



City of Huntington Beach

File #: 19-845

MEETING DATE: 10/22/2019

PLANNING COMMISSION STAFF REPORT

TO: Planning Commission
FROM: Ursula Luna-Reynosa, Community Development Director
BY: Ricky Ramos, Senior Planner

SUBJECT:
ENVIRONMENTAL IMPACT REPORT (EIR) NO. 17-001, GENERAL PLAN AMENDMENT (GPA) NO. 17-001, ZONING MAP AMENDMENT (ZMA) NO. 17-001, ZONING TEXT AMENDMENT (ZTA) NO. 17-005, LOCAL COASTAL PROGRAM AMENDMENT (LCPA) NO. 17-001, AND DEVELOPMENT AGREEMENT (DA) NO. 19-001 (MAGNOLIA TANK FARM)

REQUEST:

To analyze the potential environmental impacts associated with the project; to amend the General Plan land use designation from Public (P) to Open Space-Conservation (OS-C), Open Space-Park (OS-P), Residential Medium Density (RM), and Commercial Visitor (CV) with a Specific Plan Overlay; to amend the zoning designation from Public-Semipublic with Oil Overlay and Coastal Zone Overlay (PS-O-CZ) to Specific Plan 18 with Coastal Zone Overlay (SP-18-CZ); to establish the Magnolia Tank Farm Specific Plan including development standards for open space, residential, and visitor serving commercial uses, for the subject site; to amend the City's certified Local Coastal Program to reflect the land use and zoning changes proposed by the GPA, ZMA, and ZTA; and to enter into a development agreement between the City of Huntington Beach and SLF-HB Magnolia, LLC to 1) vest the permitted uses, density, intensity of use, and timing of phased development for a fifteen year term, 2) to ensure provision of monetary funds to improve open space/recreational facilities, and 3) to ensure off-site improvements.

LOCATION: 21845 Magnolia St., 92646 (west side at Banning Ave.)

**APPLICANT/
PROPERTY
OWNER:**

James O'Malley, SLF-HB Magnolia, LLC, 2 Park Plaza, #700, Irvine, CA 92614

**BUSINESS
OWNER:**

Not applicable

STATEMENT OF ISSUE:

1. Is the current Public land use designation for the subject site appropriate? If not, what is?
2. Is the EIR adequate and complete in that it has identified all significant environmental effects of the project?
3. Have all significant environmental impacts which can feasibly be mitigated or avoided been mitigated or avoided by the incorporation of Project Design Features, standard regulatory requirements, and mitigation measures?
4. Has a Statement of Overriding Considerations been prepared for any significant environmental impacts that cannot be feasibly mitigated?
5. Was the EIR prepared in compliance with the California Environmental Quality Act (CEQA) Guidelines?
6. Are the GPA and ZMA proposed designations compatible with the surrounding area?
7. Is the GPA necessary for the changing needs and orderly development of the community and consistent with other elements of the General Plan?
8. Does the project satisfy all the findings required for approving a ZMA, Specific Plan, LCPA, and DA?

ACTIONS:

The Planning Commission may take the following actions:

A. Applicant's Request

- 1) Recommend certification of Environmental Impact Report No. 17-001 as adequate and complete in accordance with CEQA requirements by approving draft City Council Resolution No. 2019-68 and forward to the City Council for adoption (Attachment No. 2); and
- 2) Recommend approval of CEQA Findings of Fact with a Statement of Overriding Considerations (Attachment No. 18); and
- 3) Recommend approval of General Plan Amendment No. 17-001 by approving draft City Council Resolution No. 2019-67 (Attachment No. 3), Zoning Map Amendment No. 17-001 with findings (Attachment No. 1) by approving draft City Council Ordinance No. 4188 (Attachment No. 4), Zoning Text Amendment No. 17-005 with findings (Attachment No. 1) by approving draft City Council Resolution No. 2019-66 (Attachment No. 5), Local Coastal Program Amendment No. 17-001 with findings (Attachment No. 1) by approving draft City Council Resolution No. 2019-65 (Attachment No. 6), and Development Agreement No. 19-001 with findings (Attachment No. 1) by approving draft City Council Ordinance No. 4187 (Attachment No. 7) for Proposed Project.

B. Staff's Revisions

- 1) Recommend certification of Environmental Impact Report No. 17-001 as adequate and

complete in accordance with CEQA requirements by approving draft City Council Resolution No. 2019-68 and forward to the City Council for adoption (Attachment No. 2); and

- 2) Recommend approval of CEQA Findings of Fact with a Statement of Overriding Considerations (Attachment No. 18); and
- 3) Recommend approval with modifications of General Plan Amendment No. 17-001 by approving draft City Council Resolution No. 2019-67 (Attachment No. 3), Zoning Map Amendment No. 17-001 with findings (Attachment No. 1) by approving draft City Council Ordinance No. 4188 (Attachment No. 4), Zoning Text Amendment No. 17-005 with findings (Attachment No. 1) and staff revisions (Attachment No. 8) by approving draft City Council Resolution No. 2019-66 (Attachment No. 5), Local Coastal Program Amendment No. 17-001 with findings (Attachment No. 1) by approving draft City Council Resolution No. 2019-65 (Attachment No. 6), and Development Agreement No. 19-001 with findings (Attachment No. 1) by approving draft City Council Ordinance No. 4187 (Attachment No. 7).

C. Deny

- 1) Recommend to not certify Environmental Impact Report No. 17-001 as adequate and complete in accordance with CEQA requirements; and
- 2) Recommend to not approve CEQA Findings of Fact with a Statement of Overriding Considerations; and
- 3) Recommend denial of General Plan Amendment No. 17-001, Zoning Map Amendment No. 17-001, Zoning Text Amendment No. 17-005, Local Coastal Program Amendment No. 17-001, and Development Agreement No. 19-001.

