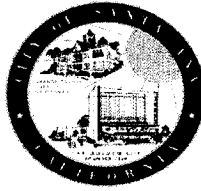


REQUEST FOR COUNCIL/ AGENCY ACTION



MEETING DATE:

JUNE 7, 2010

TITLE:

**JOINT PUBLIC HEARING – FINAL EIR NO. 2006-02;
GENERAL PLAN AMENDMENT 2010-01; ZONING
ORDINANCE AMENDMENT NO. 2010-01; AMENDMENT
APPLICATION NO. 2005-09 (TRANSIT ZONING CODE);
DISPOSITION AND DEVELOPMENT AGREEMENT
WITH SANTA ANA STATION DISTRICT, LLC AND
VARIOUS ACTIONS FOR PROPOSED DEVELOPMENT
IN THE STATION DISTRICT**

[Signature]
CITY MANAGER

[Signature]
EXECUTIVE DIRECTOR

CLERK OF COUNCIL USE ONLY:

APPROVED

- As Recommended
- As Amended
- Ordinance on 1st Reading
- Ordinance on 2nd Reading
- Implementing Resolution
- Set Public Hearing For _____

CONTINUED TO _____

FILE NUMBER _____

RECOMMENDED ACTION

CITY COUNCIL ACTION

1. Adopt a resolution certifying that the Final Environmental Impact Report (Final EIR) No. 2006-02 prepared for the proposed Transit Zoning Code (SD 84A and 84B) and the proposed redevelopment of properties owned by the Community Redevelopment Agency of the City of Santa Ana (Agency) in the Station District has been completed in compliance with the California Environmental Quality Act (CEQA) (Public Resources Code § 21000 et seq.), has been presented to the City Council for review and consideration, and reflects the City of Santa Ana's independent judgment and analysis; adopting the CEQA Findings of Fact and Statement of Overriding Considerations; and adopting the Mitigation Monitoring and Reporting Program (Exhibit A)
2. Adopt a resolution approving General Plan Amendment No. 2010-01 (Exhibit B).
3. Adopt an ordinance approving amendments to various zoning provisions of Santa Ana Municipal Code Chapter 41 (ZOA No. 2010-01) (Exhibit C).
4. Adopt an ordinance approving the creation of Specific Development No. 84, approving rezoning of properties from various zones to Specific Development No. 84, repealing Specific Development No. 30, 37, 47 and 71, and amending the height exemption areas map (AA No. 2005-09) (Exhibit D).
5. Adopt a resolution approving Transit Zoning Code Architectural Style Guidelines and Transit Zoning Code Street Network Concepts (Exhibit E).

6. Adopt a resolution making certain findings with respect to the consideration to be received by the Community Redevelopment Agency pursuant to a Disposition and Development Agreement between the Community Redevelopment Agency and Santa Ana Station District, LLC, for the sale of certain real property in the City of Santa Ana and approving the sale of said real property upon the terms and conditions contained in that Agreement (Exhibit F).
7. Direct staff to draft an inclusionary housing ordinance for City Council consideration within the next 120 days, covering the industrial overlay areas identified in the proposed Transit Zoning Code.
8. Direct staff to negotiate a Joint Use Agreement with the Santa Ana Unified School District for Garfield Elementary, including a provision for the development and programming of a community center.
9. Authorize the City Attorney to prepare and City Manager and Clerk of the Council to execute a \$25,000 reimbursement agreement with the Santa Ana Unified School District for purposes of engaging an architect to develop conceptual plans in furtherance of developing the project scope for a community center to be located at Garfield Elementary.
10. Direct staff to work with community members/stakeholders to facilitate development of an approximate 1.5 acre park/open space uses in the Station District.
11. Approve the expenditure of funds for a residential loan program in the Lacy Neighborhood with cumulative not to exceed the amount of \$100,000 (see Agency item 6).
12. Direct staff to prepare and file a Notice of Determination (NOD) with the County Clerk of the County of Orange in the manner required by law.

