Analysis

As a conservative approach, the EIR included both LOS-based and VMT traffic analysis since at the time of preparing the project's EIR VMT analysis was not yet required per the State CEQA Guidelines. The Orange County Transportation Analysis Model (OCTAM) was used to estimate both the regional and project VMT.

The residential component of the proposed project would result in less than significant impacts pertaining to VMT as shown in the table below. However, the office component of the project would result in significant VMT impacts since it is three-percent higher than the Orange County regional VMT.

VMT Comparison (Residential and Office Land Uses)

Land Use	Region (Orange County)	Project	% Change
Residential	18.0	14.8	-18%
Office	25.0	25.9	3%

Source: Orange County Transportation Analysis Model (OCTAM); LSA 2020b.

From a practical perspective, locating a mixed-use development that would add housing along with pedestrian and bikeway improvements to an area within walking and biking distance to existing employment, retail, restaurant, and entertainment opportunities could potentially result in lower VMT than disclosed in the EIR.

Fiscal Impact Analysis

A fiscal impact model projects the annually-recurring expenditures and revenue that would directly impact the City's General Fund from a given housing development project. If a project is estimated to generate a net fiscal surplus, then the project itself would result in a fiscal benefit to the City. If a project is projected to result in a net fiscal deficit to the City, the City has several options: 1) negotiate with the applicant to mitigate the fiscal impacts of the project through direct funding for various staff or City services such as Police and/or Fire services; 2) offset through other commitments such as the provision of affordable housing, discounted parking rates or off-site improvements; or 3) in some instances, the City may determine that a project is beneficial to the City despite a projected annual negative fiscal impact. Ideally, the City would plan for a balance of new uses, including a mixture allowing some fiscally negative projects while ensuring an overall fiscally balanced City (i.e. balancing revenue-generating land uses with uses which may have a negative fiscal impact but provide other desired benefits).

The City's consultant, The Natelson Dale Group (TNDG), prepared a fiscal impact analysis (FIA) for the project on the City's behalf. The TNDG report indicates the project is estimated to generate approximately \$1.585 million in annual General Fund revenue to the City. Expenditures are projected at about \$1.590 million per year with the majority of expenditures related to Police, Fire and Public Services. Thus, the project is projected to generate an annual net fiscal deficit of approximately \$5,000 to the City's General Fund. Given the standard "margin of error" for fiscal impact studies, TNDG would characterize a project with this slight deficit as essentially a break-even project for the City. Furthermore, it should be emphasized that the City's FIA model intentionally takes a conservative approach to evaluating the potential fiscal impacts of new development projects. Staff and TNDG believe it is important that the FIA represents a reasonable worst-case scenario in order to protect the City's General Fund balance.

The applicant submitted its own FIA as part of Attachment 11, Applicant Submittals. The report was reviewed and compared to the City's fiscal report. The applicant's model indicates a net annual fiscal benefit to the City of \$584,514. The difference results from variances in model assumptions used that the applicant's team felt were reasonable given likely future conditions or, in some cases, standard fiscal practices.

Development Agreement

The proposed project includes a Development Agreement between the applicant and the City pursuant to California Government Code Sections 65864 et seq. The applicant is requesting City Council consider proposed modifications to the Development Agreement as contained in Attachment 12 of this report.

The Development Agreement as currently drafted (Attachment 5, Exhibit A) has been negotiated for a 25-year term and would include the following public benefits to the City:

Affordable Housing:

- 106 units (10% of project). 67 Very Low and 39 Low-income units
- Term: 40 years

For reference, refer to the table below for a breakdown of income category and rental rate based on 2020 State Guidelines:

Affordable Housing Income Levels

Income Category	% of Area Median Income (AMI)	Affordable Monthly Rent	Annual Income Range
Very Low Income	0-50%	\$961-\$1,281	\$0-\$64,050
Low Income	51-80%	\$2,561	\$64,051-\$102,450
Moderate Income	81-120%	\$3,090	\$102,451-\$123,600
Above Moderate	>120%	>\$3,090	>\$123,061

Public Safety:

- \$2 million: To be used to benefit local police and fire services (e.g. firing range, replacement fire engine)

Community Infrastructure Improvements:

- \$1 million: To be used toward roadway and trail improvements (e.g. Adams Avenue improvements and Citywide bike trail improvements)

Economic Recovery Fund:

