



THE CITY OF SAN DIEGO

## Report to the Planning Commission

**DATE ISSUED:** April 06, 2021 **REPORT NO.** PC-21-021

**HEARING DATE:** April 15, 2021

**SUBJECT:** Otay Mesa Community Plan Amendment Initiation for Cal Terrace PA-61 Multifamily

**Project Number:** 683789

**OWNER/  
APPLICANT:** Tripoint Homes

**REFERENCE:** [Planning Commission Report No. 17-095](#) - Otay Mesa Northwest District Community Plan Amendment Initiation for PA-61;  
[Planning Commission Report No. 19-027](#) - Cal Terrace PA-61

### **SUMMARY:**

**Issue:** Should the Planning Commission INITIATE an amendment to the Otay Mesa Community Plan to redesignate a 4.46-acre site located on the southeast corner of Caliente Avenue and Otay Mesa Road from Community Commercial-Residential Prohibited to Residential Medium (15-29 Dwelling Units per Acre)?

**Staff Recommendation:** INITIATE the plan amendment process.

**Community Planning Group Recommendation:** On February 17, 2021, the Otay Mesa Planning Group voted 10-1-0 in support of initiating an amendment to the Otay Mesa Community Plan (Attachment 1).

**City Strategic Plan Goal and Objectives:** The proposed amendment to the Community Plan is aligned with the following City of San Diego Strategic Plan goals and objectives: Goal 2 (Work in partnership with all of our communities to achieve safe and livable neighborhoods) and Goal 3 (Create and sustain a resilient and economically prosperous City).

**Environmental Review:** This activity is not a “project” under the definition set forth in CEQA Guidelines Section 15378. Should initiation of the community plan amendment be approved, environmental review would take place at the appropriate time in accordance with CEQA Section 15004.

**Fiscal Impact Statement:** None with this action. All costs associated with this action are paid from a deposit account maintained by the applicant.

**Code Enforcement Impact:** None.

**Housing Impact:** If initiated, subsequent approval of the proposed community plan amendment and corresponding rezone would allow for the development of 67 to 129 multifamily dwelling units where none are currently allowed.

**The initiation of a community plan amendment in no way confers adoption of a community plan amendment, that neither staff nor the Planning Commission is committed to recommend in favor or denial of the proposed amendment, and that the City Council is not committed to adopt or deny the proposed amendment.**

## **BACKGROUND**

### **Site Location**

The proposed amendment site is a 4.46-acre vacant lot located on the southeast corner of the Caliente Avenue and Otay Mesa Road intersection and north of State Route (SR) 905 within the Northwest District of the Otay Mesa community planning area (Attachment 2). The lot was graded in 2020 and its general topography is flat.

### **Existing Adjacent Land Uses**

The properties to the east and north of the site are also vacant. Nearby developed land includes multifamily housing on the north side of Otay Mesa Road and multifamily housing and San Ysidro High School south of SR-905.

### **Community Plan Land Use Designation**

The Otay Mesa Community Plan designates the site as Community Commercial-Residential Prohibited (Attachment 3). The land use designation is intended to provide automobile-oriented commercial and retail goods and services to nearby resident and employment areas in the community.

### **Zoning**

The underlying zone for the amendment site is CC-1-3 (Attachment 4). The CC-1-3 zone is intended to accommodate development with an automobile-orientation.

### **Transit**

The site is within a Transit Priority Area (TPA) and served by Metropolitan Transit Service (MTS) bus Routes 905 A & B as well as planned bus rapid transit service. Multiple bus stops

are located along Otay Mesa Road (Attachment 5). There is a park and ride lot approximately 0.5 mile west of the project site. Caliente Avenue Park and Ride Lot #80 is a state-owned facility maintained by Caltrans and has 226 parking spaces.

#### Circulation

Otay Mesa Road is designated as a 6-lane primary arterial in the Community Plan (Attachment 6). An existing class III shared bicycle facility is on Otay Mesa Road and can be accessed from the subject site. The Community Plan proposes a Class II bicycle lane for Otay Mesa Road (Attachment 7).

#### Public Facilities

The site is located near public education and recreation facilities. Three schools are near the site. Ocean View Hills Elementary School and Vista Del Mar Middle School are within approximately 1.5 miles of the site, and San Ysidro High School is less than one mile from the subject site. The site is located approximately 1.5 miles from Cesar Solis Community Park, and approximately 2 miles from Ocean View Hills Neighborhood Park. There currently is no public library in Otay Mesa; the site is approximately 4 miles from the Otay Mesa-Nestor Library. The site is approximately 3 miles west of Fire-Rescue Department Station 43, located on the east portion of Brownfield Airport at the corner of Otay Mesa Road and La Media Road (Attachment 8).

