



Legislation Details (With Text)

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Title:	RESOLUTION NOS. 2024-9268, 9269, & 9270 AND ORDINANCE NO. 2024-1542 - CAPALINA APARTMENTS - ENTITLEMENTS FOR A MIXED USE DEVELOPMENT CONSISTING OF 119 MULTI-FAMILY APARTMENTS AND 4,000 SQUARE FEET OF COMMERCIAL SPACE, INCLUDING AN ENVIRONMENTAL IMPACT REPORT (EIR23-003), A GENERAL PLAN AMENDMENT (GPA22-0003), A REZONE (R22-0003), AND A SITE DEVELOPMENT PLAN (SDP22-0007)				

Sponsors:

Indexes:

Code sections:

Attachments: 1. GPA22-0003 - EIR Reso, 2. GPA22-0003 - GPA Reso, 3. GPA22-0003 - R Ord, 4. GPA22-0003 - SDP Reso, 5. Attachment A-C_Vicinity Map Entitlements Site Characteristics, 6. Attachment D_EIR, 7. Attachment D_AppxA1-Project-Plans, 8. Attachment D_AppxA2-Landscape-Plan, 9. Attachment D_AppxB1-Initial-Study, 10. Attachment D_AppxB2-NOP, 11. Attachment D_AppxB3-NOP-Comments, 12. Attachment D_AppxC-Air-Quality, 13. Attachment D_AppxD1-Biology, 14. Attachment D_AppxD2-Rare-Plant, 15. Attachment D_AppxE-Archaeological, 16. Attachment D_AppxF-Energy-Use-Letter, 17. Attachment D_AppxG-Geotechnical, 18. Attachment D_AppxH-GHG, 19. Attachment D_AppxI-CAP, 20. Attachment D_AppxJ-Phase1 ESA, 21. Attachment D_AppxK-Hydrology, 22. Attachment D_AppxL-SWQMP, 23. Attachment D_AppxM-VMT, 24. Attachment D_AppxN-LTA, 25. Attachment D_AppxO-Noise, 26. Attachment D_AppxP-SMUSD-Response, 27. Attachment D_AppxQ1-Water-Sewer-Study, 28. Attachment D_AppxQ2-Water-Wastewater-Fees, 29. Attachment E_Architecture, 30. Attachment E_Landscaping, 31. Attachment E_Grading, 32. Attachment F_Land Use Analysis, 33. Attachment G_Fiscal & Economic Impact Analysis, 34. Attachment H_Density Bonus Justification, 35. Attachment I_Public Comments, 36. Attachment J_Draft PC Minutes 2.5.24

Date	Ver.	Action By	Action	Result
3/26/2024	1	City Council		

MEETING DATE:

MARCH 26, 2024

SUBJECT:

RESOLUTION NOS. 2024-9268, 9269 & 9270 AND ORDINANCE NO. 2024-1542 - CAPALINA APARTMENTS - ENTITLEMENTS FOR A MIXED USE DEVELOPMENT CONSISTING OF 119 MULTI-FAMILY APARTMENTS AND 4,000 SQUARE FEET OF COMMERCIAL SPACE, INCLUDING AN ENVIRONMENTAL IMPACT REPORT (EIR23-003), A GENERAL PLAN AMENDMENT (GPA22-0003), A REZONE (R22-0003), AND A SITE DEVELOPMENT PLAN (SDP22-0007)

Recommendation

ADOPT or INTRODUCE the following, as applicable, in the order set forth below:

- ADOPT resolution (2024-9268) to certify Environmental Impact Report (EIR23-003 / SCH No 2023050006);
- ADOPT resolution (2024-9269) (General Plan Amendment GPA22-0003) for a land use change of 2.51 acres/project site from Mixed Use 3 (MU3) to Mixed Use 2 (MU2);

3. INTRODUCE Ordinance No. 2024-1542 (Rezone R22-0003) for a zone reclassification of 2.51 acres/project site from Mixed-Use 3 (MU-3) to Mixed Use (MU-2) designation; and
4. ADOPT resolution (2024-9270) (Site Development Plan SDP22-0003) to allow the construction of the proposed mixed-use project of 119 apartments and 4,000 square feet of commercial space, utilizing the State of California's Density Bonus provisions.