- \$3 million: To be used to support essential governmental functions following the COVID-19 State of Emergency

Parks/Open Space:

- Required: Payment of Measure Z fees (approximately \$2.2 million)
- Required: Payment of required Park Fees (\$5.3 million)
- Public use easement over 1.5-acre public urban open space/park

Other Fees/Improvements:

- Required: Traffic Impact Fees (\$1.44 million)
- Payment of Fire Impact Fees (Estimated to be approximately \$900,000) (Note: This fee is based on the existing North Costa Mesa Fire Fee; if adopted, the applicant would be required to participate in a new Citywide fee)
- Support of removal of Gisler Avenue/Garfield Avenue bridge from Master Plan of Arterial Highways (Value: No cost)
- Improvements to Sunflower Avenue (wider sidewalks, pedestrian/bicycle improvements, public art, etc.) (Value: \$0.5 to \$1 million); Applicant and the City will share maintenance (City: pavement and curb/gutter / applicant: landscaping, irrigation, others)
- Public use of the Community Center within the project

GENERAL PLAN CONFORMANCE:

The following analysis evaluates the proposed project's consistency with specific goals, objectives, and policies of the General Plan including the Land Use, Housing, Circulation, and Open Space Elements. The General Plan contains many applicable goals and policies beyond those discussed below; the goals and policies discussed

here are the most closely related or applicable to the project but do not represent a comprehensive list. It should be noted that the General Plan includes numerous goals and policies, including some goals and policies that reflect competing policy interests. Though the project is inconsistent with a few of the General Plan's current goals and policies (for example, Policy LU-1.3 (strongly encourage development of ownership housing to improve the balance between rental and ownership housing)), the project is consistent with the majority of General Plan goals and policies. Therefore, on the balance, staff finds the project consistent with the General Plan. Ultimately, the City Council determines whether the project conforms to the intent of the General Plan on the balance.

Overall, staff finds that the project would be in conformance with the General Plan including the following policies and objectives:

1. **General Plan Policy LU-1.1:** Provide for the development of a mix and balance of housing opportunities, commercial goods and services, and employment opportunities in consideration of the needs of the business and residential segment of the community.

The proposed project is a mixed-use community that consists of residential, specialty retail, creative office, and open space uses. The vision of the project is to create a mixed-use community with housing near employment centers in a master planned setting with on-site amenities, a 1.5-acre open space area, and pedestrian and bicycle connections to the Santa Ana River Trail. The creative office component of the project would provide future residents the opportunity to live and work within the same community. The existing surrounding employment centers (e.g. Vans, Anduril, AAA) would also benefit from the mixed-use project including taking advantage of available housing for its employees that is in close proximity to the office, and the public recreational opportunities like the open space, public art, and bicycle trail connection. The proposed development is also located in close proximity to existing commercial centers (e.g. SOCO), major thoroughfares and transit lines, which contributes to a desirable mix of land uses. Thus, the project would develop a mix and balance of housing, commercial, and employment opportunities in Costa Mesa.

2. **General Plan Policy LU-2.7:** Permit the construction of buildings over two stories or 30 feet only when it can be shown that the construction of such structures will not adversely impact surrounding developments and deprive existing land uses of adequate light, air, privacy, and solar access.

The proposed buildings would have a maximum height of seven stories (ranging from 78 to 98 feet; the Specific Plan allows up to 98 feet in height). Surrounding land uses include industrial uses to the north, SOCO to the east, I-405 to the south, and industrial and logistics uses to the west. The locations of the proposed buildings on-site would not result in light, air, privacy, or solar access issues to existing uses in the project vicinity. More specifically, Building A (up to 78 feet)

and the creative office building (three stories [52 feet] in height) would be adjacent to the I-405 Freeway; Building B would be located in the center of the site and physically separated from adjacent uses by Sunflower Avenue, and Building C would be adjacent to the back of commercial buildings associated with the SOCO retail center. The closest residences to the project site are approximately 300 feet to the south on the other side of the I-405 Freeway. There are only a few homes with two-stories within that neighborhood: therefore, visual impacts of the project in terms of privacy are minimal. The Master Plan includes exhibits depicting visibility of the project from across the freeway. The nearest project feature to these residences would be the parking structure facade for Building A and the three-story office building. Further, screening features are proposed along the Building A façade and any proposed screening would be reviewed by the City prior to installation to ensure the screening would not cause adverse impacts. Therefore, the project would not impact the lighting, air, or privacy of surrounding uses.