D. Continue Environmental Impact Report No. 17-001, General Plan Amendment No. 17-001, Zoning Map Amendment No. 17-001, Zoning Text Amendment No. 17-005, Local Coastal Program Amendment No. 17-001, and Development Agreement No. 19-001 and direct staff accordingly.

PROJECT PROPOSAL:

The project proposal is to allow a mixed use development with commercial visitor, residential and open space at the 29-acre Magnolia Tank Farm site. In order to undertake the project proposal, the applicant requests the following entitlements:

- Environmental Impact Report to analyze the potential environmental impacts associated with the project;
- General Plan Amendment to amend the land use designation from Public (P) to Open Space-Conservation (OS-C), Open Space-Park (OS-P), Residential Medium Density (RM), and Commercial Visitor (CV) (1.5 maximum floor area ratio) with a Specific Plan Overlay;
- Zoning Map Amendment to amend the zoning designation from Public-Semipublic with Oil

Overlay and Coastal Zone Overlay (PS-O-CZ) to Specific Plan 18 with Coastal Zone Overlay (SP-18-CZ);

- Zoning Text Amendment to establish the Magnolia Tank Farm Specific Plan (MTFSP) for the subject site;
- Local Coastal Program (LCP) Amendment to amend the City's certified LCP to reflect the land use and zoning changes proposed by the GPA, ZMA, and ZTA subject to California Coastal Commission certification (approval); and
- To enter into a Development Agreement (DA) for the subject site.

Background:

The 29-acre vacant subject site was previously developed with three aboveground fuel storage tanks, which provided fuel for the adjacent electrical power plant until it converted to natural gas. The fuel tanks have been demolished and the site has recently been utilized as construction worker parking and laydown area during construction of the new power plant.

No development is proposed at this time. Entitlement applications for the construction of the project such as a Conditional Use Permit, Coastal Development Permit, Tentative Tract Map, and Design Review will be submitted in the future if the current applications are approved.

Study Session:

The Planning Commission held study sessions on the project on July 23, Aug. 13, Aug. 27, and Sept. 10, 2019. City staff, the consultant team, and the applicant responded to most questions from the Planning Commission during the study sessions or provided additional information at subsequent study sessions. However, the following remaining items of information as requested by the Planning Commission are provided below:

1. What can be built on the subject site by right under the existing General Plan and zoning designations?

The existing Public-Semipublic (PS) zoning permits a limited selection of institutional, public, and commercial uses mostly by approval of a conditional use permit. Some examples of these public type uses are convalescent/assisted living, cultural institutions, government facilities, hospitals, parks, religious assembly, schools and utilities. Certain City-owned facilities are permitted by right. However, because the subject site is located in the coastal zone, any development on the site will require a coastal development permit.

2. What are the entitlement requirements and general development standards under the existing zoning designation for an assisted living project on the subject site?

An assisted living facility falls under the Convalescent Facilities use classification which requires approval of conditional use permit by the Planning Commission. In addition, the project will also require approval of a coastal development permit and design review and compliance with design guidelines. The PS zoning district requires a minimum front setback

along Magnolia Street of ten feet with side and rear setbacks of zero. Because the project requires a conditional use permit, an increased setback (like the proposed Magnolia Park) can be imposed. The PS zone permits a maximum building height of 50 feet and floor area ratio (FAR) of 1.5.

3. What are the park requirements for the project?

Assuming a total of 250 detached dwelling units are constructed, the park requirements would equal 3.64 acres (5(2.913 persons per dwelling x 250 units) / 1000 = 3.64 acres). Staff is recommending accepting park in lieu fees of up to approximately \$4.46 million for 250 detached dwelling units. The visitor serving commercial component also requires payment of park impact fees.

4. Are there other specific plan areas that are smaller than the subject site?

The City currently has 17 specific plans that allow for unique development patterns in various parts of the community. The Windward (5.3 acres) and Bay Club (10 acres) Specific Plan areas are smaller than the subject site.

5. What are the affordable housing requirements for the project?

The project is subject to the City's Affordable Housing Ordinance which requires that at least ten percent of all new residential construction be provided to families/households with certain maximum income levels. The applicant can also satisfy this requirement by entering into an agreement with the City that provides for the payment of in lieu fees or by providing the affordable units offsite.

6. What are the Fire Department requirements regarding the cleanliness of the site?

Prior to any grading and construction, the project is required to provide a Department of Toxic Substances Control closure letter for residential use and show compliance with City Specifications #422 (Oil Well Abandonment), #429 (Methane Mitigation Requirements), and #431-92 (Soil Quality Standards).

ISSUES AND ANALYSIS:

Subject Property And Surrounding General Plan Designations, Zoning And Land Uses:

| LOCATION | GENERAL PLAN | ZONING | LAND USE |
|----------------------------|--|---|----------------|
| Subject Property: | Public (P) | Public-Semipublic with Oil Overlay and Coastal Zone Overlay (PS-O-CZ) | Vacant |
| North of Subject Property: | Residential Medium Density-Specific Plan Overlay (RM-sp) | Specific Plan 10-CZ (SP 10-CZ) | Ascon Landfill |

| | | | |
|--|--|---|----------------------------------|
| East of Subject Property (across Magnolia Street): | Residential Low Density (RL), Open Space-Park (OS-P) | Residential Low Density-CZ (RL-CZ), Coastal Conservation-CZ (CC-CZ) | Single Family Residential, Park |
| South and West of Subject Property: | P, Open Space-Conservation (OS-C) | CC-CZ-Floodplain Overlay (CC-CZ-FP2), CC-O-CZ-FP2, PS-O-CZ, Industrial General-O-CZ (IG-O-CZ) | AES Generating Station, Wetlands |

General Plan Conformance:

From the 1970s to mid-1990s, the subject site and the adjacent power plant had a General Plan land use designation of Industrial Energy Production to reflect the existing uses. When a General Plan update was adopted in 1996, both sites were designated Public to reflect the use as a utility. With the 2017 General Plan update, the City identified the northwest industrial area and Gothard corridor as the only two areas that needed transformation to facilitate development that supports future City goals through the establishment of a new land use designation of Research and Technology. The majority of the city has established uses and was envisioned to remain much as they are today. The City decided that any other proposed changes to the land use designation of any property would have to be initiated by the owner.

