



CITY OF NEWPORT BEACH ZONING ADMINISTRATOR STAFF REPORT

May 16, 2019
Agenda Item No. 3

SUBJECT: Annual Review of Uptown Newport Development Agreement
(PA2014-039)

SITE LOCATION: 4311-4321 Jamboree Road

APPLICANT/OWNER: Uptown Newport, LP (TSG-Parcel 1, LLC)

PLANNER: Rosalinh Ung, Senior Planner
(949) 644-3208, rung@newportbeachca.gov

ZONING DISTRICT/GENERAL PLAN

- **General Plan:** MU-H2 (Mixed-Use Horizontal 2)
- **Zoning District:** PC 58 (Uptown Newport)

PROJECT SUMMARY

An annual review of Development Agreement No. DA2012-003 (DA) for Uptown Newport Planned Community, pursuant to Section 15.45.080 of the Newport Beach Municipal Code and Section 65865.1 of the California Government Code.

RECOMMENDATION

- 1) Conduct a public hearing;
- 2) Find the annual review is exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15321, Class 21 (Enforcement Actions by Regulatory Agencies) of the CEQA Guidelines, because it has no potential to have a significant effect on the environment;
- 3) Find that the applicant has demonstrated good faith compliance with the terms of Development Agreement No. DA2012-003; and
- 4) Receive and file the Annual Report of Development Agreement for Uptown Newport Planned Community (Attachment No. ZA 2).

BACKGROUND

On March 12, 2013, City Council adopted Ordinance No. 2013-6, approving the DA for the development of a 25-acre, mixed-use residential project consisting of 1,244 residential units, two one-acre public parks, and 11,500 square feet of retail uses. The DA became effective on April 22, 2013. The term of the DA is 15 years, and has two, 5-year extension options. The earliest expiration could be in 2028.

On April 28, 2015, the City Council approved the First Amendment to the DA that delayed the timing of payment of public benefit fees and park in-lieu fees.

The DA and its First Amendment are available online at:
<http://www.newportbeachca.gov/developmentagreements>.

On September 5, 2013, the Planning Commission approved the Master Site Development Review (MSDR) application for the Uptown Newport project. The Planning Commission also approved prototypical architectural building elevations, master landscape plan and plant palette, preliminary public parks and paseo plans, preliminary master wall/fence plans, master signage plans, and preliminary site improvement plans for the entire 25-acre planned development. The purpose of this approval is to ensure that the project will be developed in a cohesive manner in phases consistent with the Planned Community Development Plan, Development Agreement, environmental mitigation measures required by Environmental Impact Report (EIR), and applicable City codes and standards.

On October 1, 2013, the Parks, Beaches & Recreation Commission reviewed and approved park amenities on the two public park concepts for the Uptown Newport project.

On January 24, 2016, the Community Development Director approved Minor Site Development Review No. SD2015-004 for the construction of 455 residential apartment units in two separate buildings, approximately 10,700 square feet of retail use, and a 50-foot wide paseo within Phase 1 proposed by the Picerne Group. The South Building was approved to provide 222 apartment units with approximately 10,700 square feet of commercial space on the ground floor. The North Building was approved to provide 233 units. A 50-foot wide paseo will be developed on an easement area between the two buildings and it will provide public access from Jamboree Road through to the internal street. These two buildings include 92 units for very-low income households.

On September 2, 2016, the Community Development Director approved Staff Approval No. SA2016-010, an amendment to Condition No. 34 of Uptown Newport Tentative Tract Map No. NT2012-002 (TTM No. 17763), to delay completion of the public sidewalk reconstruction along the Jamboree Road frontage of the Uptown Newport Planned Community until occupancy of the Picerne Group's first residential building or July 31, 2018, whichever comes first.

On January 24, 2017, the City Council approved the issuance of up to \$192,000,000 of multi-family housing bonds by the California Statewide Communities Development Authority (CSCDA) to finance the project. The City does not incur any liability for the CSCDA financing.

