



CITY COUNCIL AGENDA REPORT

City of Anaheim PLANNING AND BUILDING DEPARTMENT

DATE: NOVEMBER 1, 2022

FROM: PLANNING AND BUILDING DEPARTMENT
ECONOMIC DEVELOPMENT DEPARTMENT

SUBJECT: REQUEST FOR APPROVAL OF PROJECT ENTITLEMENTS AND A DISPOSITION AND DEVELOPMENT AGREEMENT WITH GREENLAW DEVELOPMENT, LLC FOR A 223-UNIT MIXED-USE DEVELOPMENT AT 1200-1320 SOUTH ANAHEIM BOULEVARD, 200 EAST BALL ROAD, AND 1207 SOUTH CLAUDINA STREET (DEVELOPMENT APPLICATION NO. 2021-00123)

ATTACHMENT (Y/N): YES ITEM # 16

RECOMMENDATION:

That the City Council, by separate Resolutions, take the following actions related to the approval of a mixed-use project located at 1200-1320 South Anaheim Boulevard, 200 East Ball Road, and 1207 South Claudina Street:

- 1) Approve a Mitigated Negative Declaration in compliance with the California Environmental Quality Act, determining that the project, with implementation of the mitigation measures contained in Mitigation Monitoring and Reporting Program No. 384, will have a less than significant impact on the environment;
- 2) Approve a General Plan Amendment to amend the land use designation from General Commercial to Mixed-Use Mid Density Residential;
- 3) Approve a Conditional Use Permit to allow for the construction of a residential development consisting of 187 residential units (townhomes, attached single-family) and 36 residential units (flats) with 4,586 square feet of commercial space (mixed-use);
- 4) Approve a Minor Conditional Use Permit to permit a coordinated sign program and on-site murals throughout the site;
- 5) Approve Tentative Tract Map No. 19140 to permit a one-lot subdivision for condominium purposes; and

- 6) Approve a Disposition and Development Agreement, substantially in the form attached, with Greenlaw Development, LLC, in the amount of \$24,425,000, for the purchase and development of the City-owned site at the southeast corner of Anaheim Boulevard and Ball Road; authorize the Director of Economic Development to finalize such Disposition and Development Agreement; authorize the Director of Economic Development to implement such Disposition and Development Agreement; and make certain other findings in connection therewith.

That the City Council, by Motion:

- 1) Introduce an Ordinance to approve a Reclassification to establish the Mixed-Use (MU) Overlay zone on the subject property.

DISCUSSION:

On October 10, 2022, the Planning Commission recommended City Council approval of the above-listed actions by a 6-1 vote (Commissioner White voting no). A copy of the Planning Commission staff report, which includes additional project details, and the meeting minutes are included as Attachment Nos. 15 and 16 to this report, respectively.

This 8.3 net-acres (8.8 gross-acres) property is located in the “C-G” General Commercial and the South Anaheim Boulevard Corridor “SABC” Overlay zones and is designated for General Commercial land uses by the General Plan. Multiple-family residential and commercial uses are adjacent to the west across Anaheim Boulevard, commercial and industrial uses to the north across Ball Road, and industrial uses to the east and south. The site is developed with several office and retail buildings.

The proposed project is a mixed-use development consisting of 223 residential units (187 townhomes and 36 flats) and 4,586 square feet of commercial space. The townhome residential units range from 835 square feet to 1,796 square feet and would include one, two, and three-bedroom units. The residential flats would range from 1,419 square feet to 2,597 square feet and would include two, three, and four-bedroom units.

The proposed project would provide three driveways and one emergency vehicle access lane located to the south of the property. The main entry point on Ball Road will dissect the two buildings where the commercial spaces are located. An additional driveway is located on Claudina Street, while the third driveway at Anaheim Boulevard will be a signalized access point. The project will include a total of 385 garage parking spaces for the residential units, with some spaces tandem in design, and 32 surface parking spaces for guests. Additionally, 20 surface parking spaces are provided for the retail uses.