COMMUNITY REDEVELOPMENT AGENCY ACTION

1. Adopt a resolution adopting CEQA Findings of Fact and a Statement of Overriding Considerations, adopting a Mitigation Monitoring and Reporting Program, and approving a Disposition and Development Agreement with Santa Ana Station District, LLC (Exhibit G).
2. Authorize the Executive Director and Agency General Counsel to execute the attached agreements for the acquisition of real property located at 609 E. 6th Street (APN No. 398-311-06) from Frank J. Segura and Brendon McGuinness for \$230,000; 613 E. 6th Street (APN No. 398-311-07) from Frank Segura and Dolores Segura for \$400,000; and 617 E. 6th Street (APN No. 398-311-08) from the Estate of Alice McCallum, Estate of Phyllis Robinson, Estate of Manuel Becerra, Steven Campbell, Frank Segura, Brendon McGuinness, Richard Becerra and Rita Barron for \$115,000, for a total amount not to exceed \$745,000, plus normal escrow and closing costs, subject to non-substantive changes approved by the Agency Counsel and

Executive Director. Authorize the Executive Director to pay real estate brokerage fees to Voit Commercial Brokerage in an amount not to exceed 3% of the purchase price (Exhibit H).

3. Authorize the expenditure of up to \$60,000 for cultural/historical markers to be installed in the public right of way within the Station District in collaboration with SACReD.
4. Direct staff to prepare, within 90 days, a Relocation Plan for residents that may be displaced resulting from any applicable Agency acquisitions as it relates to the Station District.
5. Authorize the expenditure of up to \$180,000 for down payment assistance to six affordable homebuyers.
6. Direct the Executive Director to establish a targeted residential loan program for the Lacy Neighborhood and authorize the expenditure of up to \$100,000, cumulatively from various funding sources.
7. Direct staff to prepare and file a Notice of Determination (NOD) with the County Clerk of the County of Orange, in the manner required by law.

DISCUSSION

Summary of Planning Commission Action

On May 27, 2010, the Planning Commission, during a duly noticed public hearing, voted to make the following recommendations to the City Council:

- Adopt a resolution certifying the Environmental Impact Report No. 2006-02 prepared for the proposed Transit Zoning Code (SD 84) and the proposed redevelopment of properties owned by the Community Redevelopment Agency of the City of Santa Ana; adopting the Mitigation Monitoring and Reporting Program, adopting the CEQA Facts, Findings and a Statement of Overriding Considerations.
- Adopt a resolution approving General Plan Amendment No. 2010-01.
- Adopt an ordinance approving amendments to various zoning provisions of Santa Ana Municipal Code Chapter 41 (ZOA No. 2010-01).
- Adopt an ordinance approving the creation of Specific Development No. 84, approving the rezoning of properties from various zones to Specific Development No. 84, repealing Specific Development No. 30, 37, 47, and 71, and amending the height exemption areas Map (AA No. 2005-09).

- Adopt a resolution approving Transit Zoning Code Architectural Style Guidelines and Transit Zoning Code Street Network Concepts.

Those members of the Planning Commission voting in favor were Acosta, Alderete, Gartner, Turner and Walker. Commissioner Betancourt abstained and Commissioner Yrarraval was absent. The entirety of the items included in the Request for Planning Commission Action are included as an attachment to this report and are incorporated herein by reference.

As further described in the attached Request for Planning Commission Action, the proposed Transit Zoning Code is designed to provide the zoning necessary to support the long-term development of a successful transit program, as well as to provide the framework for the redevelopment of properties owned by the Agency in the Station District (the Developer Project), further described below. The attached action item (Exhibit P) also describes the environmental analysis conducted for the Transit Zoning Code and the Developer Project, in compliance with the California Environmental Quality Act (CEQA). Additionally, it describes the proposed amendments to the Land Use Element of the General Plan and Zoning Ordinance Amendment.

Following the Planning Commission hearing, staff made modifications to the Transit Zoning Code intended to refine standards. These include reducing the minimum floor height on certain buildings to 9 feet, requiring that units have access to on-site laundry facilities and establishing additional standards for on-site trash service. The referenced changes can be found on page 4:3 of the Transit Zoning Code. In addition, in response to a comment from the Orange County Public Works Agency, the General Plan Land Use Element will be amended to reflect requested updates to its Flood Control provisions.