Board or Commission Action

On February 5, 2024, the Planning Commission voted 7-0 to recommend that the City Council approve the proposed project. The draft Planning Commission Meeting Minutes from that date are provided as Attachment J.

Relevant Council Strategic Theme

Planning for the Future.

Executive Summary

The proposed project is a mixed-use development consisting of 119 apartments and 4,000 square feet of commercial space on a 2.51-acre vacant site located on the north side of Capalina Road and south side of Mission Road between Rancho Santa Fe Road and Pacific Street. Six of the units will be dedicated as affordable housing units available to very low-income households. The proposed project includes two, four-story buildings, with the building along Capalina Road containing 4,000 square feet of commercial space. The applicant is requesting a density bonus per state law and the project will have a density of 47.4 dwelling units per acre. An incentive to reduce parking, and waivers to the minimum floor area ratio and building setbacks of the MU-2 Zone, are requested pursuant to Government Code Section 65915.

Discussion

The project site is currently made up of one parcel totaling 2.51 acres. The site is undeveloped and does not contain any significant vegetation or sensitive habitat. A portion of an existing San Diego County Water Authority easement is located along the western property line. A portion of an existing San Diego Gas & Electric easement is located along the eastern property line and is proposed to be vacated within the project boundary. Various commercial and residential uses surround the project site. A commercial center that was recently demolished was located to the west of the project site, and an existing liquor store is still in operation on that site. An existing commercial center is located adjacent to the property to the east. Across Capalina Road to the south are existing commercial uses and a residential mobile home park. Vacant land and single-family residential uses are located to the north across Mission Road.

The project applicant is requesting approval of a General Plan Amendment, Rezone, and a Site Development Plan utilizing the State of California's Density Bonus provisions. If approved, these entitlements would allow the development of the vacant project site with a mixed-use project consisting of 119 apartments, six of those deed-restricted affordable units, and 4,000 square feet of commercial space.

General Plan Amendment/Rezone

The 2.51-acre project site currently has a General Plan Land Use and Zoning designation of Mixed Use 3 (MU-3), which allows for the development of various commercial and office uses with a Specific Plan. A General Plan Amendment and Rezone is requested by the applicant to change the land use and zoning designation of the project site from Mixed Use 3 (MU-3) to Mixed Use 2 (MU-2). The MU-2 Zone is desirable over the current

MU-3 Zone because it allows for needed residential development as part of a mixed-use project.

The proposed project would implement the overarching goals of the City's General Plan through various proposed components such as providing housing near transit and employment opportunities; contributing to the growing housing needs of the region; and supporting vehicular, bicycle, and pedestrian modes of travel. Additional objectives of the project include creating high-density housing units with a range of unit types to support workforce housing and providing six deed-restricted affordable housing units on-site. The project complies with General Plan Goals and Policies, including:

San Marcos General Plan Land Use Goal LU-1: The project helps achieve a balanced distribution and compatible mix of land uses to meet the future and present needs of all residents and the business community.

The project would construct 119 residential apartments, six of the units would be affordable at the very low-income level (50% of the Area Median Income or AMI). These units would add to the housing stock meeting future housing demand in the city, as contemplated by the City's General Plan. The proposed 4,000 s.f. of commercial space complements the residential use and provides for a compatible mix of land uses.

San Marcos General Plan Housing Element Policy 1.1: Designate land for a variety of residential densities sufficient to meet the housing needs for a variety of household sizes and income levels, with higher densities being focused in the vicinity of transit stops in proximity to significant concentrations of employment opportunities.

The proposed project would provide high-density housing units of various sizes within less than a mile radius of transit facilities. The location would increase the customer base to enhance the viability of alternative modes of transportation such as the Sprinter light rail, with a transit stop located just over one-half mile to the east at Palomar College, and a bus stop located along the project frontage on Mission Road. In addition, the Inland Rail Trail is located directly to the north of the project site with access via Pacific Street to the east. Therefore, the proposed project's land use would support a variety of housing options, mobility opportunities, and promote multimodal transportation.

General Plan Studies were prepared by the project applicant to evaluate the proposed land use designation amendment in relation to Land Use Compatibility, Public Benefits, Infrastructure, and Community Services. These analyses are included in Attachment F.