A total of 87,755 square feet of common recreational-leisure space would be provided. The Code requires 44,600 square feet of recreational-leisure space. The common recreation areas would include a dog park, children’s playground, open grass area, and pool with canopies and barbeque grills. Private areas for the residential units would be provided based on the design of the unit but

would include balconies for the flats and roof-top terraces for the townhome units. The project also includes a number of art pieces including a focal art sculpture at the corner of Anaheim Boulevard and Ball Road, architectural murals integrated into the building features, ornamental features to screen drive aisles from public view, tile mosaic art murals, and enhanced project identification signs.



Landscape Plan

General Plan Amendment

The applicant requests a General Plan amendment to redesignate the property from the General Commercial land use designation to Mixed-Use Mid Density Residential. The permitted density range is from zero to 27 dwelling units per gross acre. The proposed project would have a density of 26.9 dwelling units per acre. The proposed amendment to the General Plan would also support the following General Plan policies intended to provide a variety of quality infill housing opportunities to address the City’s diverse housing needs and promote development integrated with surrounding land uses:

- Goal 2.1: Continue to provide a variety of quality housing opportunities to address the City's diverse housing needs.
- Goal 3.1: Pursue land uses along major corridors that enhance the City's image and stimulate appropriate development at strategic locations.
- Goal 4.1: Promote development that integrates with and minimizes impacts to surrounding land uses.
- Goal 6.1: Enhance the quality of life and economic vitality in Anaheim through strategic infill development and revitalization of existing development.
- Goal 7.1: Address the jobs-housing relationship by developing housing near job centers and transportation facilities.

Reclassification

The implementing zone for the Mixed-Use Mid Density Residential General Plan designation is the Mixed-Use Overlay zone. Accordingly, the applicant proposes to reclassify the property to implement the Mixed-Use Overlay zone.

Conditional Use Permit

A conditional use permit is required for the construction of single-family attached units and mixed-use developments. The project is subject to the development standards of the underlying zone as well as the Mixed-Use Overlay zone, and the zone permits modification of the development standards by conditional use permit. The Mixed-Use Overlay zone includes standards that promote enhanced design features that are compatible with other residential and non-residential uses in the surrounding area. The property size is adequate to develop the number of residential units being proposed and provide adequate circulation so as not be detrimental to the health and safety of the residents and visitors in the area. The City has reviewed the project and determined that the traffic generated by the use would not impose an undue burden on the streets in the area. Lastly, the proposed project will not be detrimental to the overall health, safety, and general welfare of the citizens of the City of Anaheim. The site is designed to be capable of receiving all City and county services with adequate circulation and access to and from the site.

Minor Conditional Use Permit for Coordinated Sign Program and Murals

The applicant requests approval of a minor conditional use permit for a coordinated sign program and the installation of murals throughout the site. A coordinated sign program is required for developments that provide multiple occupancies of two or more tenants and for any site containing at least 40,000 square feet of land area. The sign locations for the tenant spaces will be visible from Ball Road and would be located over the main entrance of each tenant space. Murals visible from the public right-of-way also require a minor conditional use permit. The applicant proposes murals on the block wall at the Claudina driveway entrance, a pair of murals

at the Ball Road driveway entrance, on a block wall in the pool area, and an architectural mural on the corner buildings near the corner of the Ball Road and Anaheim Boulevard intersection. The final design and color choices for the murals and monuments will be submitted for review and approval by the Planning and Building Department as conditioned in the Minor Conditional Use Permit resolution.

Tentative Tract Map

A tentative tract map is proposed to create a one-lot condominium subdivision which would include 223 residential condominium units and 4,586 square feet of commercial space. All common areas, including driveways, recreational areas, paseos, and sidewalks would be owned and maintained by the homeowner's association. The project complies with all subdivision requirements.