The subject site is located in between land uses that are on opposite sides of the spectrum with residential to the east and a power plant and pending desalination plant to the west. In addition, the Ascon landfill is to the north and to the south are wetlands. This condition makes it a bit challenging to develop a land use plan that provides a good transition and buffer between these uses.

The subject site’s existing Public General Plan designation and associated zoning permit a limited selection of institutional, public, and commercial uses such as convalescent/assisted living, cultural institutions, government facilities, hospitals, parks, religious assembly, schools and utilities. With the demolition of the prior utility use (tank farm) and in view of the limited uses under the existing General Plan and zoning designations, the property owner is now proposing a new vision for the property that is responsive to the housing shortage as well as Coastal Act policies that prioritize visitor serving commercial in the coastal zone.

The Commercial Visitor (CV) designation provides for lodging, recreational, and commercial uses that are designed to serve the needs of tourists. The applicant is proposing a CV designation with a FAR of 1.5 on +4.4 acres at the southern tip of the subject site to permit the development of a 230,000 square foot lodge, guesthouse, and retail consistent with Coastal Act policies which give priority to visitor serving commercial in the coastal zone to encourage coastal access and recreation. The lodge and guesthouse are somewhat isolated in that the area does not have any other supportive commercial and service uses like those found in downtown, Sunset Beach, and Beach Blvd. where most hotels are currently located. However, the CV designation is compatible with the power plant to the west and provides a good buffer between the power plant and the residences to the east. The applicant is proposing to site the lodge adjacent to the wetlands as part of their ecotourism concept. It is compatible with the residential area to the east given the proposed 155 foot buffer (100 foot wide Magnolia Street and proposed 55 foot wide Magnolia Park next to the lodge).

The CV designation also provides financial, economic development, and job creation benefits to the City (Attachment No. 17).

The Residential Medium Density (RM) designation provides for attached and detached residential at a maximum density of 15 dwelling units per acre. The applicant is proposing a RM designation on \pm 19 acres to permit the development of up to 250 residential units which would result in a density of \pm 13.2 dwelling units per acre. The RM designation is currently found on the Ascon property to the north. Citywide the RM designation is compatible with and often located next to single family residential areas like the one to the east across Magnolia Street, which is designated Residential Low Density (RL) (maximum density of 7 dwelling units per acre). One such example is the Pacific Shores residential development by Christopher Homes located at Newland St. and Hamilton Ave. Placing residences, schools, and other sensitive uses directly next to a power plant is generally not recommended. However, a lot of thought was put into the proposed land use plan to provide a good transition to the residential use. A 215 foot buffer (145 foot wide flood control channel and proposed 70 foot wide Open Space-Conservation (OS-C) area) separates the proposed RM area from the power plant. The applicant will be required to provide a noise study pursuant to a mitigation measure to ensure that the City's Noise Ordinance will be met onsite. The proposed project will likely incorporate noise mitigation such as perimeter block walls, raised residential patio walls, and construction methods to mitigate any noise from the power plant. The RM area will be buffered from the CV area by the proposed interior roadway. A similar condition exists downtown where RM can be found across the street from the Hyatt and Hilton, which are designated CV.

The Open Space-Conservation (OS-C) designation provides for environmental resource conservation and management (e.g. wetland protection) and supporting uses. The applicant is proposing an OS-C designation on \pm 2.8 acres consisting of a 70 foot wide area along the entire west side of the property in order to provide upland habitat. When combined with 30 feet of the adjacent flood control property, the required 100 foot buffer from the wetlands will be met. The Open Space-Park (OS-P) designation provides for parks and supporting uses. The applicant is proposing an OS-P designation on \pm 2.8 acres consisting of a 55 to 75 foot wide Magnolia Park which maintains a portion of the existing landscape area along Magnolia and Marsh Park located between the CV and RM areas. Both the OS-C and OS-P designations are compatible with the surrounding area.

Besides the proposed land use map amendment, the request will also require other minor changes such as updating Land Use Element Figure LU-3 to reflect the proposed specific plan, if approved.

The requested land use designations and proposed development standards are consistent with the goals, objectives, and policies of the General Plan as follows:

A. Land Use Element

Goal LU-1 - New commercial, industrial, and residential development is coordinated to ensure that the land use pattern is consistent with the overall goals and needs of the community.

Policy LU-1A - Ensure that development is consistent with the land use designations presented in the Land Use Map, including density, intensity, and use standards applicable to each land use designation.

Policy LU-1B - Ensure new development supports the protection and maintenance of

environmental and open space resources.

Policy LU-2D - Maintain and protect residential neighborhoods by avoiding encroachment of incompatible land uses.

Goal LU-3 - Neighborhoods and attractions are connected and accessible to all residents, employees, and visitors.

Goal LU-4 - A range of housing types is available to meet the diverse economic, physical, and social needs of future and existing residents, while neighborhood character and residences are well maintained and protected.

Policy LU-4A - Encourage a mix of residential types to accommodate people with diverse housing needs.

Goal LU-11 - Commercial land uses provide goods and services to meet regional and local needs.

Policy LU-13A - Encourage expansion of the range of goods and services provided to accommodate the needs of all residents and the market area.

Goal LU-14 - Huntington Beach continues to attract visitors and provides a variety of attractions and accommodations during their stay.

Goal LU-14A - Encourage expansion of the range and location of available lodging for both tourist and business visitors.