Density Bonus

The proposed General Plan Amendment and Rezone would change the MU-3 land use designation and zone of the project site to MU-2. The MU-2 Zone allows for mixed-use projects with multi-family development at a density range of 30.0 to 45.0 dwelling units per acre, resulting in the allowance of up to 113 units for the property. The applicant is requesting a density bonus for a five percent increase in density to 47.4 du/ac as allowed under San Marcos Municipal Code (SMMC) Chapter 20.305 of the Zoning Ordinance and State Government Code Section 65915. Granting the density bonus allows for 6 additional units resulting in a total of 119 units for the project. A density bonus may be granted for residential projects providing housing through the establishment of a Density Bonus Housing Agreement with the City.

In accordance with State requirements, residential projects are eligible for a 20 percent density increase if at

least 5 percent of the proposed units are dedicated for very low-income households. For the subject property, this equates to a maximum allowed density of 54.2 du/ac. The project will have 6 dedicated units for very low-income households, which equals 5 percent of the units. Therefore, the applicant's request for a 5 percent density increase to 47.4 du/ac complies with the density bonus requirements of the City and State.

The affordable units will be dedicated for a period of at least 55 years as stipulated by an Affordable Housing Agreement with the City. The proposed project will provide further opportunities for affordable housing by providing 6 affordable units within the City. As a result, the project implements Goal 2 (Protect, encourage, and provide housing opportunities for persons of lower and moderate incomes) of the General Plan Housing Element and Implementing Program 2 (Facilitate affordable housing construction).

In accordance with California Government Code Section 65915, residential projects that are granted a density bonus may also request specific incentives, concessions, or waivers from city standards for development of the project. Per Section 65915, when 5 percent of the proposed units are dedicated to very low-income households, a project may request one incentive or concession. The applicant has requested an incentive to reduce parking by 12 spaces. Per State law, the incentive must be granted by the City provided it provides a cost reduction for the project; the incentive does not have an adverse impact upon public health and safety or the physical environment; and the concession is not contrary to State or Federal law. Because no other space is available for parking on the site without the construction of a costly parking structure, the incentive results in a cost reduction, is not an adverse impact on health and safety, and is not contrary to State or Federal law.

The applicant is also requesting two waivers from development standards to reduce the building setbacks along Mission Road and decrease the minimum floor area ratio of the MU-2 Zone. The waiver or reduction of a development standard does not count as an incentive or concession, and there is no limit on the number of development standard waivers that may be requested or granted.

The Zoning Ordinance typically requires a building setback of at least 10 feet from the property line and 61 feet from the centerline of Mission Road. While the project will meet the 61-foot setback from the centerline of Mission Road, the building setback from the new property line will be reduced to zero in some areas due to a right-of-way dedication along the northern project boundary. However, a landscaped area will be located within the right-of-way between the building and the existing sidewalk along Mission Road.

The applicant has also requested a waiver to reduce the minimum floor area ratio (FAR) of the MU-2 Zone from 1.75 to 1.24 because this could preclude construction of the project by requiring a costly project redesign and potentially require costly structured parking to accommodate on-site parking. The City is not permitted to apply any development standard that physically precludes the construction of the project at its permitted density and with the granted concessions/incentives. However, the City is not required to waive or reduce development standards that would cause a public health or safety problem, cause an environmental problem, harm historical property, or would be contrary to State or Federal law. As the reduced setbacks and FAR do not result in any of the impacts described above, the City must grant these waivers. The applicant's detailed justification for incentives, concessions, and waivers has been provided in Attachment H.

Site Development Plan

The proposed mixed-use project with 119 multi-family dwelling units and 4,000 square feet of commercial space would result in a residential density of 47.4 dwelling units per acre. Under the Site Development Plan

(SDP), the project design was reviewed for compliance with the development standards of the Zoning Ordinance and other regulatory provisions. The SDP addresses the design of the two buildings, associated common open space and residential amenities, and the floor plans and elevations within the project site. Furthermore, the proposed project includes a right-of-way dedication of 12,632 s.f. (0.29 acres) along the northern project boundary which will allow for future right-of-way improvements along West Mission Road. Site and architectural plans for the proposed project are included in Attachment E.

