

Attachment D

Planning Commission Minute Excerpts Dated June 4, 2020

ITEM NO. 4. NEWPORT AIRPORT VILLAGE (PA2014-225)
Site Location: 4525 MacArthur Boulevard

Summary:

The applications listed below would allow for the redevelopment of approximately 16.46 acres of the northerly portion of the Campus Tract to create a new mixed-use commercial and residential development. The site is located near at the corner of MacArthur Blvd. and Birch St. in the Airport Area of the City. The site is currently allowed a maximum development of 358,498 square feet of nonresidential uses by the General Plan and Zoning Code. If approved, the requested applications would reduce nonresidential uses to 297,572 square feet and accommodate up to 444 dwelling units on about a 7.14-acre portion of the project site that is not subjected to excessive noise or within a JWA safety zone that would prohibit residential development.

The applicant, requests approval of the following legislative applications from the City of Newport Beach:

- **General Plan Amendment** – To designate the site as an Anomaly on Table LU2 – Anomaly Locations of the Land Use Element to change the land use category from AO (Airport Office and Supporting uses) to MU-H2 (Mixed Use Horizontal). The proposed amendment includes no additional dwelling units beyond those currently allowed by the MU-H2 land use category of the General Plan. The amendment would allow up to 329 base units that are already allowed by the General Plan and up to 115 additional dwelling units would be allowed pursuant to State density bonus law provided affordable housing units are constructed.
- **Zoning Code Amendment** – To change the zoning district of the project site from OA (Office Airport) to PC (Newport Airport Village Planned Community).
- **Planned Community Development Plan** – To adopt the Newport Airport Village Planned Community Development Plan (PCDP) that will include development and design regulations to allow for mixed-use development with residential dwelling units, office, retail and other commercial development and uses.
- **Development Agreement** – Review of a proposed development agreement that would provide certain rights to develop the project consistent with the PCDP in exchange for negotiated public benefits.

Recommended Action:

1. Conduct a public hearing;
2. Find that potential environmental impacts have been previously mitigated through the implementation of the policies of the General Plan as evaluated in Program Environmental Impact Report (PEIR) for the 2006 General Plan Update (SCH No. 2006011119) and the Supplemental Environmental Impact Report (SEIR) for the 2014 Land Use Element Amendment (SCH No. 2013101064); therefore, in accordance with Section 15164 of the California Environmental Quality Act (CEQA) Guidelines, an addendum to the previously adopted PEIR and SEIR is the appropriate environmental documentation for the Project; and
3. Adopt Resolution No. PC2020-020 recommending the City Council adoption of Environmental Impact Report Addendum No. ER2020-002 and approval of General Plan Amendment No. GP2014-004 (including a waiver of the neighborhood park dedication requirement pursuant to General Plan Policy LU 6.15.13), Zoning Code Amendment No. CA2014-009, Planned Community Development Plan No. PC2020-002 (including a waiver of the density standards of General Plan Policy LU 6.15.7 pursuant to Government Code §65915(e)(1), and Development Agreement No. DA2014-003 for the Newport Airport Village Planned Community Project, located at 4341, 4361, and 4501 Birch Street; 4320, 4340, 4360, 4400, 4500, 4520, 4540, 4570, 4600 and 4630 Campus Drive; and 4525, 4533, and 4647 MacArthur Boulevard (PA2014-225).

Deputy Community Development Director Campbell reported the Planning Commission is not considering a proposed project but establishing the policy framework and regulations under which a future project would be

developed at the project site. The project site is located in the Airport Area at the corner of MacArthur Boulevard and Campus Drive near John Wayne Airport. The site contains 16.46 acres and a variety of uses. The General Plan currently designates the site as Airport Office (AO). The General Plan amendment would redesignate the site as Mixed-Use Horizontal 2 (MU-H2), which allows residential uses. Charter Section 423, the Greenlight Initiative, does not require a vote of the electorate for the project because there will be no increases in square footage, housing units, or traffic beyond current General Plan provisions. The applicant seeks to rezone the site to Planned Community (PC). The applicant proposes a Development Agreement that provides vested rights to develop the project and public benefits for the community.

Deputy Community Development Director Campbell further reported that the existing zoning allows a 0.5 floor area ratio (FAR) for commercial and office uses and a 0.75 FAR for warehouse uses. The current FAR would allow up to ~358,000 square feet of office and commercial uses and vehicle rental facilities. PC zoning would allow commercial floor area up to ~297,000 square feet and 329 dwelling units. Under the density bonus, the applicant could request up to a 35-percent density bonus or 115 units for a total of 444 units. The Planned Community Development Plan (PCDP) provides development standards, design guidelines, and a future review process.

