ATTACHMENT E

STATEMENT OF JUSTIFICATION

Camille D'Ambrosio
609 Yucca Road
Fallbrook, CA 92028

January 31, 2025

Chris Garcia
City of San Marcos
1 Civic Center Drive
San Marcos, CA 92069

SUBJECT: STATEMENT OF JUSTIFICATION – CUBESMART SELF-STORAGE & HAMPTON INN

Dear Chris,

We are pleased to resubmit this application for a text amendment to the San Marcos Municipal Code (SMMC), an amendment to the University District Specific Plan (UDSP), and a conditional use permit (CUP) to allow for the relocation of a self-storage facility from 235 E. Carmel Street to 337 E. Carmel Street. This document serves as the project description, discusses the rationale for the relocation and redevelopment request as well as how the transition would occur, analyzes the demand for self-storage, and addresses how the project would benefit the City of San Marcos.

The application now also includes a revision to the UDSP boundary to move the existing approximately 2.36-acre Hampton Inn site into the University District and remove it from the Heart of the City (HOC) Specific Plan. The Hampton Inn is a 3-story, 69-room hotel which was approved in 2000. No changes are proposed to the hotel at this time, but future upgrades or redevelopment of the site would be subject to the UDSP requirements. This change also triggers an amendment to the HOC Specific Plan and a technical amendment to the General Plan to reflect the new boundaries of each Specific Plan and update land use tables accordingly.

Project Description

The self-storage facility would consist of two new buildings - a three-story, approximately 105,000 square foot building adjacent to E. Carmel Street and a one-story, approximately 6,600 square foot building to the rear of the first building. The storage facility would accommodate approximately 88,350 square feet of rentable space and 897 units.

The three-story building fronting E. Carmel Street would reflect an architectural style that is more reminiscent of a multi-story office building. A single-story building with roll up garage doors would be placed to the rear of the larger building shielding it from public view. The new development would be subject to the regulations of the Specific Plan including building and site design, landscaping, and screening requirements which are intended to enhance the character of the area.

The approximately three-acre site is located within the Commercial/Office neighborhood of the UDSP. It is permitted for Mixed-Use Building A or Freeway Commercial Building A (Freeway Commercial is proposed). The Specific Plan Amendment proposes the establishment of a Self-Storage Overlay Zone which would require a conditional use permit to establish the self-storage facility. A revision to Figure VI.B Building and Public Space Regulating Plan identifies the location of the Overlay Zone. The Overlay Zone also includes supplemental development regulations such as modified setback requirements (80-foot front yard, 40-foot side yard (with exceptions), and 0-foot rear), parking regulations, and a landscape buffer. The amendment also includes a revision to Figure VI.C Building Height Regulating Plan to establish a minimum building height within the Self-Storage Overlay Zone of 1 story or 12' minimum while maintaining the maximum building height at 6 stories and 90'. The maximum proposed building height is 3 stories and 37 feet for Building A and 1 story and 12 feet for Building B. The permitted ground floor height is 12-feet to 22-feet and 12-feet is proposed. Long, uninterrupted blank walls are discouraged. Breaks should be provided along the façade such as changes in color, materials, recesses, or other features (such as a mural) to provide architectural interest. The entire site shall be fenced with 6' tall tubular steel or wrought iron security fencing to prevent vandalism or criminal activity (with the exception of the retaining wall with 5' masonry screen wall that extends along the rear property line and was approved as part of the Carmel Enterprise project). No outdoor storage is permitted. Landscaping shall be provided along the frontage road to both screen and visually interrupt the linear extent of the building. Street trees shall be provided at 20' on center, where feasible.

The existing Municipal Code prohibits self-storage within any Specific Plan zone and does not allow the use within the SR-78 Corridor. This application includes an amendment to the SMMC to exclude the Self-Storage Overlay Zone of the UDSP from the citywide self-storage regulations.

Reason for Relocation Request

The existing facility at 235 E. Carmel Street provides approximately 78,000 square feet of rentable space and 405 storage units. It is non-climate-controlled and consists of several long linear single-story metal shed-type buildings with highly visible roll-up doors. It is located in the heart of the Commercial/Office district of the Specific Plan where the desire is to create a more pedestrian-oriented atmosphere, including the establishment of the East Paseo - completing pedestrian and vehicular circulation. The goal of this project is to allow for the continued operation of the self-storage use in a more suitable location and in a new building that improves its compatibility with the architectural character and design of the district.