#### Housing & Demographics

As of 2019, SANDAG estimated there were approximately 17,524 people living in the Otay Mesa community planning area. This is a 17 percent increase from the 14,941 people living in the community in 2010 based on the SANDAG estimates. In 2019, the community had 5,356 housing units of which 2,705 were single family – detached, 487 were single family – attached, and 2,164 were multifamily. Between 2010 and 2019 the community added 1,211 housing units which is a 29 percent increase. The community has a person per household of 3.55. As of 2019, according to the San Diego Housing Commission there are 53 deed restricted affordable housing units.

#### Other Planning Efforts

On May 20, 2019, the City Council approved the Sunroad Otay 50 project, an industrial park development consisting of four buildings totaling more than 845,00 square feet on Otay Mesa Road east of La Media Road. The approval included a community plan amendment to remove Avenida Coastal Azul, a classified 4-lane collector, from the Community Plan.

A Specific Plan has been drafted for the Southwest Village area, which proposes to allow up to 5,277 dwelling units within the Southwest District of Otay Mesa. The Community Plan identifies up to 5,880 housing units for the specific plan area. Additionally, the draft Specific Plan proposes to allow up to 174,000 square feet of retail and commercial uses to be primarily located near the intersection of Caliente Avenue and Beyer Boulevard.

On July 25, 2019, the Planning Commission approved a community plan amendment initiation

for the properties to the east of the proposed amendment site on southside of Otay Mesa Road between Emerald Crest Court and Corporate Center Drive. The proposed amendment would change the land use from Community Commercial-Residential Prohibited to Residential – Medium High (30 – 44 dwelling units per acre) and allow between 425 to 623 residential dwelling units on 14.16 acres. While the site was initiated, a development proposal with a community plan amendment has not been submitted.

#### Prior Community Plan Amendment

On June 4, 2019, the City Council approved a community plan amendment to redesignate 9.2 acres of a 14.6-acre site from Community Commercial-Residential Prohibited to Residential – Medium (15 – 29 dwelling units per acre). The action also included a rezone to RM-2-5 to allow residential development on the 9.2-acre portion. The City Council also approved up to 45,000 square feet of commercial uses on the 4.46-acre portion and up to 267 residential dwelling units on 9.2-acre portion.

### **DISCUSSION**

#### Commercial Land Uses

The Otay Mesa Community Plan designates the site as Community Commercial-Residential Prohibited which provides for goods and services to the residential areas to the north and employment areas to the east in Otay Mesa. As discussed in the Community Plan Land Use Element, the Community Commercial-Residential Prohibited designation is intended to support commercial uses that cannot be accommodated within the mixed-use areas located within the villages.

While the Community Plan recommends maintaining community commercial areas in Otay Mesa to support the development of retail, office and other commercial services to serve the surrounding areas, this site as well as the adjacent commercial sites have remained undeveloped. The Community Plan designates over 290 acres for commercial uses (not including mixed-use commercial land within village areas), of which 46 acres are designated for Community Commercial use. Palm Promenade in the Northwest District is a regional shopping center with approximately 489,000 square feet that includes large retail establishments, restaurants, and a multi-plex movie theatre that serves the existing residential uses in Otay Mesa and the surrounding communities in South County.

Heavy commercial lands are in the eastern portion of the community, near two major freeways (SR-905 and SR-125) to provide auto-oriented commercial businesses with high visibility. The approximately 140 acres designated heavy commercial meet the demand of border-related activity that occurs near the Otay Mesa Port of Entry.

Within the village areas, the Central Village Specific Plan allows up to 139,700 square feet of commercial uses to serve the residents of Central Village. The draft Southwest Village Specific Plan currently proposes to allow up to 174,240 square feet of commercial uses to serve the residents of the village and the Southwest District.

A market analysis, which was prepared as part of the Otay Mesa Community Plan Update process, determined that the Community Plan provided enough commercial acreage to service the community through buildout. Additionally, as part of the prior PA 61 community plan amendment, a retail market analysis was prepared (Attachment 9). That analysis showed there is enough retail capacity within Otay Mesa to serve existing and future residential uses and the surrounding communities.