Goal LU-14B - Encourage both coastal and inland visitor-serving uses to offer a wide spectrum of opportunities for residents and visitors.

The proposed project will provide additional lodging, commercial, residential, and open space to serve residents and visitors. It will enhance the local economy, provide additional revenue to the City, and create jobs. A lot of thought was put into the proposed land use plan to provide a good transition from the AES power plant to the residential use. It will be separated from residential uses to the east by Magnolia Street (100 ft.) and the proposed Magnolia Park (55-75 ft.) and from the AES power plant, industrial uses, and the wetlands to the west and south by the flood control channel (145 ft.) and proposed Coastal Conservation area onsite (70 ft.).

B. Circulation Element

Goal CIRC-1a - The circulation system supports existing, approved, and planned land uses while maintaining a desired level of service and capacity on streets and at critical intersections.

Policy CIRC-1(F) - Require development projects to provide circulation improvements to achieve stated City goals and to mitigate to the maximum extent feasible traffic impacts to adjacent land uses and neighborhoods as well as vehicular conflicts related to the project.

Policy CIRC-2C - Establish a parking management program and require that new development

projects supply parking that supports anticipated demands.

Policy CIRC-6C - Require new commercial and residential projects to integrate with pedestrian and bicycle networks, and that necessary land area is provided for the infrastructure.

Policy CIRC-7E - Require that development projects adjacent to a designated scenic corridor include open spaces, plazas, gardens, and/or landscaping that enhance the corridor and create a buffer between the building site and the roadway.

The proposed project will include necessary vehicular and pedestrian access and circulation improvements together with parking to serve the project. The applicant will be required to pay fair share traffic impact fees to address the project's traffic impacts on area intersections. It will also maintain a 55-75 ft. deep Magnolia Park along the project street frontage to enhance the corridor and provide a buffer.

C. Noise Element

Policy N-1A - Maintain acceptable stationary noise levels at existing noise-sensitive land uses such as schools, residential areas, and open spaces.

Policy N-1B - Incorporate design and construction features into residential, mixed-use, commercial, and industrial projects that shield noise-sensitive land uses from excessive noise.

Policy N-2C - Minimize excessive noise from industrial land uses through incorporation of site and building design features that are intended to reduce noise impacts to sensitive land uses.

Policy N-3B - Prioritize use of site planning and project design techniques to mitigate excessive noise. The use of noise barriers shall be considered a means of achieving the noise standards only after all other practical design-related noise mitigation measures have been integrated into the project.

Goal N-4 - Noise from construction activities associated with discretionary projects, maintenance vehicles, special events, and other nuisances is minimized in residential areas and near noise-sensitive land uses.

The proposed project will be subject to mitigation measures to minimize construction noise and to protect existing and proposed residential uses from noise impacts in compliance with the City's Noise Ordinance.

D. Coastal Element

Objective C 1.1 - Ensure that adverse impacts associated with coastal zone development are mitigated or minimized to the greatest extent feasible.

Policy C 1.1.3 - The use of private lands suitable for visitor serving commercial recreational facilities designed to enhance public opportunities for coastal recreation shall have priority over private residential, general industrial, or general commercial development, but not over agriculture or coastal-dependent industry.

Policy C 1.1.3a - The provision of public access and recreation benefits associated with private development (such as but not limited to public access ways, public bike paths, habitat restoration and enhancement, etc.) shall be phased such that the public benefit(s) are in place prior to or concurrent with the private development but not later than occupation of any of the private development.

Policy C 1.1.4 - Where feasible, locate visitor-serving commercial uses in existing developed areas or at selected points of attraction for visitors.

Goal C 2 - Provide coastal resource access opportunities for the public where feasible and in accordance with the California Coastal Act requirements.

Policy C 2.2.2 - Maintain existing pedestrian facilities and require new development to provide pedestrian walkways and bicycle routes between developments.

Objective C 2.4 - Balance the supply of parking with the demand for parking.

Policy C 2.4.7 - The streets of new residential subdivisions between the sea and the first public road shall be constructed and maintained as open to the general public for vehicular, bicycle, and pedestrian access. General public parking shall be provided on all streets throughout the entire subdivision. Private entrance gates and private streets shall be prohibited. All public entry controls (e.g. gates, gate/guard houses, guards, signage, etc.) and restrictions on use by the general public (e.g. preferential parking districts, resident-only parking periods/permits, etc.) associated with any streets or parking areas shall be prohibited.

Objective C 2.5 - Maintain and enhance, where feasible, existing shoreline and coastal resource access sites.

Policy C 2.6.6 - Promote public access to coastal wetlands for limited nature study, passive recreation and other low intensity uses that are compatible with the sensitive nature of these areas.

Goal C 3 - Provide a variety of recreational and visitor commercial serving uses for a range of cost and market preferences.

Policy C 3.2.2 - Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. On oceanfront, waterfront or nearshore areas or lands designated for visitor uses and recreational facilities, an assessment of the availability of lower cost visitor uses shall be completed at the time of discretionary review and an in-lieu fee in an amount necessary to off-set the lack of the preferred lower cost facilities in or near Huntington Beach shall be imposed.

Policy C 3.2.4 - Encourage the provision of a variety of visitor- serving commercial establishments within the Coastal Zone, including, but not limited to, shops, restaurants, hotels and motels, and day spas.

Policy C 4.1.2 - Designate lands for the provision of passive and visual open space on the

Coastal Land Use Map, which provide a balance to the urban and suburban development of the Coastal Zone.

Policy C 4.6.1 - Landscaping adjacent to environmentally sensitive habitat areas, such as wetlands, and coastal dunes shall consist of non-invasive, native drought tolerant plants. No permanent irrigation systems shall be allowed adjacent to environmentally sensitive habitat areas.

Policy C 4.7 - Improve the appearance of visually degraded areas within the Coastal Zone.

