

RESOLUTION NO. PC-2024-XX

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF COSTA MESA, CALIFORNIA RECOMMENDING APPROVAL TO THE CITY COUNCIL OF DEVELOPMENT AGREEMENT (PDEV-23-0001) BY AMENDING CERTAIN PROVISIONS TO THE ONE METRO WEST APPROVED DEVELOPMENT AGREEMENT, ORDINANCES, AND RESOLUTIONS

THE PLANNING COMMISSION OF THE CITY OF COSTA MESA, CALIFORNIA FINDS AND DECLARES AS FOLLOWS:

WHEREAS, on June 15, 2021, the City Council, at a duly-noticed public hearing, approved a mixed-use development (One Metro Mest) located at 1683 Sunflower Avenue. The approvals included:

1. **Final Environmental Impact Report** (State Clearinghouse No. 2019050014);
2. **General Plan Amendment (GP-20-01)**: Amending 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;
3. **Master Plan (PA-19-19)**: Implementing the Specific Plan and provide site plans and architectural details including floor plans, building elevations, landscaping, and renderings/streetscape views;
4. **Tentative Tract Map No. 19015 (T-19-01)**: Subdividing 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

Gave first reading to Ordinance Nos. 2021-11, 2021-12, and 2021-13 for:

5. **Rezone (R-20-01)**: Changing 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;

6. **Specific Plan (SP-20-01):** Establishing site-specific zoning regulations such as development standards and design guidelines which would function as the project's zoning document; and
7. **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 several public benefits including, but not limited to, 106 affordable housing units (67 very-low income units and 39 low-income units).

WHEREAS, on July 21, 2021, the City Council gave second reading to and adopted Ordinance Nos. 2021-11, 2021-12, and 2021-13.

WHEREAS, on December 4, 2023, Development Agreement (PDEV-23-0001), One Metro West Project Amendments, was filed by Brent Stoll of Rose Equities, authorized agent for the applicant and property owner, International Asset Management Holding Group, LLC, requesting approval of the following:

1. **Amendment to Development Agreement No. 20-02**, by amending the timing of payment of impact fees and community benefits funding;
2. **Amendment to Ordinance Nos. 2021-11, 2021-12, and 2021-13**, by modifying the approved Ordinances to be consistent with Article 22 and reflect the City Council's One Metro West project approval date of July 20, 2021; and
3. **Amendment to Resolution No. 2021-55**, by amending certain conditions of approval related to the artwork design submittal to the City and the final approval body for the proposed artwork (Conditions 9 and 66 of Resolution 2021-55).

WHEREAS, a duly noticed public hearing was held by the Planning Commission on May 13, 2024, with all persons having the opportunity to speak for and against the proposal;

WHEREAS, pursuant to the California Environmental Quality Act (CEQA), pursuant to Section 15162 of the State CEQA Guidelines, the project was reviewed and found to be consistent with the One Metro West Environmental Impact Report (EIR) (State Clearinghouse No. 2019050014), which was certified on May 4, 2021, by the City Council of the City of Costa Mesa (Resolution No. 2021-54). Pursuant to Section 15162 of the

Guidelines, no subsequent environmental review is warranted for the project because there are no substantial changes to the project in that there are no modifications to the approved project plans or required mitigation measures.

WHEREAS, the requested amendments propose the following revisions to Development Agreement 20-02, which are depicted in more specific detail in Exhibit B attached hereto:

1. Development Impact Fees shall be paid in two installments over five years, with the first payment received with the issuance of the first building permit (Year 1), the second payment received four years from the day the first building permit was issued (Year Five). Fees not paid in Year 1 shall accrue a 3% interest rate. The total of the Development Impact Fees plus 3% interest rate shall be \$11,403,652.
2. Funding for Economic Recovery and Community Enhancements fees shall be paid in one installment and received in Year Five, and shall be subject to a 3% interest rate. The payment shall be received four years from the date of the issuance of the first building permit (Year 1). The total of the Funding for Economic Recovery and Community Enhancement fees shall be \$3,477,822, this includes the 3% interest rate.