3. **General Plan Policy LU-5.7:** Encourage new development that is organized around compact, walkable, mixed-use neighborhoods and districts to conserve open space resources, minimize infrastructure costs, and reduce reliance on the automobile.

The project is a mixed-use development and would incorporate walkable spaces between the residential, commercial, and office buildings. The project would also include off-site improvements along Sunflower Avenue that would reduce the number of travel lanes to add bicycle lanes, sidewalks, and landscaped parkways that would further promote and encourage active transportation. In addition, the public open space would include an active transportation hub as an amenity to further reduce reliance on the use of cars. The project would also provide a direct bicycle trail connection from the project site to the existing Santa Ana River Trail. Furthermore, the mixed-use nature of the project would allow easier access to tenant-serving uses without relying on a car such as a small grocery store and dry cleaners that would be within the 6,000-square-foot retail space. Additionally, the project site is in walking and biking distance from the SOCO retail center and employment centers such as Vans, AAA, Anduril and the on-site office building.

4. **Housing Element Objective HOU-3.1:** Encourage the conversion of existing marginal land to residential, where feasible and consistent with environmental conditions that are suitable for new residential development.

The project site is currently developed with one industrial building and associated parking and landscaped areas. The project would convert the industrial use into a mixed-use community that would include a residential component with up to 1,057 multi-family rental units, including affordable housing. Because the existing use is fully developed with adequate on-site infrastructure, it could support a residential development without requiring significant upgrades to the infrastructure including water and sewer. The project site is suitable for a new

residential development that would provide additional housing opportunities for the community and replace an underutilized industrial site with housing.

5. **General Plan Policy C-1.5:** Implement road diets on street segments with excess capacity to enhance bicycle and pedestrian facilities.

The proposed project would enhance bikeways and walkways on Sunflower Avenue and would upgrade the existing bicycle path that connects to the Santa Ana River Trail system. The proposed improvements along Sunflower Avenue would require a road diet that includes reducing travel lanes to add enhanced bicycle lanes and new sidewalks. The existing rights-of-way, low traffic volumes, and street infrastructure along Sunflower Avenue allows the project an opportunity to transform Sunflower Avenue into a more bicycle and pedestrian friendly street.

6. **General Plan Policy OSR 1.21:** Provide opportunities for public access to all open space areas, except where sensitive resources may be threatened or damaged, public health and safety may be compromised, or access would interfere with the managed production of resources.

The proposed project includes development of a 1.5-acre open space area that would be available for public use and not just exclusively for residents of One Metro West. The open space would include seating areas, shade structures, area for small performances, public art displays, and an active transportation hub. Also available for public use is 1,500-square-foot community room that would be accessible from the public open space. In addition, the project would enhance bicycle and pedestrian connections from the open space to the Santa Ana River Trail. The proposed open space amenities would not interfere with sensitive resources since there are none identified on the project site or within the vicinity.

The proposed General Plan Amendment would re-designate the land use from Industrial Park to High Density Residential in order to allow residential uses with a site-specific density and building height. To ensure consistency between the General Plan Land Use Map and the Zoning Map, the property would be rezoned from Industrial Park (MP) to Planned Development Residential – High Density (PDR-HD). PDR-HD districts are intended for multi-family residential developments and complementary non-residential uses could also be included in the planned development. As such, the proposed zoning district would allow a mix of residential and non-residential uses.

Conformance with Zoning Code

The proposed project includes a Specific Plan that establishes the intensity of the development (e.g. density, lot coverage, height, etc.) as well as development standards and guidelines for the site and building design. If adopted, the Specific Plan would serve as the zoning document for the site and the adjacent areas as included in the project scope of the Specific Plan. As part of the project application, a master plan is included that

depicts the specifics of the site and building design. If for any reason, the master plan is not implemented, any future development on this site would be required to comply with the Specific Plan development standards and design guidelines – thus, the project would be consistent with the Zoning Code.

JUSTIFICATIONS FOR APPROVAL:

Pursuant to Title 13, Section 13-29(g), Findings, of the Costa Mesa Municipal Code, in order to approve the project, the City Council must find that the evidence presented in the administrative record substantially meets specified findings as follows.