Relocating the existing facility will help to implement the overall vision of the Specific Plan. The storage facility needs to be moved and redesigned to better fit in with the architectural character and style of the community. This will allow for additional mixed-use, pedestrian-oriented development, and/or urban open spaces to occupy the land upon which the existing storage facility sits.

The self-storage facility is an important use that has been serving the community for decades and maintains a strong customer base. Self-storage facilities are ideal for individuals and businesses seeking temporary or long-term storage solutions. It is particularly beneficial in an area that is populated by college students, higher density housing, and small businesses. Self-storage is often utilized during relocation as it provides residents with a place to keep their belongings while they transition to a new home. It also offers a secure space to store items that are not used on a daily basis (such as ski equipment, camping gear, seasonal items, etc.) that would otherwise clutter homes or not fit within a smaller apartment setting. Additionally, self-storage facilities allow businesses to free up space in their office or storefront and keep extra merchandise, files, or equipment off-site.

Self-storage is often seen as an undesirable use. This is typically due to the unattractive, function-only designs of older buildings as well as misrepresentations of self-storage facilities perpetuated by popular media. In TV shows and movies, self-storage units are frequently used for hiding illegal activities or incriminating evidence. These fictional representations can sour the reputation of self-storage facilities prompting unfounded fear and policies that highly restrict the establishment or rehabilitation of such uses. As a result, facilities can appear run-down as there is little incentive to invest in improvements to a non-conforming use. Often, self-storage is restricted to the outskirts of communities far from the urban centers where their customers are located. This forces renters to drive significant distances to access their units, resulting in additional traffic and greenhouse gas emissions. However, modern self-storage facilities prioritize aesthetics and incorporate landscaping. They are designed to fit in with the architectural character of the community. They are quiet neighbors that generate minimal traffic and consume much less energy than office buildings, restaurants, and retail uses.

The current CubeSmart facility is uniquely sited adjacent to Cal State San Marcos, student housing, and the higher-density residential developments of North City. It is conveniently accessed by residents and businesses within this urban core. North City contains smaller apartments and is populated by students who move frequently and often require short- or long-term storage solutions. Approximately 39% of the population within the 3-mile radius of the proposed development site are renters vs. homeowners. It is anticipated that this margin will increase as more apartments are built in the immediate area, which is significant because renters have a greater need for self-storage. It makes sense to allow this storage facility to remain within the University District in close proximity to the population that it serves.

Statement of Operations

Two employees would be on site with alternating shifts that sometimes overlap. They would work between the hours of 9:30am to 6pm Monday through Friday and 8:30am to 5pm Saturday and Sunday. Customers would be provided with a gate code allowing them to access their storage units daily between the hours of 6am to 10pm.

Transition Plan

Customers at the existing CubeSmart facility will be given a one-year period during which they may either move out completely or transition to the new facility. CubeSmart may start leasing to customers at the new facility after a temporary certificate of occupancy (TCO) is issued. To ensure that the existing facility cease operations in a reasonable amount of time following construction of the new building, no new leases signed at the existing facility will be permitted to exceed 365 days past issuance of TCO for the new facility. It is the intent that the number of new storage units occupied will not exceed the number of old storage units vacated during the one-year transition period. Additional storage units at the new facility may be leased once operations at the existing facility have ended.

Demand Analysis

Demand for self-storage is increasing. According to a Market Analysis Report by Grand View Research, the global self-storage market size was estimated at $56.81 billion in 2023 and is expected to increase 5.9% from 2024 to 2030 (Grand View Research, 2024). The North American self-storage market dominated the global industry and accounted for a revenue share of over 47% in 2023. It is expected to grow at a compound annual growth rate of 5% between 2024 and 2030. Factors contributing to the segment's growth include increasing urbanization, a rise in smaller living spaces, and lifestyle changes. More people are choosing to live in urban areas where living spaces tend to be smaller. This creates a need for additional storage solutions for personal belongings that don’t fit in small-scale apartments or homes.