WHEREAS, the City Council approved Ordinance No. 2021-11, One Metro West Development Agreement, Ordinance No. 2021-12, Rezone to Planned Development Residential, and Ordinance No. 2021-13, One Metro West Specific Plan, shall be modified to reflect the requirements of Article 22 (Measure K), a measure approved by the residents of the City of Costa Mesa on November 8, 2022, rescinding the requirement that the previously noted Ordinance shall become effective following approval of the Project by the electorate, and shall take effect 31 days after adoption, as depicted further in detail in Exhibit C.

WHEREAS, amending City Council approved Resolution No. 2021-55, Approving General Plan Amendment 20-01, Master Plan 19-19, and Tentative Tract Map No. 19015 (One Metro West), modifying certain conditions of approval related to the required timing of the artwork design submittal to the City, landscaping requirements associated with the art design, and final approval authority for the art design, as depicted further in Exhibit D.

NOW, THEREFORE, based on the evidence in the record and the findings contained in Exhibit A, and modifications as shown in Exhibit B, C, and D, the Planning Commission hereby **RECOMMENDS THAT THE CITY COUNCIL APPROVE PDEV-23-0001.**

BE IT FURTHER RESOLVED that the Costa Mesa Planning Commission does hereby find and determine that adoption of this Resolution is expressly predicated upon the activity as described in the staff report for PDEV-23-0001, Exhibits B, C and D, and in compliance of all applicable federal, state, and local laws. Any approval granted by this resolution shall be subject to review, modification, or revocation if there is a material change that occurs in the operation, or if the applicant fails to comply with any of the conditions of approval. Except to the extent modified by these amendments all prior ordinances and resolutions remain in full force and effect for the project site.

BE IT FURTHER RESOLVED that if any section, division, sentence, clause, phrase or portion of this resolution, or the document in the record in support of this resolution, are for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining provisions.

PASSED AND ADOPTED this 13 day of May, 2024.

Adam Ereth, Chair
Costa Mesa Planning Commission

STATE OF CALIFORNIA)
COUNTY OF ORANGE)ss
CITY OF COSTA MESA)

I, Scott Drapkin, Secretary to the Planning Commission of the City of Costa Mesa, do hereby certify that the foregoing Resolution No. PC-2024- XX was passed and adopted at a regular meeting of the City of Costa Mesa Planning Commission held on May 13, 2024, by the following votes:

AYES: COMMISSIONERS
NOES: COMMISSIONERS
ABSENT: COMMISSIONERS
ABSTAIN: COMMISSIONERS

Scott Drapkin, Secretary
Costa Mesa Planning Commission

Resolution No. PC-2024-__

EXHIBIT A

FINDINGS

PDEV 23-0001 is a request to amend certain provisions of Development Agreement DA 20-02; amend certain conditions of approval of Resolution 2021-55 (Resolution that approved General Plan 20-01, Master Plan 19-19, and Tentative Tract Map 19015), and to clarify the project's effective date in approved Ordinance Numbers 2021-11, 2021-12, and 2021-13, for the One Metro West project. The requested amendments do not change the previously approved project plans. Therefore, the findings, and facts in support of those findings, contained in the above-mentioned Ordinances and Resolution remain true and in effect. The following findings, and facts in support of those findings, pertain only to the proposed amendments.

A. REVIEW CRITERIA FOR ALL PLANNING APPLICATIONS:

The proposed project complies with Costa Mesa Municipal Code Section 13-29(e), Review Criteria, because:

Finding: Compatible and harmonious relationship between the proposed building and site development, and use(s), and the building and site developments, and uses that exist or have been approved for the general neighborhood.

Facts in Support of Finding: The One Metro West Development was found to have a compatible and harmonious relationship between the proposed building and site development and use(s), and the building and site developments, and uses that exist or have been approved for the general neighborhood at the time of its original approval which remains in effect. The proposed amendments do not change the previously approved project plans or uses and therefore the project remains compatible and harmonious with the general neighborhood.