General Plan Amendment GP-20-01

Per Zoning Code Section 13-29(g), there are no specific findings criteria for a general plan amendment application. Such action is considered a legislative action subject to the discretion of the final decision body, the City Council. The proposed general plan amendment would re-designate the land use from Industrial Park to High Density Residential in order to allow the proposed residential use with a site-specific density of 80 du/acre and seven-story building height (maximum 98 feet). The amendment would update the text, tables, and graphic within the Land Use Element to include the One Metro West project.

Below is staff's justification in support of the proposed general plan amendment:

- *The proposed project would contribute to the City meeting its City's 6th cycle RHNA allocations including affordable housing allocation.*

The RHNA is mandated by State Housing Law as part of the periodic process of updating local General Plan Housing Elements. Once RHNA allocations are assigned, each jurisdiction must update its General Plan Housing Element and demonstrate through sites and zoning analysis how it will accommodate the future housing needs and meet its local RHNA allocation. For the 2021-2029 Housing Element planning period (6th RHNA cycle), the City has been allocated 11,760 units. Given the large RHNA allocation and to meet the requirements of state Housing Element law related to identifying adequate sites that are zoned at a high enough density to accommodate the housing construction that would be necessary to meet the RHNA allocation, the City will likely need to identify areas City-wide to rezone for housing at a minimum density of 30 du's per acre (HCD's minimum density necessary to accommodate affordable housing). As such, the proposed project would fit that criteria with a proposed density of 80 du/acre (maximum of 1,057 units). Additionally, the project is proposing a total of 106 units (or ten percent of the total units) as deed-restricted affordable housing units. The affordable units are proposed to be at the low and very low-income levels.

- The proposed density at 80 du/acre is appropriate given the property's location, site size, and design of the project.

Higher density residential developments are beneficial because it allows for a self-contained development (with mix of uses like the proposed project) which could generate less traffic than typical low density developments. In that sense, higher density tends to be more walkable as well since destinations like retail and commercial are clustered or located closer. Research has also shown more walkable communities have a healthier lifestyle. Higher density developments also attract new employers since companies are drawn to convenient housing options for potential employees especially options that reduce or cut commuting time as well as provide convenient access to retail and commercial amenities.

- The proposed project would improve the City's overall jobs-housing balance.

The jobs-housing ratio is a general measure of the total number of jobs and housing units in defined geographic area. The jobs-housing balance has implications for mobility, air quality and the distribution of tax revenues and is one indicator of a project's effect on quality of life. SCAG considers an area balanced when the jobs-housing ratio is 1.36; communities with more than 1.36 jobs per du are considered job-rich and those with fewer than 1.36 are housing-rich. The City is currently considered job-rich at 2.11 jobs per du; in the year 2040, the ratio is anticipated to be 2.19 jobs per du. With the proposed project, however, the ratio would be reduced to 2.14 because the project would introduce more housing in a job-rich area. More housing in job-rich area would improve quality of life because of less time spent commuting to work (reducing vehicle miles traveled) which could also reduce potential adverse impacts such as traffic and air quality. While the proposed project would provide only rental units including affordable units, providing market rate and affordable rental housing at this location would improve the City's jobs/housing balance.

Rezone R-20-01

Per CMMC Title 13, Section 13-29(g)(11) – the following is the required finding for a rezone application:

- The proposed rezone is consistent with the Zoning Code and the general plan and any applicable specific plan.

The proposed general plan amendment would change the General Plan land use designation from Industrial Park to High Density Residential in order to allow a residential use with a site-specific density and building height. To ensure consistency between the General Plan Land Use Map and the Zoning Map, the property would be rezoned from Industrial Park (MP) to Planned Development Residential – High Density (PDR-HD). Per General Plan Table LU-19 (General Plan and Zoning Consistency), the PDR-HD zoning designation is compatible with

the High Density Residential land use designation. According to Zoning Code Section 13-20(p), PDR-HD districts are intended for multi-family residential developments and complementary non-residential uses could also be included in the planned development. As such, the proposed zoning district would allow a mix of residential and non-residential uses and is consistent with the intent of the General Plan and the PDR-HD zoning designation. The PDR-HD zoning designation also allows up to 20 du/acre but also allows for a higher density with pursuant to an adopted specific plan. The project includes adoption of a Specific Plan to allow specific development standards (density, building height, setbacks, open space, permitted uses land use matrix, and parking) that are different than the development standards outlined in the Zoning Code. The Specific Plan would act as the project's zoning regulations. Future development on-site and off-site improvements would be required to comply with the Specific Plan development standards and design guidelines – thus, the project would be consistent with the General Plan, Zoning, and Specific Plan.