Architecture/Floor Plans

The proposed site plan consists of two, four-story buildings. Building A located along Capalina Road, is designed with 71 apartments and 4000 square feet of commercial space and is approximately 57 feet tall. Building B is fronting West Mission Road, has 48 apartment units and is approximately 52 feet tall. The apartments will have studio, one-, two-, and three-bedroom floorplans ranging in size from 600 to 1,130 square feet. Access to all units will be provided by interior corridors. Both buildings consist of a contemporary architectural style with flat and pitched roof elements, stucco and metal siding, wall projections, and exterior facing balconies with metal railings. Solar panels and mechanical equipment will be located on the roof of each building and will be screened by parapet walls. The commercial space is made up of a 950-square-foot coworking space, a 650-square-foot leasing office, a 200-square-foot mail room, a 1,250-square-foot fitness center, and associated commercial elements such as restrooms and trash areas. While the fitness center is an amenity of the apartment residents, the facility could be made available on a membership basis for other members of the community.

Affordable Housing

The proposed project will include 6 dedicated units for very low-income households. It is anticipated that 3 of the affordable units will be studio units at 600 square feet in size, and the remaining 3 affordable units will be two-bedroom units at 925 square feet. However, as conditioned, the unit mix will be finalized through an affordable housing agreement with the City, which will also restrict the units to very low income households earning less than 50% of area median income for 55 years.

Open Space/Landscaping

Each residential unit for the project is designed with a minimum 50 square-foot balcony for private open space which exceeds the 36 square-foot requirement for mixed-use projects as per the San Marcos Municipal Code. In addition to private open space, the project includes common recreational amenities of a 1,250-square-foot fitness center and a 7,500-square-foot outdoor recreation area consisting of a play area, barbeque area, seating areas, and a pool and spa. A 1,285-square-foot common amenity deck is also proposed off the fourth floor of Building 'A'. Landscaping throughout the project will consist of a mixture of trees, shrubs, and ground cover to enhance the proposed building. A total of 82 trees will be planted with the project (which includes 20 trees within the rights-of-way) and only 4 existing trees will be removed. All on-site landscaping will be maintained privately and will be required to comply with the City's Landscape Water Efficiency Ordinance (SMMC Chapter 20.330). All proposed landscaping within the rights-of-way for Capalina and Mission Roads will be publicly maintained. A conceptual landscape plan has been provided in the project plans Attachment E.

Grading/Utilities

Grading will consist of approximately 4,030 cubic yards (CY) of cut material and 12,270 CY of fill, requiring a net import of approximately 8,240 CY of material. Due to the topography of the project site, up to a six-foot high retaining wall will be located along the east property line. Retaining walls up to six feet in height are

located along the two water quality basins facing Mission Road at the northeast and northwest areas of the site. Significant landscaping is proposed in front of these walls to minimize their appearance along Mission Road. Water and sewer service for the proposed project will be provided by the Vallecitos Water District. The project proposes to connect to existing water in both Mission Road and Capalina Road and connect to an existing sewer main in Capalina Road.

Parking and Circulation

The residential portion of the project is subject to the parking ratios established by density bonus law. This requires parking ratios of one space per studio or 1-bedroom unit, and 1.5 spaces per 2-bedroom or 3-bedroom unit. No on-site guest parking is required. Parking requirements for the commercial uses are established by the Parking Ordinance (SMMC Ch. 20.340), which requires parking at a ratio of three spaces per 1,000 square feet of non-residential use. Using these parking ratios, the proposed project requires a total of 159 parking spaces. However, the project will provide 147 spaces on site, which includes a 12-space reduction as an incentive as discussed in the density bonus section above. Parking spaces include four accessible spaces. In accordance with the City's Climate Action Plan (CAP) requirements, the project is required to install eight Level 2 EV chargers. The project design includes eight parking spaces with Level 2 EV chargers, 15 EV-capable spaces, and 35 EV-ready spaces.

The project is accessed from two driveways on Capalina Road. No vehicular access is provided to Mission Road and the project is conditioned to relinquish access rights to Mission Road. The Capalina driveway access allows all turning movements into and out of the project. The project design provides adequate on-site circulation for emergency vehicles and delivery trucks. The project will provide sidewalk connections for pedestrians to the existing sidewalk on Mission Road and to the sidewalk being constructed along the Capalina Road project frontage.