#### Proposed Community Plan Amendment

The applicant is requesting an amendment to the Community Plan from Community Commercial-Residential Prohibited to Residential – Medium (15-29 Dwelling units per acre). If initiated, the proposed amendment application would be accompanied by a request to rezone the property from CC-1-3 to a RM-2-5. The proposed designation would allow for multifamily residential units. The applicant, in their initiation request letter, stated that concept plans developed thus far for the proposed amendment site could consist of approximately 121 multi-family dwelling units, on-site affordable housing, and a children's play area (Attachment 10). If initiated, subsequent approval of the proposed community plan amendment would allow the development of 67 to 129 multifamily dwelling units where none are currently allowed by the Community Plan. The previously approved 45,000 square feet of commercial uses would not be developed.

#### Land Use and Urban Design Considerations

In addition to the land use designation, the proposed amendment would need to address pedestrian and bicycle access from the site to transit, the surrounding development, and Otay Mesa Road to enhance pedestrian and bicycle use among residents within the proposed amendment site. The proposed amendment would also need to evaluate noise levels and potential attenuation measures for residential uses sited near SR-905 and Otay Mesa Road.

#### Initiation Criteria

The City is unique among jurisdictions in that the process to amend the General Plan and/or a community plan requires either a Planning Commission or City Council initiation before a plan amendment process and accompanying project may proceed. Community plans are components of the City's General Plan. The staff recommendation of approval or denial of the initiation is based upon compliance with all three of the initiation criteria contained in the General Plan. The Planning Department has provided an overview of how the following initiation criteria are addressed by the proposed amendment:

**(a) The amendment request appears to be consistent with the goals and policies of the General Plan and community plan and any community plan specific amendment criteria.**

The proposed amendment would redesignate approximately 4.46 acres to allow for multifamily residential development. Roughly 28 acres in the community would remain for Community Commercial uses that prohibit residential for automobile-oriented uses. The Community Plan would maintain a distribution of land uses that

provide enough capacity for a variety of uses, facilities, and services needed to serve Otay Mesa, consistent with the Land Use Element goal.

The addition of housing to the site would help implement the housing goals and policies of the Community Plan and General Plan. The Community Plan states that in order to achieve a balanced community in Otay Mesa, larger units along with a greater proportion of multi-family residential developments are needed to accommodate the larger households within the community. The proposed amendment would allow for multi-family residential development between 15 to 29 dwelling units per acre. The proposed residential density range would be consistent with the Community Plan goal of providing affordable housing development through the provision of a variety of housing types, including flats, fourplexes, townhomes, smaller-lot single-family homes, and other types of housing that are affordable in nature.

The proposed housing would help implement the goal of providing a variety of housing types, including workforce housing, near jobs. The site is directly adjacent to the MTS Routes 905 A & B and planned high frequency transit service, connecting the site to employment areas within Otay Mesa, including the Ocean View Hills Corporate Center and Otay Corporate Center South. The property is also located near the San Ysidro High School, regional and community commercial uses at the Palm Promenade, and the planned Southwest Village.

**(b) The proposed amendment provides additional public benefit to the community as compared to the existing land use designation, density/intensity range, plan policy or site design.**

Given the site's proximity to MTS Routes 905 A & B bus service connecting to the San Diego Trolley and the South Bay Bus Rapid Transit as well as being in a TPA, the future multifamily housing would assist the City in furthering the Climate Action Plan goals. The site would be pedestrian, bicycle, and transit oriented with amenities and features that enhance access to transit through improved pedestrian and bicycle connectivity between the site and the transit stop. The existing land use designation promotes automobile-oriented uses.

The applicant has provided a retail analysis of the potential impact of reducing commercial square footage through the proposed amendment as part of the prior PA 61 community plan amendment (Attachment 9). The analysis concluded that the reduction of commercial land within the proposed amendment site would not affect the ability to provide goods and services to existing and future residential. The proposed amendment would provide the opportunity for additional housing which continues to be in higher demand than retail space.

The inclusion of multi-family residential would promote development at different density ranges to provide housing options at varying price points including entry level

housing which provides a greater need than additional commercial or retail uses. Furthermore, affordable housing opportunities are needed to ensure a diverse mixture of incomes and households in Otay Mesa. The applicant has stated their intention to satisfy the inclusionary housing requirement by providing affordable housing on-site. Additionally, the applicant has stated their intent to provide a children's play area as a recreational feature.