Specific Plan SP-20-01

Per Zoning Code Section 13-29(g), there are no specific findings criteria for a specific plan application. Such action is considered a legislative action subject to the discretionary approval of the final decision body, the City Council. The One Metro West Specific Plan establishes the development's land use plan, development standards, zoning regulations and permitted uses, design guidelines, infrastructure systems, and implementation strategies on which subsequent, project-related development activities would be founded. Upon adoption of the Specific Plan, subsequent project-specific architectural plans, detailed site plans, grading and building permits, and any other actions requiring either ministerial or discretionary approvals would be required to demonstrate consistency with the Specific Plan.

Master Plan PA-19-19

Per CMMC Title 13, Section 13-29(g)(5), the following are required findings for a master plan application:

- *The master plan meets the broader goals of the general plan, any applicable specific plan, and the Zoning Code by exhibiting excellence in design, site planning, integration of uses and structures and protection of the integrity of neighboring development.*

The proposed general plan land use change to High Density Residential and rezone to PDR-HD, would allow for the redevelopment of the property from an industrial use to the mixed-use development as depicted in the Master Plan (residential, office, retail, open space). Overall, the Master Plan depicts the development plans that meet the Specific Plan development standards and design guidelines. The Master Plan would serve as a precise plan of development for the project site and would include schematic designs of the various project components

such as building locations, parking design, the off-site improvements along Sunflower Avenue, exterior elevations of residential buildings, and the open space.

The site plan has been designed to consider the project's location adjacent to the I-405 Freeway, Santa Ana River Trail, and SOCO. Residential units are located so that they generally face toward the project's internal courtyards and open spaces; no dwelling units in Building A (which is situated adjacent to the freeway) are proposed along the freeway. Units adjacent to SOCO would be further separated by a decorative six-foot block wall. The 1.5-acre publicly accessible urban open space is strategically located at the northwesterly corner of the property which allows for it to be a visually prominent feature of the development and convenient and accessible to the public from Sunflower Avenue.

The residential buildings are designed so that each building has its own distinct feature. For example, Building A is proposed to feature a large public art display facing the I-405 Freeway, Building B includes units with front stoops facing Sunflower Avenue and Building C is designed with a rooftop terrace with private recreational amenities. Overall, the designs of the buildings incorporate several architectural elements that would visually enhance the buildings and avoid long, unbroken building façades – such as breaks in the horizontal and vertical building planes, changes in building massing, various materials and colors, and projecting bays or recesses. The Master Plan is consistent with the Specific Plan including development standards such as building setbacks, maximum building heights, and the design guidelines.

- Master plan findings for mixed-use development projects in the mixed-use overlay district are identified in Chapter V, Article 11, mixed-use overlay district.

The proposed project is a mixed-use development; however, it is not located within a mixed-use overlay district. Therefore, these master plan findings do not apply.

- As applicable to affordable multi-family housing developments, the project complies with the maximum density standards allowed pursuant to the proposed general plan and provides affordable housing to low or very-low income households, as defined by the California Department of Housing and Community Development. The project includes long-term affordability covenants in compliance with state law.

The proposed project includes 1,057 units within a mixed-use multi-family residential development. The project is proposing to provide 10 percent of the project dwelling units (106 units) as affordable units to low- and very-low-income households. The applicant's proposal of affordable housing is included in the Development Agreement.

Tentative Tract Map No. 19015 (T-19-01)

Per CMMC Title 13, Section 13-29(g)(13), the following are required findings for a tentative tract map application:

- *The proposed subdivision and related improvements is consistent with the general plan, any applicable specific plan, and this Zoning Code.*

The formation of the subdivision including establishing the right to a future airspace subdivision for condominium purposes and related improvements is consistent with the General Plan, Zoning, and Specific Plan; the site is physically suitable to accommodate the subdivision in terms of type, design, and density of development; and the proposal is consistent with the State Subdivision Map Act. The proposed subdivision is consistent with General Plan Land Use Element in that the project complies with Policy LU-1.1 which encourages the development of a mix and balance of housing opportunities, commercial goods and services, and employment opportunities in consideration of the needs of the business and residential segments of the community. The proposed project is a mixed-use development that would provide housing, commercial, and employment opportunities contained within a single development. Additionally, the project includes recreational opportunities through the proposed 1.5-acre open space and off-site improvements for new bicycle lanes and sidewalks. Public Services staff have confirmed that there are no interferences with the City's or other utility right-of-way areas and/or easements within the tract.