Environmental Review

In accordance with the California Environmental Quality Act (CEQA), an Environmental Impact Report (FEIR23-003/SCH No. 2023050006) (Attachment D) was prepared for the proposed project and circulated for 45-day public review from November 3, 2023 to December 18, 2023. Detailed responses to the comments on the EIR are included in Attachment D/Final Environmental Impact Report. A brief summary is included below.

San Diego County Archeology Society: The letter agrees with the impact analysis and recommended monitoring program for Native American and archeological resources.

Resident 1: Proposes that the project site be developed with a city park instead and the residential use be located elsewhere in the City.

Biological Resources

The project site is currently vacant but is located in an urbanized area. No sensitive vegetation communities occur on the site. No special-status wildlife species were observed within the project site during the biological surveys conducted in 2021 and 2022. No special-status wildlife species are expected to occur within the project site based on reasoning including but not limited to available occurrence data, habitat requirements, site elevation, level of disturbance, and surrounding urbanization. However, mitigation measure MM-BIO-1 will be implemented to have a biologist conduct a nesting bird survey prior to construction activities and implement any applicable measure such as avoiding any nest and/or providing an appropriate buffer or setback from the nest as determined by a qualified biologist.

Cultural/Tribal Cultural Resources

While no resources were identified on the project site during the archaeological resources reconnaissance, it was determined that there could be a potential for unidentified resources to be encountered subsurface during project grading. Outreach to local tribes by the City, consistent with SB 18 and AB 52, was conducted as part of the preparation of the environmental document. Based on information provided during consultation, the project would not affect tribal cultural resources listed or eligible for listing on the local or California Registrar of Historical Resources, or a significant resource pursuant to the criteria set forth in Public Resources Code section 5024.1. The City has developed standard mitigation measures via the tribal consultation process to reduce potential impacts to Tribal Cultural Resources during grading operations and will be implemented under mitigation measures MM-CR-1 through MM-CR-4. Implementation of these mitigation measures would reduce any potential impacts to cultural and tribal cultural resources to less than significant.

Geology and Soils

The site is undeveloped and surrounded by commercial development to the west and east and public roadways to the north and south. Due to the fact that the sedimentary rock units of the Santiago Formation may contain paleontological resources, there is a potential that these resources, if found, could be disturbed during grading activities for the project. Therefore, mitigation measure MM-GEO-1 is included and would be implemented to ensure potential impacts during construction activities to paleontological resources are reduced to a less-than-significant level.

Transportation (Vehicles Miles Traveled Analysis)

Per the City's Transportation Impact Analysis (TIA) guidelines, the Vehicle Miles Traveled (VMT) analysis screening threshold was evaluated for the residential and retail components of the project. The residential component of the project is located in a VMT-efficient area and does not require a VMT analysis. The retail component of the project does not require VMT analysis since the locally-serving retail consists of less than 50,000 square feet. The project is therefore considered to have a less than-significant transportation impact.

Level of Service Analysis (Land Use and Planning)

Since Senate Bill 743 went into effect, analysis of traffic congestion based on the level of service (LOS) metric is not part of the CEQA impact assessment. However, the City requires a separate LOS-based traffic analysis to demonstrate that the project would maintain mobility performance goals outlined in the City's General Plan (Mobility Policy M-1.4). As such, the LOS-based traffic study was submitted to the City under separate cover for review (Appendix N of the EIR).

The traffic study anticipates the proposed project generating 874 average daily trips (ADT), including 63 AM peak hour trips and 80 PM peak hour trips. Nine road segments, ten intersections, and the project's two driveway entries were analyzed in the traffic study. For Near-Term 2025 and Horizon Year 2050, all intersections and roadway segments analyzed are projected to operate at an acceptable LOS D or better with the exception of the segment of North Rancho Santa Fe Road between the State Route-78 eastbound ramps and Descanso Avenue. This segment operates at LOS E with and without the project. For road segments that already operate at an unacceptable level of service, improvements are required if the project increases the volume/capacity (V/C) ratio by more than 0.02. The project does not cause this V/C ratio threshold to be exceeded, and therefore the proposed project will not result in a substantial effect to the surrounding roadway

network.

The project will contribute toward City-wide traffic. In order to mitigate for potential cumulative impacts, the proposed project is conditioned to financially participate in the Congestion Management Community facilities district (CFD 2011-01), which will assist in City-wide efforts to reduce traffic congestion and impacts to State Route 78.