Summary of Developer Project

The Community Redevelopment Agency currently owns 49 parcels within the Station District area. These parcels have been acquired on a voluntary basis over a period of years, with the intent of ultimately developing new residential units of varying types and ranges of affordability, in a manner that enhances the Lacy Neighborhood and supports the transit vision for the area. The Agency is also considering the potential acquisition of additional properties within the immediate vicinity of the 49 parcels for the purposes of completing the assemblage of properties, as well as to secure property to provide for additional open space. In April 2009, the Agency issued a Request for Qualifications to solicit development proposals for these parcels (the Developer Project). On August 17, 2009, the Redevelopment Agency selected the team of the Related Companies of California, LLC and Griffin Realty Corporation, a California Corporation (the Developer). The two firms combined have considerable experience in all aspects of real estate development, ranging from market rate and affordable rental and for sale residential development, to high end commercial, retail and office development. Both firms have a proven track record in delivering quality projects on schedule and on budget. In addition, both have had years of experience dealing with complex projects that required considerable public outreach.

After an extensive public outreach process (detailed further below) which garnered a great deal of input on community needs and issues, a determination was made to set aside six of the 49 parcels for the possibility of open space uses. The proposed concept for the 43 remaining Agency-owned parcels in the Station District (see Exhibit I) calls for the construction of approximately 112 rental units and 32 for sale units. Of the 112 rental units, all but two (manager units) will be available to persons at or below 50% of the adjusted median income (AMI); and of those, 20% of the units will be offered to residents at 30% AMI. It should be noted that this amount of affordability exceeds that required by State law, as well as the requirements imposed for state tax credit financing. For comparison purposes, the initial rent for a two bedroom unit at 50% AMI is \$918 per month and \$576 for 30% AMI; market rate for the Lacy Neighborhood is approximately \$1,272 per month. The term of affordability will be for 55 years. Additionally, six of the for sale units will be offered at 120% AMI. The estimated market price for a 3 bedroom home in the Lacy Neighborhood today is approximately \$290,000. The 26 market rate homes will be sold between \$250,000 and \$300,000. The affordable homebuyers (120% AMI) will be provided a \$30,000 silent second loan, thus reducing the sales price to the range of \$220,000 and \$270,000.

The first component of the Developer Project would be 74 podium apartment units to be rented to extremely-low and very-low income households. It is anticipated that the 74 unit project (R-1) will be submitted for State tax credit financing in July 2010. If successful in securing the credits, construction will commence in March 2011 and take approximately 24 months to complete. The for sale project is slated to commence construction in early 2011 and be completed within 12 months.

Acquisition of Additional Properties

As part of this action, the Agency is considering purchase agreements to acquire three properties on the R-1 parcel in order to accomplish the 74 units planned for the site. The owners of the three parcels have agreed to the terms of purchase in the amount of \$230,000 (609 E. 6th Street), \$400,000 (613 E. 6th Street) and \$115,000 for (617 E. 6th Street). Once the Agency/City Council approve the various actions for the project, staff will prepare a relocation plan to address the needs of the tenants residing in the Additional Properties acquisitions as specified in the Agreement, including these properties, as well as applicable parcels under consideration for a proposed park site and present the plan to the Agency at a subsequent meeting. Tenants will be encouraged to remain in the homes until such time as the Agency closes escrow and relocation benefits can be provided. All tenants displaced by this and previous acquisitions in the Station District will be notified upon completion of the new units. Further, at the community's request, the developer is required to give first preference to interested and qualified tenants wishing to return to the new development.

The Developer Project, including the acquisition of additional parcels, is addressed and analyzed in the Transit Zoning Code EIR (No. 2006-02). Certification of the EIR, adoption of the CEQA

Findings of Fact and Statement of Overriding Considerations, and adoption of the Mitigation Monitoring Report provides the CEQA clearance needed for the Developer Project.