Deputy Community Development Director Campbell further reported the MU-H2 designation is specific to the Airport Area and allows the uses existing on the site. The applicant proposes to convert 61,000 square feet of allowed uses to 329 dwelling units. The conversion of uses will be trip neutral. Density bonus units are not regulated by General Plan development limits. The General Plan amendment would add Anomaly Number 86 limiting the site to 297,572 square feet of nonresidential development and 329 dwelling units.

Deputy Community Development Director Campbell further indicated the PCDP proposes housing in Planning Area 1 and redevelopment of nonresidential uses in Planning Area 2 over time. The building height limit for Planning Area 1 is 85 feet, and the Federal Aviation Administration (FAA) has indicated it will not be a threat to air navigation. The building height limit for Planning Area 2 is 37 feet, which is consistent with existing AO height regulations. The density bonus law reduces parking requirements and the parking requirements provided in the PCDP are consistent with the municipal code and state density bonus law requirements. Under the Site Development Review process provided for in the proposed PCDP, which is an existing zoning code application review process, the residential component and large office buildings would be presented to the Planning Commission for review and approval and smaller components would either require zoning administrator review or staff review.

Deputy Community Development Director Campbell further stated the PCDP does not allow residential development within the 65-dB CNEL noise contour or JWA Safety Zone 3. The Airport Land Use Commission (ALUC) reviews General Plan amendments, Code amendments, and height changes within the Airport Land Use Plan area. Parking and residential amenities would be allowed in areas within the 65-dB CNEL noise contour or Safety Zone 3 but not units themselves. A conceptual land use map reflects the possible locations of residences, retail uses, parking, and nonresidential uses.

Deputy Community Development Director Campbell further reported the applicant requests a waiver of Land Use (LU) Policy 6.15.7 regarding overall density and housing types. The 329 dwelling units plus 115 density bonus units do not comply with the density criteria of the policy. Based on constraints in the Airport Area, staff recommends waiving the policy because State law prohibits a city from applying a development standard that will physically preclude a density bonus project. LU Policy 6.15.13 requires developments in the Airport Area to provide parkland and allows the City to waive the requirement with the payment of an in-lieu fee. Locating a park outside the 65-dB CNEL and Safety Zone 3 would reduce the number of dwelling units that could be constructed. The applicant proposes to pay an in-lieu fee, and staff recommends waiving the policy based on the constraints of the site and the location proximate to John Wayne Airport.

Deputy Community Development Director Campbell indicated the Development Agreement provides a term of 15 years for residential development and 20 years for nonresidential development, a \$6 million public benefit fee paid in three installments, an in-lieu fee of \$2.5 million for a 1-acre park, and a \$1 million public safety fee.

Deputy Community Development Director Campbell stated the City prepared an addendum to the 2006 General Plan Program Environmental Impact Report (PEIR) and 2014 Land Use Element Supplemental Environmental

Impact Report (SEIR) and it identified no new impacts. Next steps include an ALUC public hearing in July and a subsequent City Council public hearing.

In response to Chair Koetting's questions, Deputy Community Development Director Campbell advised that in 2007 the City Council established the value of parkland as \$2.5 million per acre. Staff has negotiated the Development Agreement with the applicant, and the applicant has agreed to the terms provided in the draft attached to the staff report.

In reply to Commissioner Klaustermeier's inquiries, Deputy Community Development Director Campbell indicated the payments required in the Development Agreement are in addition to statutory fees charged to a development project. The financial analysis found that servicing residential units costs the City more than servicing existing uses. Increased property taxes will largely fund those costs. The positive impact in the conclusion of the analysis comes from the build out of the General Plan causing revenues to increase more than costs. The cost to service residential projects will likely never exceed revenue because Development Agreement fees also offset costs.

In answer to Vice Chair Weigand's queries, Deputy Community Development Director Campbell explained that the Regional Housing Needs Assessment (RHNA) is a planning target rather than a construction target. If the project is approved, it would be an opportunity site for the upcoming 2021-2029 Housing Element. The applicant proposes to construct 329 base units and with a 20% density bonus, and the density bonus requires 5% very low-income units, 10% low-income units, or 10% moderate-income units; these percentages are the minimum amount of affordable units that must be constructed.

In response to Commissioner Ellmore's query, Deputy Community Development Director Campbell related that density bonus units will not be optional because the City will waive land use policies based on a density bonus project. As the approval is currently structured, a future project will have to contain an affordable component.