Alternatives

As required per CEQA, project alternatives were considered as part of the environmental review. The following three alternatives were considered with the EIR: No Project / No Development Alternative, No Project / Existing Plan Alternative, and Reduced Intensity Alternative. The potential alternatives were evaluated in terms of their ability to meet the basic objectives of the project (provide housing and affordable housing with commercial), while reducing or avoiding the environmental impacts of the project identified in the environmental analysis.

Under the No Project/No Development Alternative, the proposed project would not be implemented, and the project site would remain undeveloped and in its current condition. No grading or construction would occur on the project site under this alternative. The project site is currently undeveloped and supports disturbed habitat. Since the No Project/No Development Alternative would not develop any residential or commercial uses on the project site, overall impacts would be less than those of the proposed project or eliminated entirely. However, this alternative would not provide needed housing and affordable housing units, would not construct frontage improvements, and would not pay public facilities fees (PFF) that benefit the city. Furthermore, this alternative would not meet any of the project objectives listed in the EIR.

Under the No Project/Existing Plan Alternative, the project site would be developed consistent with the site's existing land use designation of Mixed Use 3 (MU3), which is a mixed-use non-residential designation that requires a Specific Plan for development. This alternative assumes a hypothetical four-story mixed-use office building with 90,000 square feet of office use and 10,000 square feet of retail uses along the Capalina Road frontage. Up to 400 parking spaces would be required and would be a mix of structured parking and ground-level parking. This alternative would result in a more intensive use on the project site, including more than double the trip generation compared to the proposed project (2,200 ADT compared to 874 ADT). This results in a corresponding proportional increase in air pollutant and GHG emissions and noise from vehicles compared to the proposed project. Construction-related air pollutant and GHG emission are also expected to be greater since this alternative would require more grading and excavation to accommodate subterranean parking. Footprint-specific impacts, such as those related to biological resources, cultural and tribal cultural resources, and geology and soils would be similar as the proposed project, as the same amount of site area would be disturbed. This alternative would not generate any students for SMUSD and would reduce demand for parks, libraries, water, and sewer services compared to the proposed project. This alternative would result in a VMT impact and require mitigation to reduce VMT to 85% of the regional mean for employees. This alternative does not meet any of the project objectives.

Under the Reduced Intensity Alternative, the project site would be developed with 75 residential apartments and 4,000 square feet of commercial use for a density of 30 du/acre (compared to 47 du/acre of the project). As with the proposed project, a General Plan Amendment and Rezone would be required for this alternative to change the site from MU-3 to MU-2. Overall, the development footprint and area of disturbance would be

similar to that of the proposed project, but with less density of residential units. The building would still be four-stories high, which would allow for larger units. This alternative would reduce the number of residential units constructed on the project site which would result in a decrease in vehicular trips by approximately 30% and a decrease in air pollutant and GHG emissions and noise from offsite traffic compared to the proposed project. Public services, utilities and service systems, and energy demands would also be proportionally decreased. Footprint specific impacts, such as those related to biological resources, cultural and tribal cultural resources, and geology and soils would be similar as the proposed project since a similar area of disturbance would occur under this alternative. This alternative would contribute lower PFF and school fees because fewer residential units would be constructed. However, this alternative would meet the majority of the project objectives.

The Reduced Intensity Alternative is the environmentally superior alternative since it would provide a reduced level of impact in some environmental analysis areas including air quality, GHG, noise, public services, recreation, and utilities/service systems. Mitigation measures would still be required to mitigate impacts to biological resources, cultural resources, geology and soils, tribal cultural resources. Staff supports the proposed project because the environmental impacts are similar, the proposed project provides for additional needed housing and affordable housing units than the Reduced Intensity Alternative, and all potentially significant environmental impacts can be mitigated to a level of less than significant.

Fiscal Impact

Fiscal and Economic Impact Reports were prepared for the project and have been provided as Attachment G, which compares the land use change from non-residential mixed-use to a mix of residential and commercial uses. For the purposes of the fiscal and economic reports, the analysis compared the proposed project consisting of 119 apartments and 4,000 square feet of commercial with 90,000 square feet of office space and 10,000 square feet of retail space which could potentially be developed on the subject site under the current zoning of Mixed-Use 3 (MU-3).