Policy C 7.1.4 - Require that new development contiguous to wetlands or environmentally sensitive habitat areas include buffer zones. Buffer zones shall be a minimum of one hundred feet setback from the landward edge of the wetland . . .

Objective C 10.1 - Identify potential hazard areas in the City and manage/mitigate potential risks and impacts through land use regulation, public awareness and retrofitting where feasible.

The proposed mixed use project will include visitor serving commercial and open space to enhance opportunities for coastal recreation. The lodge will incorporate a guest house component with up to 40 rooms that are designated as lower cost overnight accommodations. A 70 foot wide Coastal Conservation area combined with an additional 30 feet of County flood control property will provide a 100 foot buffer from the Huntington Beach channel and the wetlands. The proposed Marsh Park next to the lodge will offer a public view corridor to the ocean and serve as a staging area for docent-led tours of the adjacent wetlands. A planned interior loop road serving the proposed development will add public parking to the area.

E. Housing Element

Policy 2.1 - Provide site opportunities for development of housing that responds to diverse community needs in terms of housing types, cost and location, emphasizing locations near services and transit that promote walkability.

Policy 2.2 - Facilitate the efficient use of land by allowing and encouraging commercial and residential uses on the same property in both horizontal and vertical mixed-use configurations.

Policy 3.1 - Encourage the production of housing that meets all economic segments of the community, including lower, moderate, and upper income households, to maintain a balanced community.

Policy 3.2 - Utilize the City's Inclusionary Housing Ordinance as a tool to integrate affordable units within market rate developments. Continue to prioritize the construction of affordable units on-site, with provision of units off-site or payment of in lieu housing fee as a less preferred alternative.

Policy 4.2 - Provide flexibility in development standards to accommodate new models and approaches to providing housing, such as transit-oriented development, mixed use and live/work housing.

In addition to visitor serving commercial and open space, the proposed specific plan would also allow a variety of home types, such as single family detached and attached homes, to suit different life stages and market segments. In order to create attainable housing, the applicant is proposing development standards that would allow product types that have been built in other parts of Orange County that are more compact and taller with reduced yards and parking compared to what the Huntington Beach Zoning and Subdivision Ordinance (HBZSO) permits.

Zoning Compliance:

Zoning Map Amendment

The applicant is proposing to amend the zoning designation from Public-Semipublic with Oil Overlay and Coastal Zone Overlay (PS-O-CZ) to Specific Plan 18 with Coastal Zone Overlay (SP-18-CZ) in conformance with the proposed GPA. The PS zoning district provides areas for large public or semipublic uses such as convalescent/assisted living, cultural institutions, government facilities, hospitals, parks, religious assembly, schools and utilities. The proposed Magnolia Tank Farm Specific Plan (MTFSP) is analyzed in greater detail in the next section below and provides for the orderly development of the subject site with a variety of uses to ultimately create a cohesive community. A specific plan also allows the establishment of customized development standards to permit a unique development that the standard zoning code will not permit.

The subject site complies with the HBZSO required minimum net area of two acres for specific plans. The existing Oil Overlay permits any oil operation except drilling. With the demolition of the aboveground oil storage tanks and the new vision proposed by the applicant for the site, the Oil Overlay is no longer needed and is proposed to be deleted.

The adoption of the ZMA will be in conformity with public convenience, general welfare and good zoning practice because the Specific Plan designation will implement the proposed General Plan land use designations which include a Specific Plan Overlay. The proposed MTFSP will have four planning areas that are consistent with the proposed General Plan designations and will be compatible with the zoning in the surrounding area for the same reasons cited in the General Plan analysis above. The draft Specific Plan is consistent with General Plan goals, objectives, and policies to provide:

- Visitor serving commercial and lodging, including lower cost accommodations, in the coastal zone;
- New residential development that responds to diverse community needs;
- Coastal resource access opportunities;
- 100 foot buffer from wetlands; and
- Benefits to the local economy, additional revenue to the City, and job creation.

A community need is demonstrated for the change proposed because the Specific Plan designation will allow the development of additional overnight lodging, visitor serving commercial, residential, and open space at the subject site to serve residents and visitors. It will enhance the local economy, provide additional revenue to the City, create jobs, and provide additional attainable house stock in a variety of housing options.

Zoning Text Amendment

The proposed MTFSP includes three volumes and will serve as the zoning ordinance for the subject site (Attachment No. 21). It will be supplemented by the HBZSO for provisions that are not addressed or customized in the MTFSP. Volume I is the main Specific Plan and includes the following chapters and appendices:

- Chapter 1 (Introduction) provides the purpose/intent of the MTFSP, site location, site history, and existing conditions.
- Chapter 2 (Administration) discusses the process for implementation and refers to the HBZSO for all entitlement requirements.
- Chapter 3 (Land Use Plan & Development Standards) outlines the land use plan/planning areas (Figure 3.1 on page 3-3), maximum development (Sec. 3.3 on page 3-4), permitted uses (Sec. 3.5 on page 3-8), development standards (Sec. 3.6 on page 3-8), and examples of potential residential types that could be proposed.
- Chapter 4 (Infrastructure & Services) describes proposed circulation, street sections, infrastructure, and services.
- Appendix A (Legal Description), Appendix B (Coastal Hazards), and Appendix C (Planning Area Legal Descriptions)

Volume II includes design guidelines pertaining to, among others, architecture, landscaping, and site planning. Volume III describes how the MTFSP is consistent with multiple General Plan goals and policies.