On March 23, 2017, the Planning Commission approved Site Development Review No. SD2017-001, an amendment to the previously approved Master Site Development Review application to allow alternative locations and phasing of the commercial component (up to 11,500 square feet). Specifically, the amendment allows Lot 3 (the Picerne Group's South Building) to be developed without commercial uses while Lot 2, located at the intersection of Jamboree Road and Fairchild Road, to be developed with commercial uses rather than residential uses. The preliminary plans proposed an approximately 6,500 square feet of retail use on Lot 2. Additional commercial uses will be developed on other lots within the Uptown Newport Planned Community.

On March 24, 2017, the Community Development Director approved Minor Site Development Review No. SD2017-002 amending Minor Site Development Review No. SD2015-004 to eliminate the 10,700 square foot commercial component and associated parking from the South Building. The area formerly planned for commercial use was permitted to be developed with seven additional residential units for a total of 229 units within the South Building. With the approval of the proposed amendment, a total of 462 apartment units would be developed, inclusive of the 92 low-income units.

On April 11, 2017, the City Council approved park in-lieu fee credits consistent with the General Plan and Municipal Code. The park in-lieu fee payment for Phase 1 was set in the amount of \$2,895,686.54.

At the last annual review on May 10, 2018, the Zoning Administrator found that Uptown Newport demonstrated good faith compliance with the terms of the DA and its First Amendment.

DISCUSSION

Section 15.45.080 of the Municipal Code requires the City to periodically review development agreements to determine if the applicant has complied with the terms of the agreement. This review should be conducted at least once every 12 months.

The applicant is required to demonstrate good faith compliance with the terms of the agreement, and should the Zoning Administrator find that the applicant has not complied in good faith with the terms of the agreement; the Zoning Administrator should refer the matter to City Council.

Annual Review

The annual review covers the period of May 2018 to April 2019.

During this reporting period, construction of the first two apartment buildings and Phase 1 infrastructure has been ongoing and it is nearly complete.

On July 13, 2018, the Community Development Director approved Minor Site Development Review No. SD2018-002 for the construction of Phase 1 one-acre neighborhood park. The park's construction began late December 2018 and is currently scheduled for completion in August 2019.

In addition to the construction of Phase 1 park, a summary of construction-related activities within Phase 1 performed by the property owner, its agents and affiliates during the past year are listed below:

1. Phase I site improvements are near completion and are scheduled to be completed by August 2019.
2. Phase 1 perimeter wall between TowerJazz facility and Phase 1 development was completed in June 2018.
3. Building permits for the construction of the Picerne Group's apartment project in Phase 1 were issued on May 18, 2017. A total payment of \$18,985,299, which includes a park fee of \$2,895,687 was submitted consistent with the terms of the DA and its First Amendment. It is anticipated that the South building will be completed by June 2019, and the North building to be completed by August 2019.
4. The DA provides a statement where the City and the landowner may cooperate in the undergrounding of the 66KV high voltage power line along Jamboree Road. A CFD (Community Facilities District) for the financing of the power line undergrounding was formed on March 12, 2019. The first phase, which is installation of the underground vaults and ducts, was completed in December 2018. It is anticipated that SCE will complete their portion of the undergrounding work to be completed in December 2019.
5. Phase 1 site improvements, on-site and Jamboree Road median landscaping, on-site street lights, and traffic signal modifications at main entry are anticipated to be completed in August 2019.

The applicant has prepared a report with a complete list of accomplishments within the past year (Attachment ZA 2).

After reviewing the attached annual report and applicable documents, staff finds the applicant to be in good faith compliance with the terms and conditions of the DA and First Amendment.

As to the remaining construction of Phase 1 development, the applicant has expressed interests in a combination of townhouse and condominium residential development for Lot 1 (adjacent to Phase 1 Park) and approximately 4,500 square feet of commercial development for Lot 2 (at Jamboree Road/project's main entry). No applications have been submitted for City approval at this time. The following table identifies the Phase 1 development summary as to-date.