Project Financial Overview

In accordance with redevelopment law, a Summary of Sale has been prepared by Keyser Marston Associates (Exhibit K), which outlines in detail the financial terms of the proposed transaction. A summary of the terms and conditions contained in the proposed Disposition and Development Agreement (DDA) (Exhibit J) are as follows:

- The Agency will convey the fee title to all properties to the Developer for \$1.00.
- Closings for each component of the Developer Project may occur separately.
- There will be three (3) Agency loans to the Developer for R-1 (\$10.8 million), R-2 (\$4.7 million) and FS (\$1.5 million), respectively, in the total amount of \$17.07 million. For the rental project, the loan will be repaid from 50% of the residual receipts from the applicable phase. For the for sale project, the loan will be repaid from profit participation based on 25% of sales proceeds generated in excess of development profit.
- Included in these loan amounts are required off-site improvements for each respective component totaling \$2.5 million.
- At the time of building permit issuance, both the city permit fees and the confirmed cost of the required off-site improvements will be determined and the loan amounts will be adjusted accordingly.
- \$30,000 in assistance will be provided to each qualified homebuyer of the six (6) total affordable for sale units, secured by a deed of trust in favor of the Agency.
- The Developer must solicit at least two (2) competitive bids from tax credit investors for each component (R-1 and R-2).
- The Developer covenants and agrees to rent the affordable units in R-1 and R-2 to extremely low and very low income households for a period of 55 years.
- The Developer covenants and agrees to sale six (6) of the 32 homes at an affordable housing cost.
- In addition to the above, the Agency is responsible for delivering the sites free and clear of all structures and to relocate all remaining tenants at its expense.

Project Alternatives Considered in the EIR

The EIR evaluated six alternatives to the Transit Zoning Code and the Developer Project in EIR Chapter 5 – Alternatives. These alternatives are briefly summarized below. Alternatives 1, 2, and 3 are primarily designed to address alternatives to the Transit Zoning Code as a whole. Alternatives 4, 5, and 6 present alternatives specific to the proposed Developer Project.

Alternative 1 (No Project/No Development Alternative): Under this Alternative, the Transit Zoning Code would not be adopted and the City's existing General Plan and zoning designations would continue to guide future growth and development within the Transit Zoning Code project area. Additionally, the proposed Developer Project would not go forward on the Agency-owned properties.

Alternative 2 (Overall Reduced Density): This Alternative would reduce the intensity of all anticipated land uses within the Transit Zoning Code area by 25 percent. In general, this alternative would reduce the number of residences, including affordable housing, and reduce employment opportunities as a result of less commercial uses in the area.

Alternative 3 (Low-Rise Alternative): This alternative is a low- to mid-rise version of the Transit Zoning Code (SD 84A and SD 84B), which would limit building heights in the Downtown and Transit Village Districts to four stories.

Alternative 4 (No Demolition of Agency Properties/Rehabilitate in Place): This alternative would eliminate the demolition of structures on the fourteen Agency-owned parcels within the Station District that are slated for demolition under the proposed Developer Project and instead require that those properties be retained and rehabilitated in their current locations. Additionally, the City/Agency would not acquire any of additional parcels within the Station District. Upon completion of rehabilitation, the rehabilitated houses would be offered for-sale as low or moderate income housing. The proposed Transit Zoning Code would remain the same under this Alternative.

Alternative 5 (No Demolition of Agency Properties/Relocate to Agency-Owned Infill Sites/Rehabilitate in Place): This alternative would eliminate the demolition on the fourteen Agency-owned parcels within the Station District that are slated for demolition under the proposed Developer Project, with the exception of the property located at 611 N. Minter Street, which would be demolished. The remaining properties would be rehabilitated in place or moved to vacant lots and rehabilitated.

Alternative 6 (Rehabilitate 611 N. Minter Street in Place): This alternative would be identical to the proposed Developer Project, with the exception that the bungalow court located at 611 N. Minter

Street would be retained and rehabilitated. Once rehabilitated, the units at 611 N. Minter Street would be offered for rent to very-low and extremely-low income households.