Four planning areas are proposed and would establish the zoning standards for development of a mixed-use, master planned site consisting of:

- Planning Area 1: Coastal Conservation: 2.8 acres of Coastal Conservation area;
- Planning Area 2: Open Space-Parks and Recreation: 2.8 acres of park;
- Planning Area 3: Residential: 250 medium density for-sale residential units; and
- Planning Area 4: Commercial Visitor: 230,000 sq. ft. lodge with a maximum of
 - 175 market rate guest rooms;
 - 40 rooms of guesthouse-style, budget-oriented, family/group overnight accommodations; and
 - ancillary retail and dining facilities

The specific plan would allow a variety of home types, such as single family detached and attached homes, to suit different life stages and market segments and proposes development standards that are notably different than the existing zoning ordinance. In order to create attainable housing, the applicant is proposing development standards that would allow product types that have been built in other parts of Orange County that are more compact and taller with reduced yards and parking compared to what the HBZSO permits. The proposed lodge also includes deviations from the

HBZSO such as front setback, setback above the second story, and wall offsets. A zoning compliance matrix comparing the proposed customized MTFSP development standards with the HBZSO is included as Attachment No. 15.

It should be noted that Planning Areas 1 and 2 provide 5.6 acres of open space which is in addition to the Planning Area 3 open space requirements for the residential units. The applicant has discussed with staff the possibility of dedicating the proposed parks within the project to the City to meet Quimby Act park requirements. However, staff’s recommendation is to accept park in lieu fees instead.

The MTFSP is consistent with and implements the proposed General Plan land use designation and Local Coastal Program Land Use Plan which include a Specific Plan Overlay for the subject site. The MTFSP includes four planning areas that conform to the adopted land use designations for the subject site. It is consistent with General Plan goals, objectives, and policies to provide:

- Visitor serving commercial and lodging in the coastal zone including lower cost visitor and recreational facilities;
- New residential development that responds to diverse community needs;
- Development projects of compatible proportion, scale, and character to the area;
- Coastal resource access opportunities;
- 100 foot buffer from wetlands;
- Passive and visual open space;
- Improved visual appearance of visually degraded areas;
- Flexibility in development standards to accommodate new models and approaches to providing housing;
- Benefits to the local economy, additional revenue to the City, and job creation;
- Pedestrian walkways between developments.

The MTFSP will enhance the potential for superior urban design in comparison with the development under the base district provisions that would apply if the plan were not approved because it will facilitate the coordinated development of commercial visitor, residential, and open space uses that will function as one community. Deviations from the base district provisions that otherwise would apply are justified by compensating benefits of the MTFSP because it will allow a variety of home types, such as single family detached and attached homes, to suit different life stages and market segments. In order to create attainable housing, the MTFSP includes development standards that would allow product types that are more compact and taller with reduced yards and parking compared to what the HBZSO permits. A more compact residential development enables the proposed residential density while still providing 5.6 acres of open space and coastal conservation areas.

The specific plan, with some modifications suggested by staff, includes adequate provisions for utilities, services, and emergency vehicle access. Public service demands will not exceed the capacity of existing and planned systems. If the Planning Commission were to recommend approval of the MTFSP, staff suggests some changes which are tracked in Attachment No. 8. The key suggested changes are summarized as follows:

| MTFSP Section | Applicant’s Request | Staff’s Revision |
|---------------|---------------------|------------------|
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|---------------------------------------|---|---|
| Sec. 3.6 Recreation Facility Area | 5,000 sq. ft. | 15,000 sq. ft. |
| Sec. 3.6 Floor Area Ratio (FAR) | Calculated using buildable PAD area | Delete applicant's proposed text. Calculate FAR based on the lot pursuant to HBZSO |
| Sec. 3.6 Residential Lot Coverage | Calculated using gross Planning Area acreage | Delete applicant's proposed text. Calculate lot coverage based on the lot pursuant to HBZSO |
| Sec. 3.6 Minimum Site Landscaping (%) | Percentage of CV and RM landscaping is over entire Specific Plan area not individual parcels | Delete applicant's proposed text. Calculate landscaping based on the lot pursuant to the HBZSO |
| Sec. 3.6 Roof Decks | Allow decks for all structures with any rail design and no setback | No decks for structures limited to two stories along Magnolia. Require use of solid deck rails only and a minimum 5 foot setback from edge of roof or adjacent unit. |
| Sec. 3.6.1 Height | Two-story maximum for structures along Magnolia Park for a 50 foot sliver of the residential area | Add a maximum 25 foot building height where limited to two stories |
| Sec. 3.7 Parking | Guest parking allowed on driveway | Add guest parking on driveways shall count as guest parking only for the unit it serves and require CC&Rs to control availability of garage parking |
| Sec. 3.13.1.1 Common Recreation Space | Provide one amenity | Provide three amenities |
| Sec. 4.2.2 Private Streets | Proposed street sections provided | Require revised street sections to comply with Fire Dept. access requirements including limiting the length and location of entry median and requiring a 26 ft. wide fire lane to front the proposed lodge. |

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| Sec. 4.2.3 Roundabouts and Knuckles | Proposed roundabout and knuckle standards provided | Require roundabouts and knuckles to comply with the Fire Dept. width and turning radii requirements. |
| Sec. 4.11 Phasing, etc. | Proposed phasing provided | Revise section accordingly to be consistent with approved Development Agreement. |

Local Coastal Program Amendment

The proposed LCPA to reflect the land use and zoning changes proposed by the GPA, ZMA, and ZTA is consistent with the proposed General Plan designations in that they provide for its implementation consistent with the Coastal Act which prioritizes visitor serving commercial and the provision of coastal access and recreation opportunities.

The proposed change to the Local Coastal Program is in accordance with the policies, standards and provisions of the California Coastal Act because it promotes the City’s Local Coastal Program goals, objectives and policies by allowing a mix of uses with visitor serving commercial, including open space and coastal access opportunities, with residential uses on the inland side of the subject site.

The development conforms with the public access and public recreation policies of Chapter 3 of the California Coastal Act because the MTFSP allows the development of a lodge with a guesthouse component with 40 rooms that are designated as lower cost overnight accommodations and ancillary retail to encourage coastal public access and recreation. A Coastal Conservation area with a public trail is planned next to the Huntington Beach channel and the wetlands. The proposed Marsh Park next to the lodge will offer a public view corridor to the ocean and serve as a staging area for docent-led tours of the adjacent wetlands. The proposed Magnolia Park will include a pedestrian walkway to facilitate coastal access. No privacy gates are proposed to allow public access to on street parking. No existing coastal access will be impacted.