Finding: Safety and compatibility of the design of buildings, parking area, landscaping, luminaries and other site features which may include functional aspects of the site development such as automobile and pedestrian circulation.

Facts in Support of Finding: The One Metro West Development was found to be safe and compatible in the design of buildings, parking area, landscaping, luminaries, and other site features, including functional aspects of the site development such as automobile and pedestrian circulation, at the time of its original approval, which remains in effect. The proposed amendments do not change the previously approved project plans and therefore the project remains a safe and compatible development.

Finding: Compliance with any performance standards as prescribed elsewhere in this Zoning Code.

Facts in Support of Finding: A General Plan Amendment (adopted by Resolution 2021-55), and Rezone (adopted by Ordinance No. 2021-12), was adopted by the City Council on July 20, 2021. The approvals permitted a site-specific density of 80 dwelling units per acre, with a maximum of 1,057 dwelling units. The One Metro West development was approved in compliance with these requirements and the proposed amendments do not change the previously approved project plans. Therefore, the project complies with the requirements of the Zoning Code.

Finding: Consistency with the General Plan and any applicable Specific Plan.

Facts in Support of Finding: A General Plan Amendment (adopted by Resolution 2021-55), and Specific Plan (adopted by Ordinance No. 2021-13), was adopted by the City Council on July 20, 2021. The approvals permitted a site-specific density of 80 dwelling units per acre, with a maximum of 1,057 dwelling units. The One Metro West development was approved in compliance with these requirements and the proposed amendments do not change the previously approved project plans. Therefore, the project complies with the requirements of the General Plan, and the One Metro West Specific Plan.

Finding: The planning application is for a project-specific case and is not to be construed to be setting a precedent for future development.

Facts in Support of Finding: This application, PDEV-23-0001, is for amendments to certain provisions and conditions of the previously-approved One Metro West project. The approved project is a mixed-use development with residential, office, retail, and open space use that would replace an existing industrial use, and the proposed amendments do not change the previously approved plans. Any similar future developments would be required to submit planning applications as necessary or required by the Planning Division.

Finding: When more than one (1) planning application is proposed for a single development, the cumulative effect of all the planning applications shall be considered.

Facts in Support of Finding: No substantial changes to the project are proposed in that there are no modifications to the approved project plans or uses. Therefore, no cumulative effect for the planning applications will result.

Finding: For residential developments, consistency with any applicable design guidelines adopted by city council resolution.

Facts in Support of Finding: The One Metro West Specific Plan contains the project's development standards and design guidelines. The One Metro West development was approved in compliance with these requirements and the

proposed amendments do not change the previously approved project plans. Therefore, the project complies with the requirements of the One Metro West Specific Plan.

Finding: For affordable multi-family housing developments that include a minimum of sixteen (16) affordable dwelling units at no less than twenty (20) dwelling units per acre, the maximum density standards of the general plan shall be applied, and the maximum density shall be permitted by right and not subject to discretionary review during the design review or master plan application process.

Facts in Support of Finding: The approved One Metro West development includes a multi-family residential development. Though the project is not an affordable housing development, there would still be a portion of the overall dwelling units set aside for affordable housing opportunities. The terms and conditions of the affordable units are included in the project's Development Agreement. The proposed amendments do not change or modify the terms and conditions of the affordable units in the Development Agreement.

C. **AMENDMENT TO 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, which is the City Council. The proposed projects amendments do not change the previously approved project plans or uses, and therefore are consistent with the General Plan.

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

The proposed project would continue to contribute to the City meeting its City's 6th cycle RHNA allocations including affordable housing allocation and improve the City's overall jobs-housing balance.

Facts in Support: General Plan Amendment 20-01 implemented the One Metro West development. The facts in support of the General Plan Amendment include the project's contribution to helping the City meet its City's 6th cycle RHNA allocations, including affordable housing allocation, as well as improve the City's overall jobs-housing balance. The proposed amendments do not change the previously approved project plans and the project would continue to help the City meet its City's 6th cycle RHNA allocations, including affordable housing allocation, and improve the City's overall jobs-housing balance.