**(c) Public facilities appear to be available to serve the proposed increase in density/intensity, or their provision will be addressed as a component of the amendment process.**

All necessary public services appear to be available. If the amendment to the Community Plan is initiated, an analysis of public services and facilities would be conducted with the review of the amendment.

As outlined above, staff has determined that the proposal can meet all the initiation criteria. The following land use issues have been identified by City staff. If initiated, these issues, as well as others that may be identified, would be analyzed and evaluated through the community plan amendment review process:

- Appropriate land use designation, residential density, and zoning for the site;
- Analysis of the retail market to determine if the reduction of retail would impact the community;
- Urban and site design considerations, consistent with General Plan/Community Plan policies, for the proposed land use designation;
- Provision of amenities, public spaces, and pedestrian-scale elements associated with the proposed development;
- Provision of onsite affordable housing;
- Connectivity of pedestrian and bicycle facilities to better integrate the site with surrounding development;
- Review of pedestrian and vehicular circulation patterns for safety and connection among different uses located on the site as well as review of pedestrian/vehicular access into the property;
- Climate Action Plan consistency and sustainable development features; and
- Evaluation of road and freeway noise and potential attenuation measures for residential uses sited near SR-905 and Otay Mesa Road;

Although staff believes that the proposed amendment meets the necessary criteria for initiation, staff has not fully reviewed the applicant's proposal. Therefore, by initiating this

community plan amendment, neither staff nor the Planning Commission is committed to recommend in favor or denial of the proposed amendment.

Respectfully submitted,

*Tony Kempton*  
Tony Kempton  
Associate Planner  
Planning Department

*Tait Galloway*  
Tait Galloway  
Program Manager  
Planning Department

Attachments:

1. Otay Mesa Community Planning Group Draft Minutes for February 17, 2021
2. Vicinity Map
3. Otay Mesa Community Plan Land Use Map
4. Current Zoning Map
5. Transit Route Map
6. Roadway Classifications Map
7. Bicycle Network Map
8. Public Facilities Map
9. PA 61 Retail Analysis
10. Applicant's Initiation Request Letter
11. Ownership Disclosure Statement



## OTAY MESA PLANNING GROUP

MEETING MINUTES, FEBRUARY 17, 2021

Via ZOOM

Otay Mesa Planning Group Chair, Mr. Rob Hixson, called the meeting to order at 3:02 p.m.

Introductions are made via the zoom meeting screen.

Members present:	Members absent:
Rob Hixson - Chair	Alejandra Mier y Teran
Clarissa Falcon	Tony Blas
James Street	Rodolfo Jr. Lopez
Tom Ricotta	Chris Holder
Ted Shaw - Vice-Chair	Mark Freed
Felipe Nuno	
Jimmy Ayala	
Ronnie Taylor	
Rita Mahoney	
Scott Merry	
Diane Kirma	

**Approval of minutes:**

January 2021

- Vote:** A motion was made by J. Ayala and seconded by T. Shaw. Motion passed (11-0-0) **Yes:** R. Hixson, J. Street, S. Merry, F. Nuno, T. Ricotta, D. Kirma, C. Falcon, R. Taylor, & R. Mahoney **Abstained:** None. **Vote No:** None.

**Public Input/Comments on Matters Not on the Agenda:**

Becky Rapp -

I'm a mother to three teens and a youth group mentor. The State Department of Marijuana control has indicated that they're unable to do any decoys operations. The public had expected, the court operations to be similar to the ABCs enforcement operations with alcohol sales. For example, when the ABC conducted enforcement operation summer of 2020, 75% of businesses were selling to under-aged individuals. This is simply unacceptable. I also know that C provides tobacco minor D play operations, and I believe the City of San Diego does as well. Responding primarily to citizen complaints. As a mother of three teens, I have concerns with the extremely high levels of THC products being sold and the ease of having them delivered this year California has implemented a stay at home order which has greatly affected adolescence as schools have been closed, many teens find it simple to order THC infused products, the BCC has admitted to not performing any minor decoy operations. Many delivery services fail to identify ID, ensuring the recipient is over 21. This is an open door for adolescents to have their marijuana delivered to their home. I asked you to please communicate with city officials asking them to require the San Diego police department to perform these much-needed minor decoy operations. Thank you.

**Chairman's Report:**

None received.

**Government Liaison Report****A. COUNCILMEMBER MORENO'S OFFICE: Gerardo Ramirez:****1. La Media Road Improvements & Otay Truck Route Meeting**

- The City of San Diego's Engineering & Capital Projects Department is looking to host the next progress meeting on Wednesday, February 24, 2021, at 1:00 pm.