Housing Incentives Memorandum

In 2018, the Council adopted Resolution No. 2018-106, which is a policy statement that encourages a dialogue between city staff and residential developers to consider options and approaches for addressing the city's affordable housing needs. Pursuant to this policy, city staff and the applicant discussed potential options to support the creation of affordable housing. The applicant proposes that 10% of the units be affordable to moderate income households. Accordingly, the applicant has executed a Housing Incentives Memorandum with city staff (Attachment 10), and the project would be conditioned to require the applicant to enter into a Housing Incentives Agreement with the City.

Disposition and Development Agreement

Between 2001 and 2008, the Redevelopment Agency acquired six contiguous parcels with the goal of assembling a large site for redevelopment. The parcels total approximately 8.8 gross acres, or 8.3 net acres (Agency Property). Upon the dissolution of the Redevelopment Agency in 2012, efforts to continue site acquisition ceased, and the Agency Property fell under the purview of the Successor Agency to the Redevelopment Agency. The objective of the Successor Agency was to dispose of the remaining properties in accordance with the Long Range Property Management Plan which identified the Agency Property to be retained by the City for development consistent with the former "Commercial Industrial Redevelopment Plan." The property was not identified as an Affordable Housing Site and, therefore, was not transferred to the Anaheim Housing Authority.

On June 19, 2019, the Anaheim Housing Authority acquired a 2.48-acre parcel adjacent to the Agency Property at 1221 and 1227 South Claudina Street with the intent of increasing the project area and infusing an affordable housing component into the overall project. Subsequent to the Anaheim Housing Authority's acquisition, the City and Housing Authority entered into a Delayed Exchange of Real Property Agreement on July 30, 2019, which transferred the 1221 and 1227 South Claudina Street properties to the City in exchange for an equivalent sized property within the Agency Property, or the repayment of the original acquisition cost of \$7.405 million.

On August 27, 2019, the City Council approved an Exclusive Negotiation Agreement with Greenlaw Development, LLC (Developer) to negotiate the development of a mixed-use project on the Agency property. The scope of development proposed by the Developer in 2020 included a mixed-use development project with residential, retail, and hotel uses. Approximately 160 “for sale” townhomes with an affordable component (moderate-affordability) and market rate price points, an approximately 180 room hotel (comparable to the Hyatt Caption brand) and approximately 6,000 square feet of retail amenities were proposed. The project scope also included the acquisition and development of an approximately 1.8-acre property located immediately south of the Agency Property owned by ATN Asset Holding Company, LLC, a subsidiary of Anaheim Transportation Network (ATN). The expanded site would have provided the development a greater frontage on Anaheim Boulevard and accommodate an expanded development project site (Combined Site) for a larger project.

On November 10, 2020, the City Council approved an Amended and Restated Exclusive Negotiation Agreement with the Developer. Negotiations continued between the City and the Developer. The scope of the project continued to be for a mixed-use development project with residential, retail, and hospitality land uses.

On December 7, 2021, the City Council approved a Second Amended and Restated Exclusive Negotiation Agreement with Developer, due to delays that resulted from the COVID-19 pandemic.

In March 2022, the Developer informed the City that project economics for the proposed 180 room hotel had changed, and development of the hospitality component of the project was not feasible. The City conducted a complete economic evaluation of the Developer’s submittals and proposed changes to the development. The City’s third-party economist, Keyser Marston and Associates, assisted in the evaluation and confirmed that the project economics would not support the hotel construction costs without a reduction in the land value or a subsidy to the project. As such, the developer proposed to expand the residential component of the project by introducing more residential units to replace the hotel allowing for an economically viable project in consideration of the fair market value of the Agency Property.

On June 23, 2022, the City received communication from ATN that negotiations between them and the Developer had been terminated, and they would not be moving forward with sale of the 1.875-acre property located at 1354 S. Anaheim Boulevard. The reduction of the project site by the 1.875 acres reduced the project scope by 23 residential units. Subsequently, the Developer notified the City of its intent to continue with the development of the balance of the development site, the Agency Property.