D. **AMENDMENT TO 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, which is the City Council. The One

Metro West Specific Plan establishes the development's land use plan, development standards, zoning regulations, permitted uses, design guidelines, infrastructure systems, and implementation strategies on which subsequent project-related development activities would be founded. The One Metro West Specific Plan, and subsequently approved project-specific architectural plans, detailed site plans, grading, landscape, and building permits, are consistent with the specific plan. The proposed amendment is limited to rescinding the requirement that the Project be approved by the electorate, consistent with approved Measure K, and reflect the July 20, 2021, second reading and adoption date by the City of Costa Mesa, City Council, and adds the provision that the Ordinance shall be effective 31 days from adoption. The proposed amendment does not change the previously approved project plans and any future ministerial or discretionary approvals would be required to demonstrate consistency with the Specific Plan.

E. **MASTER PLAN PA-19-19**

The proposed project complies with Costa Mesa Municipal Code Section 13-29(g)(5) for a Master Plan because:

Finding: 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.

Facts in Support of Finding: General Plan Amendment 20-01 changed the land use designation to High-Density Residential, and Rezone 2021-12 approved PDR-HD, allowing for the redevelopment of the property from industrial use to the mixed-use development as depicted in the Master Plan (residential, office, retail, open space). The Master Plan depicts the development plans that meet the Specific Plan development standards and design guidelines. The Master Plan serves as a precise plan of development for the project site and includes schematic designs of the various project components such as building locations, parking design, off-site improvements along Sunflower Avenue, exterior elevations of residential buildings, and the open space. The proposed amendments do not change the previously approved Master Plan, or the approved project plans. Therefore, the Master Plan continues to meet 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.

Finding: 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.

Facts in Support of Finding: The One Metro West project is not subject to the mixed-use overlay district findings because the project site is not one of the overlay districts identified in Chapter V, Article 11. The nearest overlay district to

the project site is the North Costa Mesa Specific Plan, approximately one-half mile east.

Finding: As applicable to affordable multi-family housing developments, the project complies with the maximum density standards allowed pursuant to the 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.

Facts in Support of Finding: The approved 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 (minimum of 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 and remains unchanged by the scope of these amendments.

F. **AMENDMENT TO REZONE R-20-01**

The proposed project complies with Costa Mesa Municipal Code Section 13-29(g)(11) for a Rezone because:

Finding: The proposed Rezone is consistent with the Zoning Code, General Plan, and applicable Specific Plan.

Facts in Support of Finding: The original approval rezoned the property 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 zoning district allows 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 pursuant to the adopted specific plan. The Specific Plan acts 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. As the project does not propose any modifications to the approved plans the project would remain consistent with the General Plan, Zoning, and Specific Plan.

G. **TENTATIVE TRACT MAP T-19-01**

The proposed project complies with Costa Mesa Municipal Code Section 13-29(g)(13) for a Tentative Tract Map because:

Finding: The creation of the subdivision and related improvements is consistent with the General Plan and the Zoning Code.

Facts in Support of Finding: The previously approved subdivision, including establishing the right to a future airspace subdivision for condominium purposes and related improvements, would not be modified by the scope of the proposed amendments and, therefore, is consistent with the General Plan, Zoning, and Specific Plan.

Finding: The proposed use of the subdivision is compatible with the General Plan.

Facts in Support of Finding: The project is a mixed-use development with residential, office, and retail uses on the property. No change to the mix of uses is proposed as part of the requested amendments; therefore, the project remains compatible with the General Plan.

Finding: 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.

Facts in Support of Finding: The previously approved subdivision is not proposed to be modified and, therefore, remains suitable to accommodate the development 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.

Finding: 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.

Facts in Support of Finding: The previously approved subdivision will not be modified and will still provide 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 terraces 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 also provides a publicly-accessible 1.5-acre open space area.

Finding: The subdivision and development of the property 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.

Facts in Support of Finding: The approved project does not interfere with the public rights-of-way per the Public Services Department. A public access easement 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) is included and reflected on the approved Tentative Tract Map. The scope of the requested amendments does not change this and therefore is consistent with the finding.