The proposed LCPA also includes other minor changes such as Coastal Element text clean up, new Figure C-9a, and removing the subject site from Subarea 4G (Edison Plant) in Figure C-10.

Development Agreement (DA):

Development Agreements are authorized by California Government Code Section 65864 et seq. and Chapter 246 of the HBZSO to enable the City to enter into binding contract with the applicant that assures that the proposed land use changes (GPA, ZMA, ZTA, and LCPA) are vested, if approved, regardless of future changes in regulations in return for benefits promised to the City (Attachment No. 9). The property owner requests a 15-year term for the DA.

The only required finding of the Planning Commission is regarding the DA’s consistency with the General Plan. The DA is consistent with the General Plan and Local Coastal Program because it assures the applicant that the proposed GPA, ZMA, ZTA, and LCPA are vested regardless of future changes in regulations. The General Plan and Local Coastal Program consistency of the project is discussed throughout this staff report.

When approving a DA the City Council must make findings, one of which includes the fact that the Council has considered the fiscal effect of the DA on the City and the effects of the project on regional housing needs and balanced these needs against the public service needs of the City's residents and available fiscal and environmental resources. In consideration of the proposed DA and the advantages it provides to the applicant, the applicant is asked to provide to the City additional benefits that exceed what would normally be required or conditioned on the project pursuant to the City's ordinances, policies, General Plan, State Law, and CEQA (i.e. impact fees, conditions of approval, and mitigation measures).

Urban Design Guidelines Conformance:

Future development proposals on the subject site will be reviewed for compliance with the citywide Urban Design Guidelines and MTFSP Vol. II (Design Guidelines) which supplements with citywide design guidelines.

Environmental Status:

In accordance with CEQA, EIR No. 17-001 was prepared by Psomas to analyze the potential environmental impacts of the project as well as identify appropriate mitigation measures.

The EIR analyzed two development options at an equal level of consideration in the EIR: The first option (Proposed Project) is a mixed-use development comprised of a 211,000 square-foot lodge/guesthouse accommodations with a maximum of 215 rooms, including 175 guest rooms and family/group overnight accommodations with 40 rooms; 19,000 square feet of ancillary and visitor-serving retail and dining; up to 250 for sale, residential units (at under 15 dwelling units/acre); 2.8 acres of Coastal Conservation area to provide a buffer for the adjacent wetlands; and 2.8 acres of park.

The second option (Alternative 1) consists of the redevelopment of the project site with up to 250 for sale, residential units (at 11 dwelling units/acre), parks, and open space. Alternative 1 does not include the lodge/guesthouse and visitor-serving retail and dining. All other project components would remain the same.

The draft EIR was made available to the public, public agencies, Planning Commission and City Council for review at the start of the 90-day public comment period on Dec. 17, 2018. The Final Draft EIR, including the Response to Comments and all text changes as a result of the public comment period will be posted on the City's website prior to the public hearing on the EIR.

The required CEQA procedure that was followed is outlined below:

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| October 19, 2017 - November 20, 2017 | Notice of Preparation was filed with the State Clearinghouse and available for public review and comment for 30 days. |
| November 7, 2017 | A Public Scoping Meeting was held to solicit comments Related to issue areas to be studied in the EIR. |

December 17, 2018 - Notice of Completion was filed with the State Clearinghouse
March 18, 2019 and draft EIR was available for public review and comment for 90 days.

The draft EIR discusses potential adverse impacts in the areas described below. The direct, indirect and cumulative impacts of the project are addressed, as are the impacts of project alternatives. The draft EIR must be certified by the City Council, after a recommendation from the Planning Commission, prior to any action on the project.

Scope of EIR Analysis

The draft EIR studied the following topics pursuant to CEQA guidelines with the exception of Agriculture and Forestry Resources and Mineral Resources:

- Aesthetics
- Air Quality
- Biological Resources
- Cultural Resources
- Geology and Soils
- Greenhouse Gas Emissions
- Hazards and Hazardous Materials
- Hydrology and Water Quality
- Land Use and Planning
- Noise
- Population and Housing
- Public Services
- Recreation
- Transportation and Traffic
- Tribal Cultural Resources
- Utilities and Services Systems

Environmental topics and CEQA Checklist questions/thresholds with no potential significant impacts were discussed in Section 2.0 of the EIR and were scoped out from further detailed analysis in the EIR.

Project Impacts

The draft EIR concluded that the environmental impacts as a result of project implementation would result in less than significant impacts or potentially significant impacts that could be reduced to a less than significant level with incorporation of mitigation measures based on CEQA thresholds of significance for the following areas:

- Aesthetics
- Air Quality (with mitigation)
- Biological Resources (with mitigation)
- Cultural Resources
- Geology and Soils (with mitigation)
- Hazards and Hazardous Materials (with mitigation)
- Hydrology and Water Quality
- Land Use and Planning
- Population and Housing
- Public Services
- Recreation
- Tribal Cultural Resources
- Utilities and Service Systems

The EIR determined that implementation of the proposed project would result in significant and unavoidable impacts in the following areas:

- Greenhouse Gas Emissions (exceedance of SCAQMD's draft interim threshold for residential uses)
- Noise (pile driving annoyance during construction of hotel)
- Transportation and Traffic (City of Newport Beach and Caltrans intersections mitigable but City of Huntington Beach does not have authority to implement)

Statement of Overriding Considerations

Environmental impacts associated with implementation of a project may not always be mitigated to a level considered less than significant. In such cases, a Statement of Overriding Considerations (SOC) must be prepared prior to approval of a project in accordance with CEQA Guidelines (Attachment No. 18).