In answer to Commissioner Kleiman's inquiries, Deputy Community Development Director Campbell explained that the park in-lieu payment will be deposited into a fund for the park service area; however, City Council policy allows the Council to allocate park in-lieu fees to a community-wide park. Balancing housing and environmental preservation is the general theme of residential development. New sites for housing may be proposed during public meetings for the Housing Element Update.

In reply to Commissioner Rosene's questions, Deputy Community Development Director Campbell indicated when a residential project is proposed for the site, the Planning Commission will review it to ensure it complies with affordable housing requirements contained in the PCDP. Assistant City Attorney Summerhill advised that five General Plan amendments may be considered in a year.

In response to Chair Koetting's queries, Deputy Community Development Director Campbell noted the ALUC has provided a letter that suggests locating residential units outside the 65-dB CNEL and Safety Zone 3, but staff has not had any detailed discussions with the ALUC. Staff has not received any comments from the City of Irvine. John Wayne Airport submitted a letter expressing concern about traffic volumes, but staff felt traffic volumes would not result in specific impacts.

Commissioner Rosene disclosed he visited the site and he had a conversation with the applicant's agent. Commissioners Kleiman, Klaustermeier, and Ellmore disclosed that they had communications with the applicant's consultant. Chair Koetting disclosed no ex parte communications. Vice Chair Weigand disclosed that he had conversations with the applicant's consultant and a member of the public.

Chair Koetting opened the public hearing.

Patrick Strader, applicant's representative, shared the history of the property owner's pursuit of a General Plan amendment. The constraints on the site make residential development difficult. The current project is the result of many consultations with staff and modifications of the project.

In reply to Chair Koetting's inquiries, Mr. Strader advised that construction would not occur for several years. The owner of the small parcel in the area of the project site does not wish to be a part of the project.

Jim Mosher was unclear whether parkland referenced in the Airport Area section of the Land Use Element is to be located in the Airport Area or the service area. No public comment period was provided for the environmental documents. He questioned whether a development project will need a vehicle miles traveled (VMT) analysis.

In response to Vice Chair Weigand's questions, Mr. Strader indicated the property owner purchased the parcels at different times. A future development partner will be needed for the residential development of Planning Area 1. There are no plans to develop Planning Area 2 in the near future.

In answer to Commissioner Ellmore's query, Sean Matsler, applicant representative, indicated the property owner has four leases with businesses on the site that extend to 2038, which is the reason the Development Agreement provides 20 years for nonresidential development.

In reply to Commissioner Kleiman's inquiries, Mr. Strader explained that the price points and project scope for residential units will be similar to the Uptown Newport project. Mr. Matsler reported soil studies will be conducted as part of future applications for residential development.

With no other speakers, Chair Koetting closed the public hearing.

Motion made by Commissioner Kleiman and seconded by Commissioner Ellmore to approve the staff recommendation.

AYES: Koetting, Weigand, Ellmore, Klaustermeier, Kleiman, Rosene
NOES:
ABSTAIN:
ABSENT: Lowrey

VIII. STAFF AND COMMISSIONER ITEMS

ITEM NO. 5 MOTION FOR RECONSIDERATION

None

ITEM NO. 6 REPORT BY THE COMMUNITY DEVELOPMENT DIRECTOR OR REQUEST FOR MATTERS WHICH A PLANNING COMMISSION MEMBER WOULD LIKE PLACED ON A FUTURE AGENDA.

Deputy Community Development Director Campbell reported that on May 26, 2020, the City Council adopted an Urgency Ordinance that allows the Community Development Director to issue emergency temporary use permits for use of public and private property to allow businesses to expand to provide for physical distancing. Approximately 15 permits have been issued. He reviewed agenda items for the June and July Planning Commission meetings.

In response to Chair Koetting's questions, Deputy Community Development Director Campbell indicated the Planning Commission reviewed the car wash project on Jamboree more than a year ago. He will include in the staff report information about the applicant's work with neighbors.

In reply to Commissioner Kleiman's questions, Assistant City Attorney Summerhill advised that staff can schedule a comprehensive agenda item regarding the RHNA numbers in relation to the Greenlight Initiative. Deputy Community Development Director Campbell explained that Commission officer elections will occur in July. The City Council should fill vacant Planning Commission positions in the next week.

ITEM NO. 7 REQUESTS FOR EXCUSED ABSENCES

None

X. ADJOURNMENT – 8:09 p.m.