As set forth in Section 3.4 of the attached Findings of Fact and Statement of Overriding Considerations (Exhibit O), specific economic, legal, social, or other considerations make the adoption of these alternatives infeasible.

Community Outreach

There has been extensive community outreach for this project, beginning with the earlier meetings relating to the Renaissance Plan. Specific to the Developer Project, staff began soliciting input from area residents, businesses and other stakeholders in October 2009, following developer selection. The key issues raised by those participating focused on affordable housing, park and open space, and impacts to Garfield Elementary. The Developer and staff then worked together to create a concept plan for further community input. The plan, shown on Exhibit L, called for rental and for sale housing on the scattered sites owned by the Agency, along with a new community center at Garfield Elementary (associated with proposed school renovation project) and an approximate 1.2 acre park west of Lacy, south of 5th Street. It is important to point out that the Santa Ana Unified School District Board graciously agreed to reallocate funding for the proposed school expansion and renovation project as a direct result of being approached by the City regarding the community input received and the City's overall vision for the area. In addition, members of the community participated in a bus tour to view similar projects that the Related Companies of California, LLC has undertaken in an effort to help the area residents visualize the potential for the Agency-owned properties. The community input then was continued via SACReD—Santa Ana Collaborative for Responsible Development. The key representatives include OCCORD, Kennedy Commission, OCCCO, Latino Health Access, and several area residents as lead, along with Friends of Lacy, in relation to preservation of vintage homes in the neighborhood. Staff has continued to keep other residents, businesses and stakeholders apprised of these efforts.

SACReD is requesting that the City, Agency and the Developer enter into a legally-binding contract which SACReD refers to as a Community Benefit Agreement (CBA). For reference purposes, the most recent formal list of requests from SACReD is attached (Exhibit M). SACReD has identified five key areas of concern/interest, with specific requests to be met by the Agency and the Developer under the headings of safety, housing, open space, small business assistance and cultural and historic preservation. In response to SACReD's request for a CBA, City staff proposed a Memorandum of Understanding (MOU) with SACReD (Exhibit N) to address their concerns. While agreement was not reached on every single point, the MOU demonstrates that all of SACReD's requests were considered and analyzed for feasibility given the project scope and funding sources.

As of the writing of this report, agreement with SACReD with regard to a CBA has not been reached. It is, therefore, recommended that the City/Agency take the actions/directives set forth for various programs and improvements in the Lacy Neighborhood. Specifically, staff recommends that the City/Agency take the following actions to fulfill the requests made by the community:

- Direct staff to draft an inclusionary housing ordinance for City Council consideration within the next 120 days, covering the industrial overlay areas identified in the proposed Transit Zoning Code;
- Direct staff to negotiate a Joint Use Agreement with the Santa Ana Unified School District (SAUSD) for Garfield Elementary, including the provision of a community center;
- Authorize the expenditure of up to \$25,000 as reimbursement to SAUSD for purposes of engaging an architect to develop conceptual plans in furtherance of developing the project scope for a community center to be located at Garfield Elementary;
- Direct staff to work with community members/stakeholders to facilitate development of an approximate 1.5 acre park/open space uses in the Station District;
- Authorize the expenditure of up to \$60,000 for cultural/historical markers to be installed in the public right of way within the Station District in collaboration with SACReD;
- Direct the Executive Director to establish a targeted residential loan program for the Lacy Neighborhood, and authorizing the expenditure of up to \$100,000 for such purposes; and
- Direct staff to prepare a Relocation Plan for residents that may be displaced resulting from any additional Agency acquisitions as it relates to the Station District.

The Developer has agreed to certain additional requests that will be reflected in the DDA between the Agency and Station District, LLC. These include the provision of space in the R-1 community room for a childcare provider rent-free; public art equal in value to .5% of the rental building permit valuation; and reduced rent for the business operator of the 1,500 square feet of retail space planned for the R-1 parcel.

These actions taken as a whole will result in both tangible and social improvements for the Lacy Neighborhood.