CEQA requires the decision-making agency to balance, as applicable, the economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of a proposed project against its unavoidable environmental risks when determining whether to approve the project. If the specific economic, legal, social, technological, or other benefits, including regionwide or statewide environmental benefits, of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered "acceptable."

When the lead agency approves a project which results in the occurrence of significant effects that are identified in the final EIR but are not avoided or substantially lessened, the agency shall state in writing the specific reasons to support its action based on the final EIR and/or other information in the record.

Alternatives

The EIR also presents alternatives to the proposed project that could avoid or reduce the severity of impacts described in the topics above, as required by CEQA. Two other alternatives were evaluated in the EIR and described below:

- Alternative 2A - This alternative assumes no project or development. The "No Project" alternative is a requirement of CEQA.
- Alternative 2B - This alternative assumes development of an assisted living facility pursuant to the existing General Plan and zoning designations on the site.

Overall, when considering the alternatives relative to each other and the proposed project, Alternative 1 (250 residential units; no lodge/guesthouse or retail) is the environmentally superior alternative.

The EIR is adequate and complete in that it has identified all significant environmental effects of the project. All significant environmental impacts which can feasibly be mitigated or avoided have been mitigated or avoided by the incorporation of Project Design Features, standard regulatory requirements, and mitigation measures. Lastly, the EIR was prepared in compliance with CEQA Guidelines.

Coastal Status:

If approved by the City Council, the LCPA will be forwarded to the California Coastal Commission (CCC) for review and certification. If there are any CCC modifications, they will be brought back to the City Council for consideration and approval within six months of approval by the CCC.

Design Review Board:

Future development proposals on the subject site will require review by the Design Review Board pursuant to the MTFSP.

Subdivision Committee:

Future tract map proposals on the subject site may require review by the Subdivision Committee.

Other Departments Concerns and Requirements:

The MTFSP and associated EIR was also reviewed by Public Works, Fire, Police, Community Services, and Office of Business Development staff and incorporates any further recommended changes. The DA was also prepared with input from various departments, including the City Attorney's Office.

Public Notification:

Legal notice was published in the Huntington Beach Wave on Thursday, October 10, 2019 and notices were sent to property owners of record within a 1,000 ft. radius of the subject property, individuals/organizations requesting notification (Community Development Department's Notification Matrix), applicant, interested parties, those who commented on the EIR and provided an address. Written communications received as of October 15, 2019 are attached to this staff report (Attachment No. 16).

Application Processing Dates:

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|-------------------------------|--|
| DATE OF COMPLETE APPLICATION: | MANDATORY PROCESSING DATE(S): |
| March 26, 2019 | EIR - March 26, 2020 (certified within 1 year) |
| | GPA/ZMA/ZTA/LCPA/DA - None |

SUMMARY:

The Planning Commission may recommend certification of EIR No. 17-001 and approval of GPA No. 17-001, ZMA No. 17-001, ZTA No. 17-005, LCPA No. 17-001, and DA No. 19-001 with findings (Attachment No. 1).

This recommendation may be based on the following:

- The EIR is adequate and complete in that it has identified all significant environmental effects of the project.
- All significant environmental impacts which can feasibly be mitigated or avoided have been mitigated or avoided by the incorporation of Project Design Features, standard regulatory requirements, and mitigation measures.
- The EIR was prepared in compliance with CEQA Guidelines.
- The GPA, ZMA, ZTA, LCPA, and DA are consistent with the General Plan and Local Coastal Program and its goals, objectives, and policies.
- The GPA, ZMA, ZTA are compatible with the surrounding area.

- The LCPA conforms to the Coastal Act because it prioritizes visitor serving commercial and encourages public access and recreation opportunities.
- The request will allow the development of additional lodging, visitor serving commercial, residential and open space at the subject site to service residents and visitors.
- It will enhance the local economy, provide additional revenue to the City, create jobs, and provide additional attainable housing stock.

ATTACHMENTS:

1. ~~Suggested Findings for Approval of ZMA No. 17-001, ZTA No. 17-005, LCPA No. 17-001, and DA No. 19-001~~
2. ~~Draft City Council Resolution No. 2019-68 for EIR No. 17-001~~
3. ~~Draft City Council Resolution No. 2019-67 for GPA No. 17-001~~
4. ~~Draft City Council Ordinance No. 4188 for ZMA No. 17-001~~
5. ~~Draft City Council Resolution No. 2019-66 for ZTA No. 17-005~~
6. ~~Draft City Council Resolution No. 2019-65 for LCPA No. 17-001~~
7. ~~Draft City Council Ordinance No. 4187 for DA No. 19-001~~
8. ~~Draft MTFSP Vol. I with staff recommended changes~~
9. ~~Draft Development Agreement (to be provided separately)~~
10. ~~Vicinity Map~~
11. ~~Project Narrative received and dated January 9, 2019~~
12. ~~Existing and Proposed General Plan Land Use Designation Maps~~
13. ~~Existing and Proposed Zoning Maps~~
14. ~~Draft Specific Plan Planning Areas~~
15. ~~Zoning Compliance Matrix~~
16. ~~Letters in Opposition/Support~~
17. ~~MTF Summary of Net Fiscal Impacts and Economic Benefits~~
18. ~~CEQA Findings of Fact with Statement of Overriding Considerations EIR No. 17-001~~
19. ~~Draft Mitigation Monitoring and Reporting Program~~
20. ~~Final EIR No. 17-001 (includes Draft EIR, Appendices, Response to Comments, and Text Changes not attached but available at~~
~~<https://huntingtonbeachca.gov/government/departments/planning/major/>)~~
21. ~~Draft MTFSP Vols. I, II, and III (Not attached but available at~~
~~<https://huntingtonbeachca.gov/government/departments/planning/major/>)~~