Phase 1 Residential Development		
	Implemented	Remaining
Total Number of Units: 680	458	222
Park Area: 1.03 acre	1.03	N/A

The development of Phase 2 will be initiated after Jazz Semiconductor's lease concludes either in 2022 or 2027. This phase consists of one-acre park, the remaining 564 residential units, and any remaining unbuilt commercial square footage from Phase 1.

ENVIRONMENTAL REVIEW

This annual review is exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15321, Class 21 (Enforcement Actions by Regulatory Agencies) of the CEQA Guidelines, because it has no potential to have a significant effect on the environment. This section exempts actions by regulatory agencies to enforce or revoke a lease, permit, license, certificate, or other entitlement for use issued, adopted, or prescribed by the regulatory agency or enforcement of a law, general rule, standard, or objective, administered or adopted by the regulatory agency.


PUBLIC NOTICE

Notice of this review was published in the Daily Pilot, mailed to all owners of property within 300 feet of the boundaries of the site (excluding intervening rights-of-way and waterways), including the applicant, and posted on the subject property at least 10 days before the scheduled hearing, consistent with the provisions of the Municipal Code. Additionally, the item appeared on the agenda for this meeting, which was posted at City Hall and on the City website.

APPEAL PERIOD:

An appeal or call for review may be filed with the Director of Community Development within 14 days following the date of action. For additional information on filing an appeal, contact the Planning Division at 949-644-3200.

Prepared by:



Rosalinh M. Ung
Senior Planner

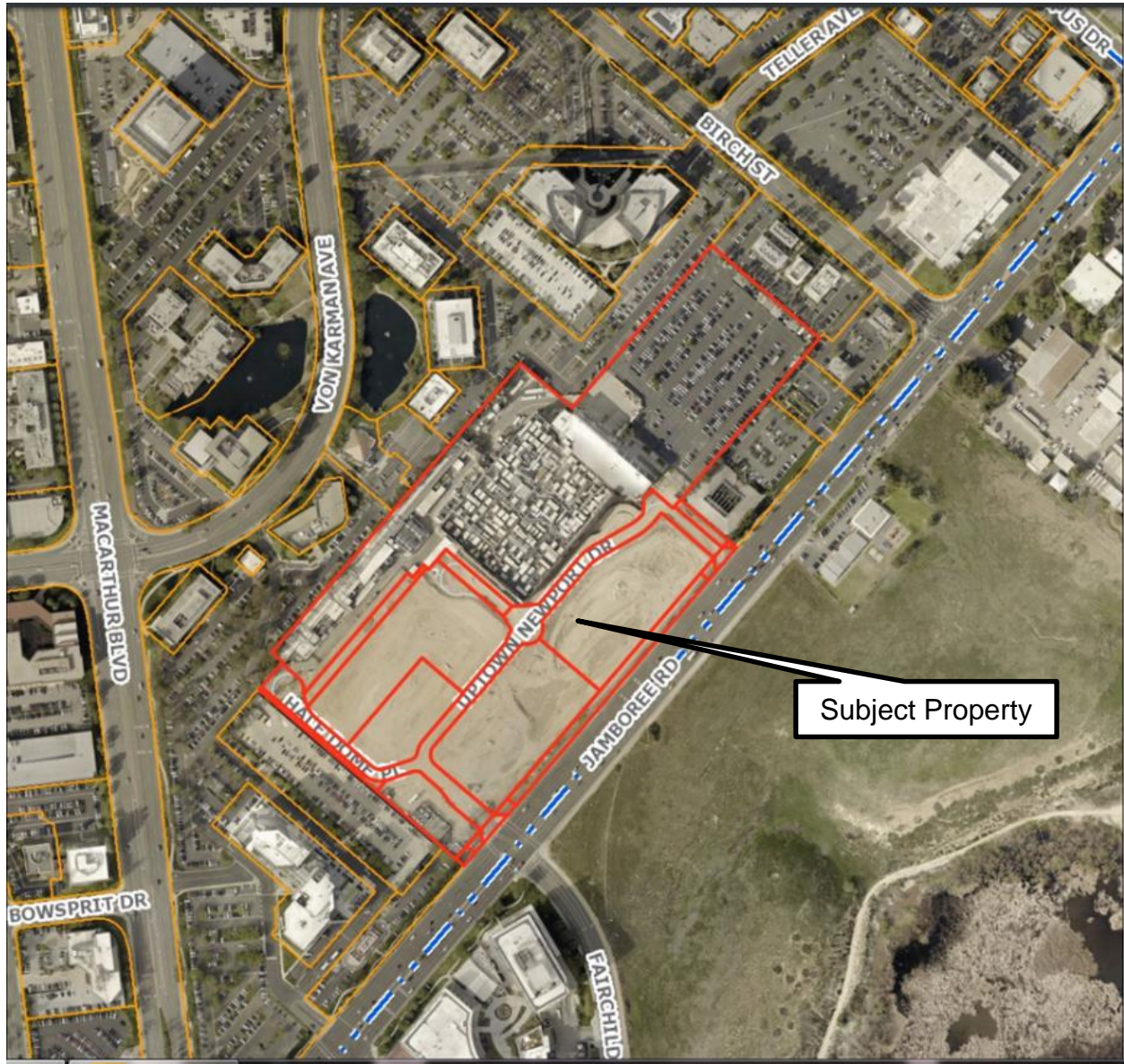
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Attachments: ZA 1 Vicinity Map
 ZA 2 Uptown Newport Development Agreement Annual Report