- *The proposed use of the subdivision is compatible with the general plan.*

The project proposes a mixed-use development with residential, office, and retail uses on the property. The proposed project would have a site-specific density of 80 du's per acre. Upon approval of the general plan amendment (GP-20-01) rezone (R-20-01), and Specific Plan (SP-20-01) the proposed project, including the site-specific density, would be consistent with the General Plan.

- *The subject property is physically suitable to accommodate the subdivision in terms of type, design and density of development, and will not result in substantial environmental damage nor public health problems, based on compliance with the Zoning Code and general plan, and consideration of appropriate environmental information.*

The City of Costa Mesa prepared an Environmental Impact Report (EIR) pursuant to the requirements of the California Environmental Quality Act (CEQA). The EIR analyzed the proposed project's impact on the environment including air quality, noise, traffic, and public services among other topics as required per CEQA. The EIR concluded that the project would result in significant and unavoidable impacts to air quality during construction, greenhouse gas emissions during project operation, and traffic during project operation. All other environmental topics analyzed in the Draft EIR would not result in significant environmental impacts with implementation of the mitigation measures identified

in the EIR as well as implementation of City standard conditions of approval/code requirements. It should be noted that the unavoidable environmental impacts do not affect the physical condition of the subject property and the property would be able to support the proposed mixed-use development. The property is developed with an industrial building and associated parking/landscaping, so it is physically suitable to accommodate the proposed use without the need of extensive infrastructure improvements to provide service to the site.

- *The design of the subdivision provides, to the extent feasible, for future passive or natural heating and cooling opportunities in the subdivision, as required by State Government Code section 66473.1.*

The project provides adequate setbacks and private open space areas such as patios or balconies for most units and incorporates extensive landscaping throughout to ensure natural and passive heating and cooling from the sun exposure. The design of the residential buildings also incorporates open courtyards and rooftop terrace which would allow for additional natural cooling and heating. Units would also have operable windows which would provide natural cooling and ventilation opportunities as well. In addition to the private open space areas, the project would also provide a publicly-accessible 1.5-acre open space area.

- *The division and development will not unreasonably interfere with the free and complete exercise of the public entity and/or public utility rights-of-way and/or easements within the tract.*

The proposed project does not interfere with the public rights-of-way per the Public Services Department. A public access easement would be necessary for the public access and use of the 1.5-acre open space and bicycle trail connection to the existing Santa Ana River Trail (for the portion located on the private office lot). These easements are reflected on the proposed Tentative Tract Map.

- *The discharge of sewage from this land division into the public sewer system will not violate the requirements of the State Regional Water Quality Control Board pursuant to Division 7 (commencing with State Water Code section 13000).*

The applicant will be required to comply with all regulations set forth by the Costa Mesa Sanitation District as well as the Mesa Water District.

Development Agreement DA-20-02

Pursuant to City Council Resolution No. 88-53 and Government Code section 65865(c), staff recommends approval of the request, based on the following assessment of facts and findings, which are also reflected in the draft Resolution:

- The Development Agreement between the City of Costa Mesa and Developer is:
 - Consistent with the objectives, policies, general land uses and programs specified in the General Plan and with the General Plan as a whole;
 - Compatible with the uses authorized in, and the existing land use regulations prescribed for, the zoning district in which the real property is and will be located; and
 - Is in conformity with and will promote public convenience, general welfare, and good land use practice.

The proposed Development Agreement is consistent with the General Plan as the agreement would provide several public benefits to the City including a total of 106 deed-restricted affordable units at the very low and low-income levels, public access to a 1.5-acre urban open space, and improvements to Sunflower Avenue. In addition, the Development Agreement requires contributions of funding (beyond the required development impact fees) for public services such as police and fire, and funding toward economic recovery. The 1.5-acre open space accessible to the public would provide needed recreation space. The affordable units would contribute toward the City's compliance with its high RHNA allocation. The improvements to Sunflower Avenue is in line with several goals in the Circulation Element including implementation of a road diet and complete streets.