Finding: The discharge of sewage from this subdivision into the public sewer system will not violate the requirements of the California Regional Water Quality Control Board pursuant to Division 7 (commencing with Section 13000 of the Water Code).

Facts in Support of Finding: The applicant is required to comply with all regulations set forth by the Costa Mesa Sanitation District as well as the Mesa Water District. The scope of the requested amendments does not change this and therefore is consistent with the finding.

H. 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:

Finding: The Development Agreement between the City of Costa Mesa and the Developer is:

1. Consistent with the objectives, policies, general land uses and programs specified in the General Plan and with the General Plan as a whole;
2. 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
3. Is in conformity with and will promote public convenience, general welfare, and good land use practice.

Facts in Support of Findings: The proposed amendment to the approved Development Agreement is consistent with the General Plan as the agreement continues to provide public benefits to the City, including but not limited to, a total of 106 deed-restricted affordable units at the very low and low-income levels for no less than 40 years, an easement to the City of Costa Mesa for public access to a 1.5-acre urban open space, and improvements to Sunflower Avenue. In addition, the amendments would still require contributions of funding (beyond the required development impact fees) for public services such as police and fire, and funding toward economic recovery.

Finding: The Development Agreement between the City of Costa Mesa and the Developer will not:

1. Be detrimental to the health, safety and general welfare; and
2. Adversely affect the orderly development of property or the preservation of property values.

Facts in Support of Finding: The amendment to the approved Development Agreement would 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, and an easement in favor of the City for 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 Development Agreement.

- I. Pursuant to Section 15162 of the State CEQA Guidelines, the project was reviewed and found to be consistent with the One Metro West Environmental Impact Report (EIR) (State Clearinghouse No. 2019050014), which was certified on May 4, 2021, by the City Council of the City of Costa Mesa (Resolution No. 2021-54). Pursuant to Section 15162 of the Guidelines, no subsequent environmental review is warranted for the project because there are no substantial changes to the project in that there are no modifications to the approved project plans or required mitigation measures.

EXHIBIT B

REVISED DEVELOPMENT AGREEMENT

Provided under Separate Cover

EXHIBIT C

Amendments to Certain Sections of the approving Ordinances

Legend: New text is shown in underlined bold, and the deleted text is shown in ~~strike through~~.

Ordinance No. 2021-11, Section 7: EFFECTIVE DATE, shall be amended as follows:

SECTION 7: EFFECTIVE DATE. This Ordinance shall ~~become effective following approval of the Project by the electorate at the next regular municipal election or at a special election funded by the applicant~~ take effect on the 31st day after adoption.

Ordinance No. 2021-12, Section 7: EFFECTIVE DATE, shall be amended as follows:

SECTION 5: EFFECTIVE DATE. This Ordinance shall ~~become effective following approval of the Project by the electorate at the next regular municipal election or at a special election funded by the applicant~~ take effect on the 31st day after adoption.

Ordinance No. 2021-13, Section 7: EFFECTIVE DATE, shall be amended as follows:

SECTION 5: EFFECTIVE DATE. This Ordinance shall ~~become effective following approval of the Project by the electorate at the next regular municipal election or at a special election funded by the applicant~~ take effect on the 31st day after adoption.

EXHIBIT D

Amendments to certain conditions of approval of Resolution 2021-545

Legend: New text is shown in **underlined bold**, and the deleted text is shown in ~~strikethrough~~

Artwork Conditions of Approval

- ~~• COA No. 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 review and final approval by the Planning Commission. The Cultural Arts Committee (CAC) may first review the proposed freeway façade design and make recommendations 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 Planning Commission.~~
- COA No. 66 – Prior to the issuance of the first building permit for the proposed project, the owner/developer would be required to submit a Design Plan for the Building “A” parking elevation (façade) along the I-405 Freeway for review by the Planning Division and approval by the City’s Cultural Arts **Commission** Committee. All architectural treatments would exclude the use of moving, flashing, or otherwise visually distracting elements or materials that are highly reflective or generate noise. [PPP-AES-1]