Attachment No. ZA 1

Vicinity Map

VICINITY MAP



Annual Review Uptown Newport Development
Agreement (PA2014-039)
4311-4321 Jamboree Road

Attachment No. ZA 2

Uptown Newport Development
Agreement Annual Report

March 14, 2019

City of Newport Beach
Ms. Rosalinh Ung
100 Civic Center Drive
Newport Beach, California 92660

**RE: 2018 Annual Report for Uptown Newport
Development Agreement No. DA2012-003**

Dear Ms. Ung,

This Annual Report for the Uptown Newport Development Agreement DA2012-003 (the “**Agreement**”) is being provided to the City pursuant to Section 7 of the Agreement, and is intended to satisfy the annual reporting requirement for Development Agreements under section 65865.1 of the Government Code. Uptown Newport is a mixed use development consisting of: 1,244 residential units, 11,500 square feet of retail uses, and two 1-acre public parks on approximately 25.05 acres of real property located at 4311-4321 Jamboree Road, Newport Beach, California.

On March 23, 2013 (the “**Agreement Date**”), the City Council adopted Ordinance No. 2013-6 (the “**Adopting Ordinance**”), finding the Agreement to be consistent with the City of Newport Beach General Plan, and approving the Agreement. Because the Agreement was approved by Ordinance as required under Government Code section 65867.5, and no appeals or lawsuits challenging the validity of the Adopting Ordinance were filed, the Agreement became effective thirty days after the Agreement Date, or April 22, 2013.

The Uptown Newport project is proceeding with development of Phase I of the Uptown Newport Planned Community, with site development in process. The current plan for Phase I is to develop approximately 458 apartment units in two buildings on the Lots 3 and 4 that front Jamboree Road; for-sale condominiums on Lot 1 that surrounds the Phase I Park, and; approximately 6,500 square foot of retail /commercial on Lot 2 at the Jamboree/Uptown Newport Drive entry. The number of for-sale units has not yet been determined. A Preliminary Development review plan was submitted to the city mid-year 2018 for Lot 1. Comments and recommendations provided by the city staff are currently being addressed at the design level. The apartment buildings will include approximately 92 affordable apartment units that will be incorporated into the same buildings as the market rate apartments. An updated schedule of development

activities planned for Phase I development is provided below for your reference. Please note that this is a tentative schedule and subject to change:

1. The first phase of the 66KV undergrounding on Jamboree Road fronting the Uptown Newport project was completed in December 2018. This included the installation of the underground vaults and ducts. It is anticipated that SCE will complete their portion of the underground work consisting of setting new steel poles at each end of the project, pulling the cable between the poles, making the new connections and ultimately removing the existing overhead wires and poles later this year. This is tentatively scheduled between November and December 2019.
2. Formation of the CFD (Community Facilities District) was completed in 2018 with final closing of the CFD on March 12, 2019.
3. Construction of the two apartment buildings began May 2017. It is anticipated that the south building will be seeking occupancies in June 2019 with the north building in August 2019.
4. Phase I site improvements are nearly completed. It is anticipated that all of the Phase I improvements will be completed by August 2019, which includes the remaining infrastructure; replacing the Jamboree median, on site street lights and electrical energizing. Also includes the remainder of the North and South Street entry curb and gutter, final cap street paving, decorative street and pedestrian pavers, and street striping. Phase I landscaping will commence near the completion of the apartment buildings in late March 2019 together with the median improvements, median landscaping, and traffic signal modifications. This work is anticipated to begin April 2019 and conclude August 2019.
5. Construction of the 1 acre public park began late December 2018 and is currently scheduled for completion early August, 2019.
6. Plans are currently in design to construct two commercial/retail buildings on Lot 2. It is anticipated that the site will include an upper scale restaurant and a boutique coffee shop.
7. The ammonia tank relocation on Tower Jazz site is nearly complete. The tank is installed and currently in the process of being primed and cured for its future use. The contractor is in the final phase working on control panel tie-ins and as

built plans for emergency notifications for the project and obtaining Fire Department inspection approvals.

TSG-Parcel 1, LLC, as the Assignee of Uptown Newport, LP, and has complied in good faith with the terms and conditions of the Agreement. A summary of the activities performed by the Landowner, its agents and affiliates during the past year are provided below for the City's review:

- Street improvements were installed to the 90% completion level, which included all of onsite curb and gutter installed and first lift of AC pavement in September 2017.
- Construction of the apartments began May 2017 beginning with the two levels below grade for subterranean garage. The apartment buildings are near completion. Currently working on final interior and exterior finish construction on the south building for June occupancies. Construction of the North building is approximately 2 months behind the south building.
- Perimeter improvements adjacent to the apartments have been installed.
- The 8' perimeter wall between Tower Jazz and Phase 1 was installed mid-2018.
- Phase I landscape improvements including; the Jamboree median, Jamboree parkway, and on site street scape will begin in March 2019 and be completed Late 2nd quarter 2019. The 1 acre public Park began in December 2018 and will be complete by August 2019

We look forward to continuing our development efforts for Uptown Newport, and appreciate the City's cooperation in our efforts. Please contact me at (949) 417-1867 or at jsantry@shopoff.com. Should you have any questions or require additional information.

Sincerely,

John Santry
Executive Vice President – Acquisitions and Development

Cc: Gregory Powers, Jackson Tidus

IMPROVEMENT STATUS / SCHEDULE

- Jamboree 12' sidewalk is completed along Jamboree frontage to the project south entry. Remainder of sidewalk (50') at south entry to be completed May 20th, 2019
- North entry 90% complete. To be completed May 31.
- South entry, demo work, new forms, new curb and gutter, pavers, new AC, complete by May 15th, 2019
- New Traffic signal complete by May 25th
- Median remove and replace, start April 22nd, complete by May 10th
- Median landscape completed by June 7th
- South Building perimeter pedestrian pavers – walk ways completed by May 15th
- South Building perimeter street landscape completed by May 31st.
- North building perimeter street landscape completed August 15th, 2019
- Onsite street pavers, AC cap paving, striping, street lights completed by May 23rd
- South Building - Jamboree frontage landscape completed by July 1, 2019
- North Building - Jamboree frontage landscape completed by July 15th, 2019
- Remainder phase I street landscape completed by September 30th 2019
- Park to be completed by August 15th 2019.