**2. \$8.5M Grant – Beyer Park**

- The City of San Diego applied for a grant in the amount of \$8.5M to help fund the construction of Beyer Park.
- This grant is part of Prop 68, administered by the California Department of Parks and Recreation.
- The grant application will support \$8.5M of the \$10.5M total estimated cost.

## OTAY MESA PLANNING GROUP

MEETING MINUTES, FEBRUARY 17, 2021

Via ZOOM

- The **first phase** is pursuing Prop 68 grant and will consist of the *children's play area, skate park, amphitheater seating/picnic area, exercise equipment/sports courts, stormwater, ROW improvements, landscaping and irrigating, and habitat restoration.*
- The **second phase**, for which Parks and Rec intend(s) to request CDBG for, will consist of the multi-purpose turf field with three youth fields and one adult field overlay, comfort station, dog parks, a plaza, half basketball court, and sports field and site lighting.

### 3. Otay Mesa EIFD Meeting

- Next meeting: Monday, March 8, 2021, at 10:00 am
- PFA will be discussing the performance audit contract.

**B. MAYOR'S OFFICE:** No report was provided.

**C. SUPERVISOR VARGAS' OFFICE:** No report was provided.

**D. ASSEMBLY MEMBER LORENA GONZALEZ OFFICE:** No report was provided.

**E. SENATOR HUESOS' OFFICE:** *Claudia Lopez:*

1. **Woman of the Year:** Nominate a woman of the year in the 40th Senate district here: <https://sd40.senate.ca.gov/woman-year-nomination>

2. **Small Business Tax/Fee Cuts:**

Provides \$2 billion in tax cuts for small businesses by partially conforming California tax law to new federal tax treatments for loans provided through the Paycheck Protection Program, (PPP) which allows companies to maximize their deductions for state purposes up to \$150,000 in expenses covered by the PPP loan. Larger firms that received a higher loan amount would still be subject to the same ceiling of \$150,000 deductibility.

**F. POLICE DEPARTMENT:** *Officer Carlos LaCarra:*

1. **Illegal racing**

- We continue to get a lot of complaints regarding the racing that's going on in Otay Mesa. We know about it, & we try to address it as best as we can.

**G. FIRE DEPARTMENT:** No report was provided.

**H. IMMIGRATION & CUSTOMS DEPARTMENT:** No report was provided.

**I. CITY ATTORNEY'S OFFICE:** No report was provided.

### Monthly Report:

**A. CPC-** No report was provided.

**B. Southwest Village Committee - (Felipe Nuno, Resident)**

- We are waiting on comments back from the City.

**C. Border Transportation – No report was provided.**

**D. La Media Truck Route- David Wick**

- There's a meeting coming up next week for the La Media Truck Route on the 24th at one o'clock via Zoom.

**E. San Diego Airport Advisory Committee - (Tom Ricotta, Metropolitan Airpark)**

- It has been quiet.

**F. Code Enforcement – (Rob Hixson, Property Owner & Planning Group Chair)**

- We continue to have illegal yards popping up along the 905 freeway. Please continue to forward emails regarding code enforcement and illegal yards to Carlos LaCarra & Gerardo Ramirez, Councilmember Moreno's office.

**G. Otay Mesa Chamber of Commerce - No report was provided.**

**H. East Otay Mesa Property Owner's Association Update – David Wick**

- The Amazon building that'll be done in August, we're being told, which is the largest building in San Diego County, generating 1500 jobs there is a great article in the newspaper earlier this week.
- The battery storage facility that's the largest in the world is up and operating fully now.

## OTAY MESA PLANNING GROUP

MEETING MINUTES, FEBRUARY 17, 2021

Via ZOOM

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- The only the border fence project is stopped and the administration is reviewing each and every contract. But as of now, they stopped the project.