The Fiscal Impact Report identifies potential recurring municipal revenues and costs to the City General Fund that may result from the proposed land use change from non-residential mixed use to residential/commercial mixed-use for the project site. Revenue sources include property taxes, sales taxes, licenses, permits, and fines. Expenditures for the City include public safety, public works maintenance, and administrative services. The Fiscal Impact Report estimates that the proposed residential and commercial project would result in a recurring fiscal surplus of \$1,217 to the City's General Fund as compared to a recurring surplus of \$62,809 if the site was developed with the office and retail uses as described above.

The Economic Impact Report identifies general economic impacts that may result from the proposed project. Major indicators of economic impact are 1) Gross receipts (direct output plus output produced by suppliers and employee spending), 2) Employment (direct on-site and indirect which supports direct employment), and 3) One-Time Construction Impacts. By developing the project site with a mix of commercial and residential uses, the Economic Impact Report estimates that the recurring economic output to the City would be approximately \$3.9 million compared to the recurring economic output to the City if developed as office/retail of \$49.8 million. This reduction is related to the difference in employment type between multi-family residential uses where employment opportunities would be negligible versus commercial use of the property. The Economic Impact Report estimates that one-time economic impacts related to site construction would be \$31.9 million for the multifamily residential project compared to \$34.3 million for construction of an office/retail development.

The project site has remained undeveloped under the current MU-3 Zone and previous Commercial (C) Zone. The site is unlikely to be developed with a non-residential mixed-use development due to currently trending economic conditions where a high-market demand for residential units supersedes the need for non-residential space.

Public Comment

The City conducted a public workshop that was noticed and held on May 11, 2023. Several members of the public attended the workshop. Comments received were regarding the perceived lack of parking on the site and potential impacts on public street parking and parking on nearby properties. Other comments regarded existing mobility and safety conditions such as limited crosswalks, traffic, and noise in the vicinity of the project site. One of the comments received requested that a city park be constructed on the site instead of the proposed project. Public comment letters are attached as Attachment I. Comments on the environmental review (EIR) are discussed in the environmental section above and attached to the Final EIR (Attachment D).

At the February 5, 2024 Planning Commission hearing, commissioners expressed concerns with parking, residents per unit, street lighting, security and a traffic report discrepancy. Planning staff, the Deputy City Attorney, and the project applicant team addressed the concerns and ultimately no additional conditions of approval were proposed. Following the meeting, an errata was prepared by the applicant's environmental consultant addressing the traffic report discrepancy and fixed the error in the Vehicle Miles Traveled (VMT) analysis. The errata is included in the Final EIR (Attachment D). The draft Planning Commission Minutes are included as Attachment J.

Attachment(s)

Resolutions and Ordinance proposed for adoption or introduction, as applicable:

1. Resolution No. 2024-9268 to certify Environmental Impact Report (EIR23-003 / SCH No 2023050006);
 2. Resolution No. 2024-9269 (General Plan Amendment GPA22-0003) for a land use change of 2.51 acres/project site from Mixed Use 3 (MU3) to Mixed Use 2 (MU2);
 3. Ordinance No. 2024-1542 (Rezone R22-0003) for a zone reclassification of 2.51 acres/project site from Mixed-Use 3 (MU-3) to Mixed Use (MU-2) designation; and
 4. Resolution No. 2024-9270 (Site Development Plan SDP22-0003) to allow the construction of the proposed mixed-use project of 119 apartments and 4,000 square feet of commercial space, utilizing the State of California's Density Bonus provisions.
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- A. Vicinity Map
 - B. Requested Entitlements
 - C. Site & Project Characteristics
 - D. Final Environmental Impact Report (EIR 23-003)
 - E. Project Plans
 - F. Land Use Analysis
 - G. Fiscal & Economic Impact Analysis
 - H. Density Bonus Justification Letter
 - I. Public Comments

J. Draft Planning Commission Minutes from February 5, 2024

Prepared by: Chris Garcia, Senior Planner

Reviewed by: Saima Qureshy, Principal Planner

Stephanie Kellar, Deputy City Engineer

Submitted by: Joseph Farace, Planning Division Director

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Approved by: Michelle Bender, City Manager