Upon approval of the General Plan Amendment (GP-20-01), Rezone (R-20-01) and Specific Plan (SP-20-01), the proposed project would be consistent with the General Plan and Zoning Code.

- The Development Agreement between the City of Costa Mesa and Developer will not:
 - Be detrimental to the health, safety and general welfare; and
 - Adversely affect the orderly development of property or the preservation of property values.

The Development Agreement will not be detrimental to the health, safety and general welfare of the public or adversely affect the orderly development of property. The Development Agreement reflects the development plan for the site and documents the additional public benefits of the project (such as affordable housing, public access to 1.5-acres of open space and funding to improve City infrastructure) agreed to by the applicant in exchange for the right to develop per the project approvals for the term of the DA.

ENVIRONMENTAL DETERMINATION:

A Draft Environmental Impact Report (DEIR) was prepared by the City in accordance with the California Environmental Quality Act (CEQA). The DEIR examines the potential environmental impacts of the proposed project and focuses on the changes to the existing environment that would result from the proposed project. The EIR examines all stages of the project, including construction and operation.

The DEIR evaluated the proposed project's potential environmental impacts on various topics (such as air quality, aesthetics, hydrology and water quality, and land use) and identified specific mitigation measures to lessen environmental impacts whenever feasible. In accordance with CEQA Guidelines Section 15073, the DEIR was made available for a public comment period beginning on February 7, 2020 and ending at 5PM on March 23, 2020. However, as a result of Governor Newsom's direction regarding COVID-19, City Hall and other facilities that had hard copies of the DEIR began closing to the public on March 16, 2020; as such, the City extended the public review period and accepted comments through March 30, 2020 to allow the public additional time to review and submit comments.

Final EIR including Response to Comments

A total of seven comments were received from public agencies, three from Indian tribes, three from organizations, and 78 from individuals. Copies of all comments received and responses to the comments are included in the Final EIR, Volume II. The Final EIR consists of the response to comments, errata and mitigation monitoring and reporting program (MMRP). The response to comments represents responses to the public comments received during the public review period of the Draft EIR. The errata makes minor changes to the Draft EIR that do not affect the overall conclusions of the environmental document. The MMRP is a comprehensive list of all mitigation measures identified in the EIR.

Modification to the Project Construction Phasing Schedule

The Draft EIR analyzed construction of the project to occur in one phase. The revised construction phasing schedule shows construction is planned to occur in three phases. A technical memo was drafted to evaluate the construction phasing change in terms of impacts to air quality, greenhouse gases, noise, and transportation associated with the revised phasing schedule. The proposed change in the phasing resulted in no significant environmental effects not previously considered in the Draft EIR and do not substantially alter the conclusions or findings of the Draft EIR related to the project's potential environmental effects or proposed mitigation measures. The technical memorandum is included in the Final EIR.

While the Final EIR consists of a modification to the project, it does not constitute "significant new information" pursuant to CEQA Guidelines Section 15088.5; as a result, a recirculation of the EIR is not required.

Summary of Significant Environmental Impacts and Mitigation Measures

The MMRP lists the mitigation based on each environmental topic with mitigation measures required in order to reduce the project's potentially significant impacts. The MMRP also specifies which City department is responsible for monitoring and ensuring compliance with the mitigations. The MMRP also includes timing of when the mitigation

measure applies e.g. prior to issuance of building permits, during ground disturbance activities, etc. The MMRP includes mitigation for the following potentially significant environmental impacts identified in the EIR:

- Aesthetics
- Air Quality
- Cultural Resources
- Geology and Soils
- Hazards and Hazardous Materials
- Public Services and Recreation
- Transportation
- Tribal Cultural Resources

With the implementation of mitigation measures, environmental impacts were reduced to less than significant levels in all areas except greenhouse gas and transportation. In these two areas, impacts remain significant and unavoidable after implementation of all feasible mitigation.

Summary of Significant and Unavoidable Impacts

The EIR finds that the project would result in significant unavoidable adverse impacts in the areas of greenhouse gas emissions during project operation and transportation during project operation.

In order to approve a project with significant unavoidable impacts, the City Council must approve a Statement of Overriding Considerations (SOC) before it renders a decision. An SOC documents the balance of the benefits of a proposed project weighed against its significant unavoidable environmental impacts. An SOC is required in order to make the determination that a project's benefits outweigh its adverse impacts and therefore it may be approved. A Draft SOC has been included as Attachment 1, Exhibit C.