Over the past several years, City staff has been working with the Applicant to bring forth a project that would transform the Agency Property. Currently, the property is improved with several auto-related uses including used auto sales, auto storage, and ATN interim bus staging, charging station, and fleet services. The Applicant has produced a proposed project that would significantly change the Agency Property, improving it with dramatic architectural elements, extensive landscaping, and art throughout the property, but especially at the corner of Anaheim Boulevard and Ball Road. The project would continue the development of “boulevard

residential” housing product along Anaheim Boulevard, consistent with other areas of Anaheim Boulevard to the north and south of the property.

The development of 223 for-sale residential units to this area of the City would help support surrounding businesses. Additionally, due to the variety of floor plans and unit sizes proposed, many of the units would accommodate entry-level home ownership. Fifty-five of the total units will be one-bedroom unit condominiums. Additionally, 10% of the total project will be set-aside for moderate income buyers.

City staff worked with the outside architecture firm Studio One-Eleven to conduct peer review of the proposed design and elevate the proposed architecture, site plan, and floor plans. The architecture of the proposed project is of a higher level and higher degree of variation than what is typically seen in similar projects submitted to the City by private developers. The architecture features a modern architectural style, as well as a wide variety of stone, wood veneers, and stucco finishes.

One of the goals of the former Redevelopment Agency was to expand public art throughout the City’s commercial corridors. City staff worked with the Applicant to ensure the proposed project incorporated an extensive art program. The proposed project features oversized murals featured on architectural elements of the buildings situated near the corner of Anaheim Boulevard and Ball Road. The murals would help create a gateway in the area. Additionally, murals, wrought iron art elements, monuments, and art sculptures would be located throughout the property. The project would also feature up and down lighting to enhance the architectural, art elements, and landscaping of the proposed project.

A distinguishing feature of the proposed project is the amount of amenity and open space provided. The Applicant has provided three times the amount of open space/amenity space required under City Code. Every square foot of the proposed project has been maximized. Each unit would feature roof top decks or balconies to capture the views of the nightly Disneyland firework show. The project would feature a pool area and dog park for residents. However, a unique feature of the proposed development is that it would not be gated. The central spine of the proposed project is open to the public and would feature two recreation areas maintained by the Home Owners Association (HOA) but open to the public. One of the recreation areas would feature a tot-lot playground. Motor courts within the proposed project would be improved with unique hardscape improvements such as four-square, pickle ball, and hopscotch to encourage community activity. This is an emerging, innovative urban design practice that City staff hopes to see in other development projects.

City staff has been working with outside legal counsel, the law firm of Leibold McClendon and Mann, and the City’s third-party economist, Keyser Marston and Associates, to negotiate with the Applicant the terms and conditions of the proposed property disposition over the past several weeks. The proposed Disposition and Development Agreement (DDA) before your consideration, includes the following salient terms:

City property to be sold: Approximately 8.3 net acres (8.8 gross acres) in six contiguous parcels.

- Sales Price: Twenty-Four Million, Four Hundred and Twenty-Five Thousand Dollars (\$24,425,000).
- Condition: Property to be sold in “As-Is” Condition. The property is known to have subsurface environmental contamination. It will be the Applicant’s responsibility to clean up the property to allow for the proposed development.
- Close of Escrow: On or before December 30, 2022.
- Escrow Costs: 50/50, each party shall be responsible for their own escrow costs associated with the transaction.
- Demolition of Existing Structures: No later than May 31, 2022
- Completion of Construction Within 36 months of close of escrow, with a 12-month extension (48 months total) if 75% of the project is completed by month 36.

In connection to ATN’s interim use of the site, the City and Applicant will develop a relocation plan, prior to the close of escrow and satisfactory to ATN, that addresses the relocation of bus staging, charging, and fleet services without unreasonable interruption to the day-to-day operations of ATN’s service delivery.

The DDA and Summary Report (Gov. Code 52201) was made available to the public on the city’s website and at the City Clerk’s Office on October 13, 2022.