I. **La Media West Wetlands** - *No report was provided.*

J. **Informational Items**: *No report was provided.*

K. **Action Items**:

A. **Motion**: PA 61- Project No. 605191

**Presented by**: Jimmy Ayala, Tri Pointe Homes San Diego Division President

**Vote**: *A motion was made by T. Shaw and seconded by R. Taylor. Motion passed (10-1-0) Yes: R. Hixson, J. Street, S. Merry, F. Nuno, T. Ricotta, D. Kirma, C. Falcon & R. Mahoney Abstained: J. Ayala. Vote No: None.*

B. **Motion**: La Media Rd. Improvements - Project No. 0667298

**Presented by**: Amy Mills, San Diego Project Manager & Kevin Gibson, Rick Engineering, Principal Engineer.

**Vote** *A motion was made by J. Ayala and seconded by T. Shaw. Motion passed (11-0-0) Yes: R. Hixson, J. Street, S. Merry, F. Nuno, T. Ricotta, R. Taylor D. Kirma, C. Falcon & R. Mahoney Abstained: None. Vote No: None.*

C. **Motion** Epoca Neighborhood J NDP - Project No.675612

**Presented by**: Emilie Colwell, T&B Planning

**Vote**: *A motion was made by T. Shaw and seconded by J. Ayala. Motion passed (10-1-0) Yes: R. Hixson, J. Street, S. Merry, F. Nuno, T. Ricotta, D. Kirma, C. Falcon & R. Taylor Abstained: R. Mahoney. Vote No: None.*

L. **Closing remarks**:

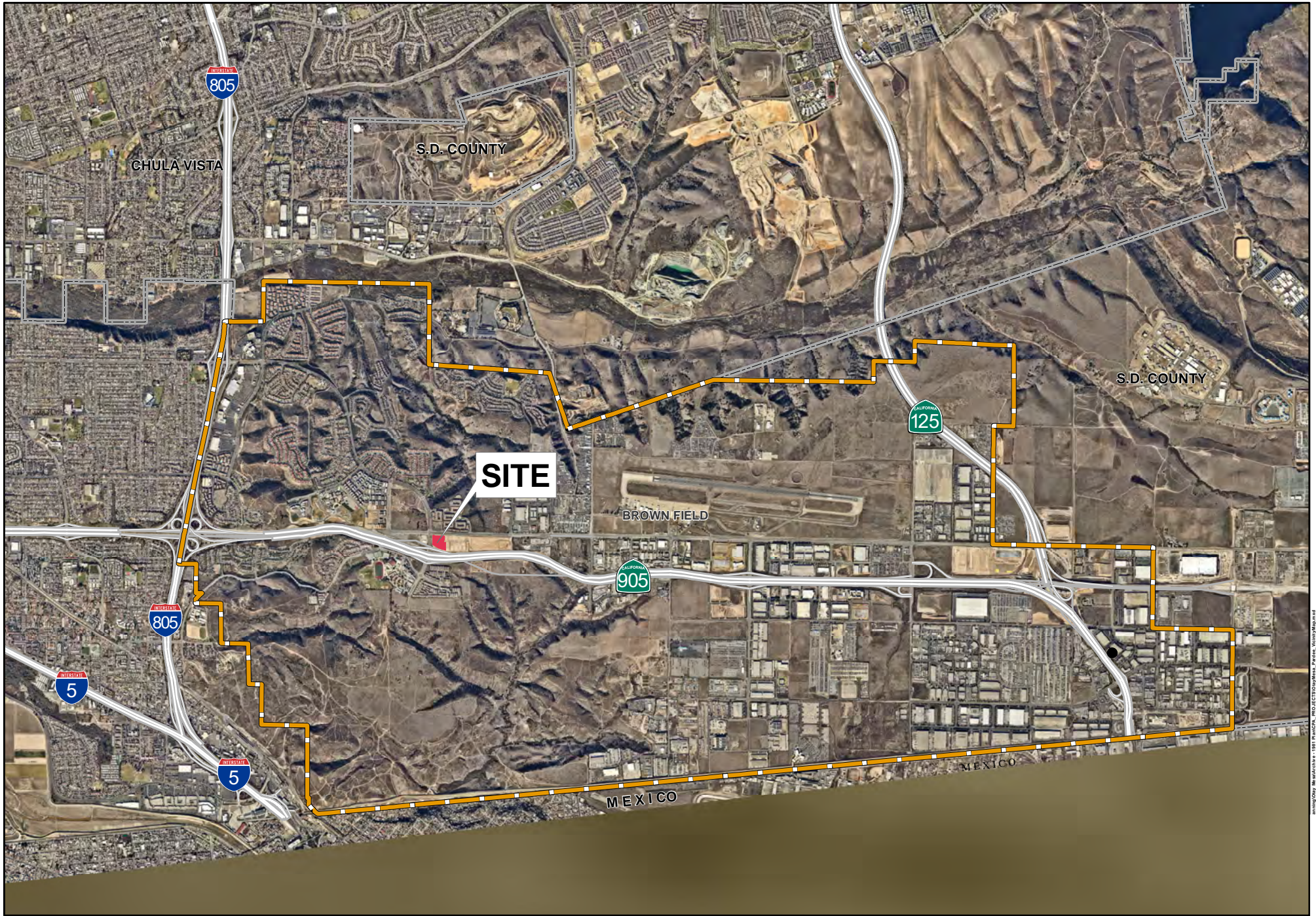
Thank you.