ALTERNATIVES CONSIDERED:

The City Council has the following alternatives:

1. Approve the project. The City Council could approve the project as proposed with an 80 du/acre site-specific density for a mixed-use development including 1,057 residential units, 6,000 square feet of retail, 25,000 square feet of commercial office, and a 1.5-acre open space – subject to conditions of approval and mitigation measures; or
2. Approve the environmentally superior alternative project. The City Council could approve the environmentally-superior alternative project which is the Reduced Development Intensity. Under this alternative the proposed project would be reduced to 845 residential units along with the elimination of the office building and 1.5-acre open space; or

3. Modify the project. The City Council could request specific changes to the project design that are necessary to alleviate concerns. If any requested changes are substantial, the item should be continued to a future meeting to allow a redesign or additional analysis. In the event of significant modifications to the proposal, staff will return with revised resolution(s) incorporating new findings and/or conditions; or
4. Deny the project. If the City Council believes that there are insufficient facts to support the findings for approval, the City Council could deny the application(s) and provide facts in support of denial.

FISCAL REVIEW:

The project is estimated to generate an annual net fiscal deficit of approximately \$5,000 to the City's General Fund, as discussed earlier in this report. A Fiscal Impact Study is provided as Attachment 10.

LEGAL REVIEW:

The City Attorney's Office has reviewed the documents and approved them as to form.

PUBLIC NOTICE:

Pursuant to Title 13, Section 13-29(d), of the Costa Mesa Municipal Code, three types of public notification have been completed no less than 10 days prior to the date of the public hearing:

1. Mailed notice. A public notice was mailed to all property owners and occupants within a 500-foot radius of the project site. The required notice radius is measured from the external boundaries of the property.
2. On-site posting. A public notice was posted on each street frontage of the project site.
3. Newspaper publication. A public notice was published once in the Daily Pilot newspaper.

As the date of this report, one written public comments have been received. Any additional public comments received after the publication of the staff report will be forwarded to the City Council separately.

CONCLUSION:

The proposed project, One Metro West, would redevelop an existing industrial site into a mixed-use development with residential, office, retail and open space uses. In addition, One Metro West proposes off-site improvements that would enhance Sunflower Avenue into a more pedestrian and bicycle-friendly street. The proposed project includes a General Plan Amendment to re-designate the property to High Density Residential, a Rezone to change the zone to PDR-HD, a Specific Plan to establish site-specific regulations, a Master Plan to implement the Specific Plan, a Tentative Tract Map to establish future airspace subdivision for condominium purposes, and a Development Agreement between the applicant and the City.

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JENNIFER LE
Director of Economic and Development Services

CAROL MOLINA
Finance Director

KIMBERLY HALL BARLOW
City Attorney

- Attachments: 1. [Draft Resolution 2021-XX – Certification of the Final EIR \(SCH No. 2019050014\)](#)
- [Exhibit A – Final EIR Volume I and II dated April 2021 \(provided under separate cover\)](#)
 - [Exhibit B – Mitigation Monitoring Reporting Program](#)
 - [Exhibit C – Findings of Fact and Statement of Overriding Considerations](#)
2. [Draft Resolution 2021-XX – General Plan Amendment \(GP-20-01\), Master Plan \(PA-19-19\), Tentative Tract Map No. 19015 \(T-19-01\)](#)
3. [Draft Ordinance No. 2021-XX – Rezone \(R-20-01\)](#)
4. [Draft Ordinance No. 2021-XX – Specific Plan \(SP-20-01\)](#)
- [Specific Plan \(provided under separate cover\)](#)
5. [Draft Ordinance No. 2021-XX – Development Agreement \(DA-20-02\)](#)
- [Exhibit A – Development Agreement](#)
6. [Vicinity Map and Zoning Map](#)
7. [Existing Site Photos](#)
8. [Master Plan \(provided under separate cover\)](#)

9. [Tentative Tract Map No. 19015 \(provided under separate cover\)](#)
10. [Fiscal Impact Analysis](#)
11. [Applicant Submittals \(including Applicant Letters, Applicant's Fiscal Study prepared by David Taussig Associates, Pedestrian Connection Site Plan, Visual Analysis Booklet\)](#)
12. [Applicant Letter Request to Modify the Development Agreement](#)

Applicant:
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