The self-storage industry has demonstrated unique resilience to economic downturns. The US Census Bureau's 2021 Service Annual Survey showed increasing revenue trends from 2019 to 2021 for lessors of mini-warehouses and self-storage units (Chandler, 2024). The report suggests that self-storage facilities benefited during the pandemic as living and working environments changed. People needed storage solutions as they made room for home offices. According to the 2021 American Community Survey, the percentage of people working from home nearly tripled from 5.7% in 2019 to 17.9% in 2021. Even as the economy has rebounded, businesses have continued the trend of allowing for hybrid or remote work opportunities triggering the need for additional storage space. Additionally, during the 2008 recession, most real estate investment trusts experienced losses, but self-storage showed a positive 5% return. Occupancy rates provide more evidence of the industry's resilience. According to S&P Global Market Intelligence, self-storage occupancy averaged 96.5% in the third quarter of 2021. The self-storage industry is a strong market experiencing continued economic growth.

The existing facility located at 235 E Carmel Street has been owned and managed by CubeSmart since 2021, and was originally built in 1993. Since CubeSmart's management of the property, occupancy has remained consistently high (between around 85-95%). Over the last 12 months, CubeSmart has observed an average of approximately 19 rentals per month, with 61% of customers renting for more than one year. Average occupancy for the second quarter of 2024 across CubeSmart's portfolio was 91.5%, and 92.2% among the San Diego-Carlsbad-San Marcos, CA MSA (CubeSmart Q2 2024 Earnings Report).

Historically, the San Marcos market has had far more non-climate-controlled product available to customers. Currently, the rentable square feet per capita in the three-mile radius is 8.71, of which only 1.06 is climate-controlled product (Yardi Matrix). According to the 2023 Self-Storage Demand Study, 57% of customers consider temperature/humidity control important, yet just under half of all suburban/urban renters utilize climate-controlled storage (Self-Storage Association, Inc., 2023). There is a severe lack of climate-controlled storage units in the immediate market. The proposed facility would meet some of this demand by introducing a mix of climate-controlled and drive-up access to accommodate the various needs of customers.

Benefits to the City

Self-storage is a low-impact use that can offer many benefits to the City. While paying its fair share toward local taxes, the facility would not add students to public schools or add to police and fire department burdens. It would not use significant electrical, gas, oil, water, sewer, or other resources. In fact, the new building would be more energy efficient and meet a portion of its electrical needs through solar power. Additionally, the use would generate minimal traffic and would not contribute to rush hour since renters tend to access their units on weekends.

Conclusion

The relocation and redevelopment of the CubeSmart self-storage facility is a win-win situation that will allow a thriving business to continue operating in the neighborhood in which it serves while upgrading it to a modern, more energy-efficient facility that better reflects the desired architectural style and character of North City. Additionally, the relocation will free up land in the heart of the Commercial/Office District allowing the Specific Plan vision to come to fruition. It will permit additional mixed-use, pedestrian-oriented development, and/or urban open spaces in the more urban core of North City.

This resubmittal package includes:

- The project issue matrix with the applicant's responses to comments
- Updated general application form reflecting the additional amendments requested
- Updated hazardous waste disclosure form including the Hampton Inn parcels
- Indemnification agreement for Hampton Inn amendments
- Public notice package for inclusion of the Hampton Inn in the UDSP
- Title report for the Hampton Inn site
- Proof of ownership/grant deed for the Hampton Inn site
- Text amendment to the SMMC
- Amendments to Figures 2-3, 2-5, and Table D-3 of the General Plan
- Amendment to the UDSP
- Amendment to the Heart of the City Specific Plan
- Development and landscape plan package for CubeSmart
- Revised stormwater quality management plan
- Revised drainage study
- Geotechnical report update letter
- Revised traffic memo
- Noise analysis
- Greenhouse gas analysis
- Revised CAP checklist
- Environmental questionnaire for Hampton Inn
- Updated addendum to the UDSP EIR

Please contact me if you have any questions or require further clarification. We look forward to receiving the results of your review soon. Thank you.

Sincerely,

Camille D'Ambrosio, AICP

References:

- Chandler, B. and Enlow, R. (2024). Lessors of Mini Warehouses and Self-Storage Units Show Significant Financial Gains During COVID-19 Pandemic. Retrieved September 4, 2024 from https://www.census.gov/library/stories/2024/01/self-storage-industry.html.
- CubeSmart Q2 2024 Earnings Report.
- Grand View Research (2024). Self-storage Market Size, Share & Trends Analysis Report By Unit Size (Small, Medium, Large), By Application (Personal, Business), By Region (North America, Europe, Asia Pacific), And Segment Forecasts, 2024 – 2030. Retrieved September 4, 2024 from https://www.grandviewresearch.com/industry-analysis/self-storage-market-report.
- Self-Storage Association, Inc. (2023). Self-Storage Demand Study.
- Yardi Matrix.