FISCAL IMPACT

Funds for the loan agreements, down payment assistance, historical markers, acquisitions and residential rehabilitation program will be available in various Tax Increment accounts (Nos. 507188330-66220, 50718830-69151, 50718830-66100, 57018830-66220). Funds for the

reimbursement agreement and residential rehabilitation program will be in the Community Development Block Grant Accounts (Nos. 13518780-62300 and 13518780-69152).

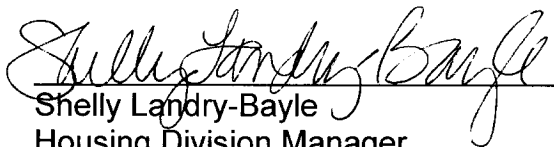
APPROVED AS TO FUNDS AND ACCOUNTS:



Jay M. Trevino
Executive Director
Planning & Building Agency



Francisco Gutierrez
Executive Director
Finance & Management Services Agency



Shelly Landry-Bayle
Housing Division Manager
Community Development Agency

CJN/SLB/SG/JPH/kg

Exhibits for Joint Action of the City Council and Community Redevelopment Agency:

- Exhibit A - City Council Resolution regarding Final Environmental Impact Report (Final EIR) No. 2006-02 (Council Action #1)
- Exhibit B - City Council Resolution approving General Plan Amendment No. 2010-01 (Council Action #2)
- Exhibit C - Ordinance approving Zoning Ordinance Amendment No. 2010-01 "ZOA No. 2010-01" (Council Action #3)
- Exhibit D - Ordinance approving Specific Development No. 84; repealing Specific Development No. 30, 37, 47 and 71; and amending the height exemption areas map (AA No. 2005-09) (Council Action #4)
- Exhibit E - City Council Resolution approving Transit Zoning Code Architectural Style Guidelines and Transit Zoning Code Street Network Concepts (Council Action #5)
- Exhibit F - City Council Resolution making certain findings with respect to the considerations to be received by the Community Redevelopment Agency pursuant to a Disposition and Development Agreement between the Community Redevelopment Agency and Santa Ana Station District, LLC (Council Action #6)
- Exhibit G - Community Redevelopment Agency Resolution adopting CEQA Findings of Fact and a Statement of Overriding Considerations, adopting a Mitigation Monitoring and Reporting Program, and approving a Disposition and Development Agreement with Santa Ana Station District, LLC. (CRA Action #1)
- Exhibit H - Community Redevelopment Agency Agreements for the acquisition of real property with following:
 - 609 E. 6th Street (APN No. 398-311-06), Frank J. Segura and Brendon McGuinness
 - 613 E. 6th Street (APN No. 398-311-07), Frank Segura and Dolores Segura
 - 617 E. 6th Street (APN No. 398-311-08), Estate of Alice McCallum, Estate of Phyllis Robinson, Estate of Manuel Becerra, Steven Campbell, Frank Segura, Brendon McGuinness, Richard Becerra and Rita Barron (CRA Action #2)
- Exhibit I - Proposed Concept for the 43 Agency owned parcels
- Exhibit J - Disposition and Development Agreement
- Exhibit K - Summary of Sale, prepared by Keyser Marston Associates (AKA Summary Report)
- Exhibit L - Concept Plan for further Community Input
- Exhibit M - List of Requests from SACRed
- Exhibit N - Memorandum of Understanding with SACRed
- Exhibit O - Findings of Fact and Statement of Overriding
- Exhibit P - Mitigation Monitoring and Reporting Program
- Exhibit Q - Planning Commission RFCA (including exhibits):
 - Exhibit 1 - Transit Zoning Code Vicinity Map
 - Exhibit 2 - Station District
 - Exhibit 3 - Existing General Plan Land Use Designation
 - Exhibit 4 - Existing Zoning
 - Exhibit 5 - Final Environmental Impact Report (EIR)
 - Exhibit 6 - Findings of Fact and Statement of Overriding Considerations
 - Exhibit 7 - Transit Zoning Code, Specific Development No. 84
 - Exhibit 8 - Amendments to Land Use Element of the City's General Plan
 - Exhibit 9 - Amendments to Chapter 41 of the SAMC
 - Exhibit 10 - Amendments to Height Exemption Map
 - Exhibit 11 - Amendments to the Sectional District Maps