M. **Old Business**:

No old business.

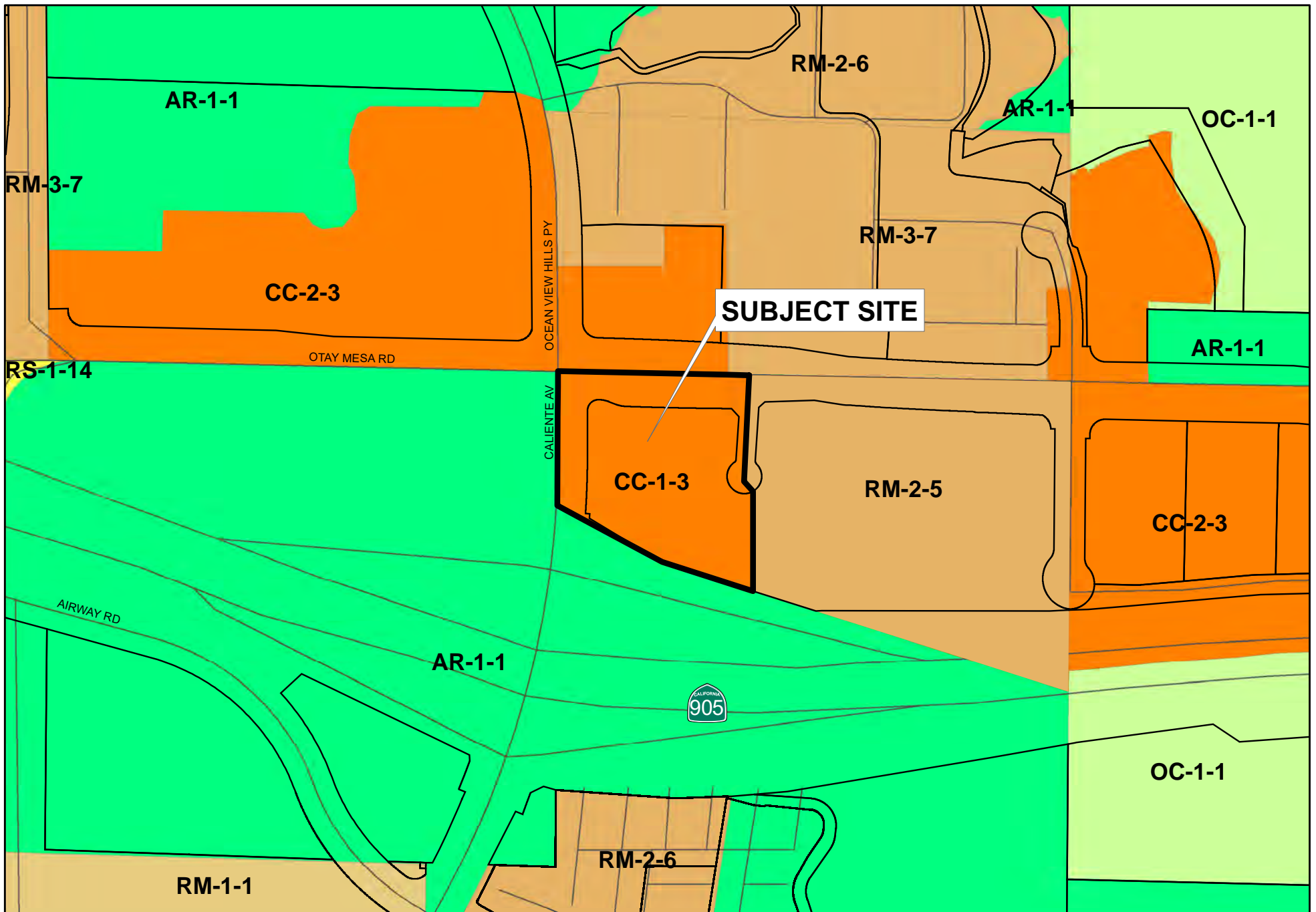
***Meeting adjourned at 3:46 p.m. by Rob Hixson, Planning Group Chair.***

