Environmental Impact Analysis

An Initial Study in support of a Mitigated Negative Declaration (IS/MND) has been prepared to evaluate the environmental impacts of the proposed project and to identify necessary mitigation pursuant to the requirements of the California Environmental Quality Act (CEQA). On August 11, 2022, staff circulated the IS/MND for a 20-day public review period. Staff posted the IS/MND on the City’s web page, made hard copies available at City Hall and the Anaheim Public Library, and uploaded it digitally with the Office of Planning and Research’s CEQAnet database. Staff prepared a Notice of Intent (NOI) to adopt the IS/MND which was mailed to potentially affected public agencies and interested parties, as well as property owners and tenants within a 500-foot radius of the proposed project. Staff also posted the notice at City Hall and with the OC Clerk-Recorder in addition to publication in The Anaheim Bulletin. The City received three letters during the comment period. Attachment 12b (Final IS/MND Section 2) includes the received comment letters and the City’s responses to these letters. Pursuant to CEQA Guidelines Section 15073.5, none of the comments received resulted in the need to recirculate the Draft IS/MND or to prepare an Environmental Impact Report (EIR).

Mitigation measures have been identified in the IS/MND to mitigate project impacts to air quality, cultural and tribal resources, geology and soils, greenhouse gas emissions, hazards and hazardous materials, hydrology and water quality, noise, and utilities and service systems. Pursuant to the requirements of CEQA, staff recommends the adoption of these mitigation measures (MMP No. 384) as conditions of approval in the attached resolution for the approval of the proposed project. With implementation of these measures, the IS/MND concluded that project impacts will be reduced to levels considered less than significant, and there would be no remaining potentially significant adverse impacts related to the project.

During the public review period, the property addressed as 1354 South Anaheim Boulevard was removed from the project, reducing the size and number of units. The reduced site plan, discussed above, would result in either unchanged or less impactful findings and/or conclusions compared to the analyses presented in the Draft IS/MND. Attachment 12b (Final IS/MND Section 3) includes a summary of the minor modifications to and clarifications on the Draft IS/MND for consistency with the reduced site plan. Pursuant to CEQA Guidelines Section 15073.5, recirculation of the Draft IS/MND prior to adoption is not required.

On the day of the October 10, 2022 Planning Commission meeting, staff received a comment letter from Mitchell M. Tsai, Attorney at Law, on behalf of the Southwest Regional Council of Carpenters (SWRCC). Staff has reviewed the letter and determined that the IS/MND is the appropriate environmental determination and that the comments received do not result in the need to prepare additional environmental documents (Attachment 13).

CONCLUSION:

Staff has carefully considered the proposed project and believes that it is designed in a manner that will provide a quality living environment for its future residents and is compatible with the surrounding land uses. In addition, the proposed project meets the goals of the General Plan to continue to provide a variety of quality housing opportunities to address the City's diverse housing needs. Staff recommends approval of the proposed project.

IMPACT ON BUDGET:

The final sale price for the property is \$24,425,000. However, the net proceeds to the City General fund after disbursement to local taxing entities and repayment of the Housing Authority is estimated to be approximately \$8.4 million, notwithstanding associated closing costs. The City will receive a one-time payment after the close of escrow. The costs associated with this hearing will be incurred by the project applicant.

Respectfully submitted,

Ted White
Planning and Building Director

Sergio M. Ramirez
Economic Development Director

Attachments:

1. City Council CEQA Resolution including MMP No. 384
2. City Council General Plan Amendment Resolution
3. City Council Conditional Use Permit Resolution
4. City Council Minor Conditional Use Permit Resolution
5. City Council Tentative Tract Map Resolution
6. City Council Conveyance Resolution
7. City Council Reclassification Ordinance
8. Disposition and Development Agreement
9. Summary Report (Gov. Code 52201)
10. Housing Incentives Memorandum
11. Planning Commission Resolutions
12. Initial Study/Mitigated Negative Declaration (IS/MND)
 - a. Draft IS/MND Appendices
 - b. Final IS/MND including Comments, Response to Comments, and Errata
 - c. Final IS/MND Appendices
13. SWRCC Comment Letter and Staff Comments
14. Project Plans
15. October 10, 2022, Planning Commission Staff Report (without attachments)
16. October 10, 2022, Planning Commission Draft Minutes