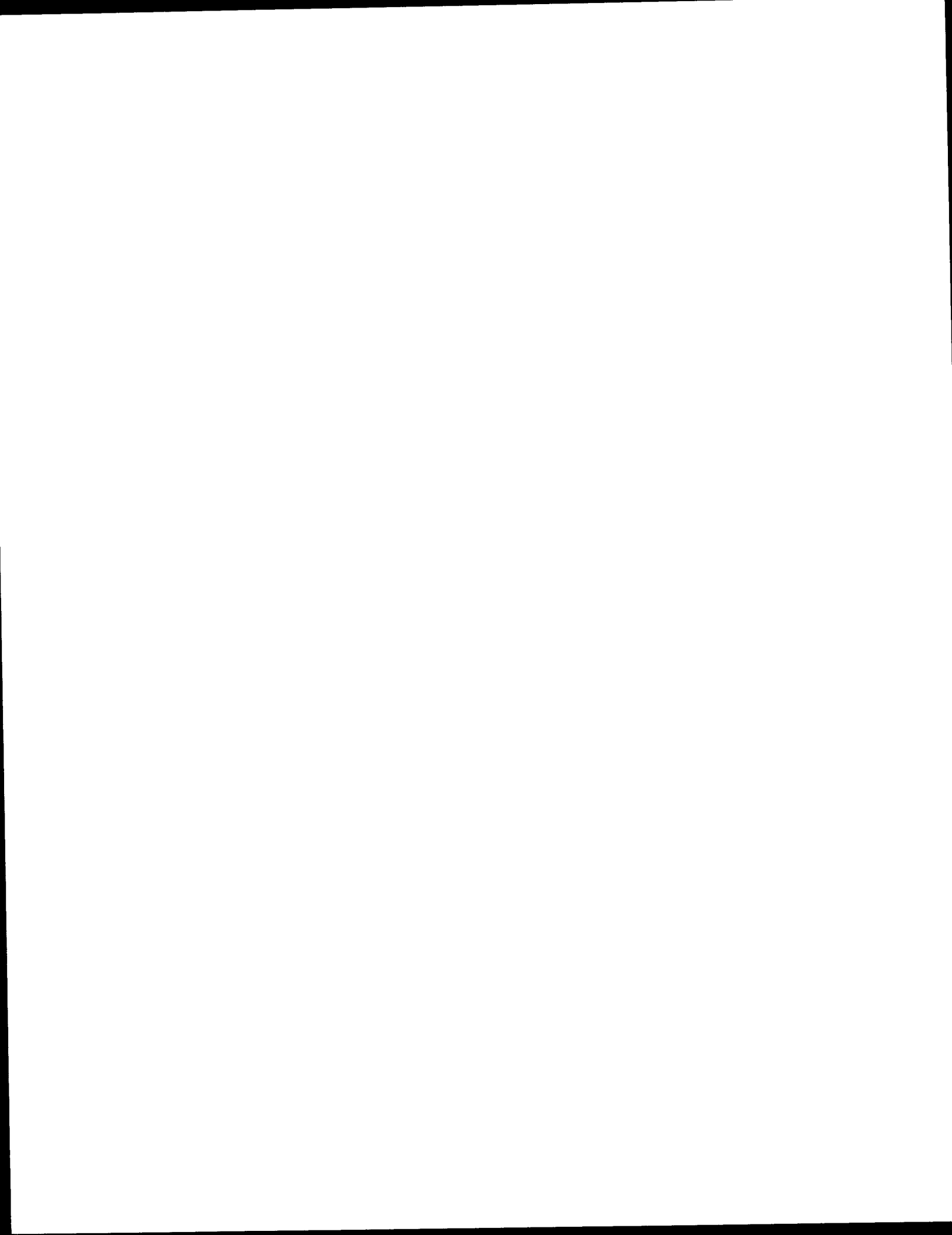


EXHIBIT A