



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
December 5, 2023

TOPIC: Extension 4th and Mortimer Mixed-Use Development Project

AGENDA TITLE

Second One-Year Extension of Site Plan Review No. 2020-03 and Variance No. 2020-06 for the 4th and Mortimer Mixed-Use Development Project Located at 409 and 509 East Fourth Street

RECOMMENDED ACTION

1. Adopt a resolution approving a one-year extension of Site Plan Review No. 2020-03 and Variance No. 2020-06 to December 15, 2024.

RESOLUTION NO. 2023-XXX entitled A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA ANA APPROVING A SECOND ONE-YEAR EXTENSION OF SITE PLAN REVIEW 2020-03 AND VARIANCE NO. 2020-06 FOR THE 4TH AND MORTIMER MIXED-USE DEVELOPMENT TO BE LOCATED AT 409 AND 509 EAST FOURTH STREET

2. Determine that in accordance with the California Environmental Quality Act (CEQA) and the CEQA Guidelines, the extension for this project is exempt pursuant to Section 15061(b)(3). This determination has been made as it has been determined that the proposed action to extend the existing, approved entitlement does not have the potential to cause a significant effect on the environment, as the existing, approved entitlement has already been evaluated pursuant to CEQA.

GOVERNMENT CODE §84308 APPLIES: Yes

DISCUSSION

Background

On October 12, 2020, the Planning Commission unanimously approved Site Plan Review No. 2020-03, for a development project over four stories in height, and Variance No. 2020-06, to allow an increase in the allowable building size and massing, to facilitate the construction of a new mixed-use residential and commercial development project located at 409 and 509 East Fourth Street. On October 22, 2020, an appeal (Appeal No. 2020-02) to the project was filed by Michael Lozeau with Lozeau Drury, LLP, on behalf of the Supporters Alliance for Environmental Responsibility (SAFER). On

December 1, 2020, the City Council denied Appeal No. 2020-02, upholding the determination of the Planning Commission to approve the subject entitlements.

Pursuant to Section 41-647 of the Santa Ana Municipal Code (SAMC), entitlements such as variances automatically become void should the property owner fail to institute an action to comply with the provisions of the entitlements within two years of its approval. This section also allows the property owner to request an extension of the entitlement up to a period of three years from the date of the expiration.

The subject entitlements were in effect until December 15, 2022. However, the applicant experienced delays in moving the project forward and constructing the development. During this time, a state of local emergency was declared stemming from the COVID-19 pandemic, which provided relief to residential developers by extending approvals of residential entitlements to December 31, 2022.

By September of 2022, the applicant had not obtained the required building permits for development of the project. As a result, on September 9, 2022, the applicant submitted a request for a one-year extension to ensure the entitlements remain valid by the time permits were ready for issuance. On December 6, 2022, the City Council voted unanimously to extend the entitlements for the development for a period of one year to December 15, 2023. On August 1, 2023, the applicant obtained all required building permits for development of the project, including demolition permits for existing buildings at both project sites.

Analysis

Due to increased cost of materials, changes in construction loan interest rates, labor shortage, and market changes impacting the applicant's ability to develop the project, the applicant is requesting a second one-year extension through December 15, 2024.

Specifically, recent increases in interest rates beginning the first quarter of 2022 and continuing through 2023, and their impacts on construction loans and land development costs, have resulted in additional delays to the project's ability to begin vertical construction of the project by the December 15, 2023, deadline that was established the City Council-approved entitlement extension. As a result, the applicant is requesting a second one-year entitlement extension pursuant to Section 41-647 of the SAMC. In an effort to encourage construction of entitled projects, it is the Planning Division's policy to recommend no more than one-year extensions at a time.

As previously discussed, the applicant has pulled required building permits and paid over \$4.5 million in City permitting and impact fees to date. The applicant is also in process of demolishing existing onsite buildings, including the former Northgate market, so that the site will be ready for development once ready to proceed with construction. Demolition is expected to be completed by December 31, 2023. The applicant intends to begin vertical construction by the second quarter of 2024, in order to effectuate its

entitlements within a timely manner. Since the applicant has obtained building permits, paid permitting and impact fees, and actively began demolition, the Planning Division recommends that the entitlements for the development be extended for a period of one year to December 15, 2024.

ENVIRONMENTAL IMPACT

In accordance with the California Environmental Quality Act, the approval of the time extension is exempt from CEQA per Section 15061 (b)(3). This determination has been made as it has been determined that the proposed action to extend the existing, approved entitlement does not have the potential to cause a significant effect on the environment, as the existing, approved entitlement has already been evaluated pursuant to CEQA.

FISCAL IMPACT

There is no fiscal impact associated with this action.

EXHIBIT(S)

1. Resolution Extending SPR No. 2020-03 and VAR No. 2020-06 for One Year
2. Resolution No. 2020-093
3. Full project plans

Submitted By: Minh Thai, Executive Director of the planning and Building Agency

Approved By: Tom Hatch, Interim City Manager