October 12, 2018

Subject: Retail Analysis for "PA61", City of San Diego, San Diego County, California

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The objective of this study was to assess what impact, if any, reducing the amount of retail space planned at PA61 in the City of San Diego would have on the retail environment in the PA61 Competitive Market Area (CMA) and to what extent there is demand for a community shopping center with the potential for a major supermarket, drugstore or hardware store. For the purpose of this analysis, the CMA analyzed was the "Imperial Beach/South San Diego Submarket" (Area 14) as defined by CoStar (a commercial real estate data provider). Information in the CMA was compared to data in San Diego County as a whole to understand the relative performance of the CMA. PA61 is currently proposed for approximately 45K square feet of retail space on +/-4.5 acres, compared to an estimated +/-118K square feet in the original plan (JBREC estimate based on current coverage ratio).



The CMA currently has about 4.259M total square feet of retail space (all retail types) of which 280K is vacant, for a vacancy rate of 6.6%. In comparison, there is 140.3M square feet of retail space in San Diego County as a whole, of which 5.15M is vacant, for a vacancy rate of 3.7%. The CMA represents 3.0% of the total retail space in the county but 5.4% of the vacant space, indicating that the CMA is under-performing compared to the county as whole. The average retail rent in the CMA is currently \$25.23 per square foot, 15% lower than the average in the county as whole (\$29.60).

Since 2006, the CMA has added a total of 322K square feet of new retail space, or an average of about 24.7K square feet per year. Over the same time period the amount of occupied space has increased by only 161K square feet (12.4K square feet per year) and the vacancy rate has more than doubled from just 3.0% in 2006 to 6.6% today. In comparison, the vacancy rate in the county as a whole has actually decreased from 4.1% in 2006 to just 3.7% today, indicating that the county-wide retail market is performing better than the CMA.

## PA61 Retail Analysis

The rise of e-commerce is disrupting the demand for “brick and mortar” retail space. The amount of occupied retail space per person has declined in both the CMA and San Diego County as a whole since 2010. The amount of occupied retail space per person in the CMA has dropped from 28 square feet in 2010 to 27 square feet in 2018, while in the county as a whole it has dropped from 42 to 40 square feet over the same time period (based on CoStar data on occupied square feet, and ESRI population estimates). The average household income in the CMA (\$69,648) is only 69% of the average for the county as a whole (\$101,373) translating into less spending power in the CMA, and lower retail demand.

Area	2010			2018			2018 Average HH Income
	Occupied Retail (sq.ft.)	Total Population	Retail Sq.Ft./ Person	Occupied Retail (sq.ft.)	Total Population	Retail Sq.Ft./ Person	
Imperial/So. SD Sub-Market	3,781,221	134,914	28	3,978,867	144,849	27	\$69,648
San Diego County	129,441,297	3,095,313	42	135,195,222	3,344,185	40	\$101,373
Sub-Market % of County	2.9%	4.4%	67%	2.9%	4.3%	68%	69%

Source: ESRI "Market Profile" reports

From 2010 through 2018, the amount of occupied retail space in the county as a whole increased by about 5.75M square feet compared to population growth of just under 249K people, or about 23 square feet of retail absorbed per person. Although the dynamics of the retail market are changing, it appears that population growth still fuels demand for new retail space; just not at the higher ratios seen in the past. Future residential growth in the CMA likely will translate into demand for more retail space.

Future developments in the CMA in the South Otay Mesa Specific Plan Area such as the Southwest Village and the Central Village are anticipated to include new on-site retail space. Current plans for the Central Village SPA indicate up to 139.7K square feet of retail. While specific plans for the Southwest Village have not been finalized, the community likely will include a mixed-use village core, which based on estimated acreage allocations, could accommodate upwards of 100K square feet of retail, if not more. According to CoStar there is another +/-80K square feet of planned retail space in three other proposed retail centers in other CMA locations. Combined with approximately 45K square feet of retail at PA61 there could be +/-365K square feet of new retail space constructed in the CMA.

According to ESRI the population of the CMA is projected to grow by about 6.3K people over the next five years. At the county-wide ratio of 23 square feet of retail per person (based on retail absorption vs. population growth from 2010 through 2018), that would imply demand for about 145K square feet of new retail space in the CMA over the next five years. Some of the demand for new space can be met by vacant space in existing centers.

PA61 has an advantageous location on Ocean View Hills Parkway at the I-905 freeway on/off-ramp to capture demand for retail space from existing households and household growth in the southeastern portions of the California Terraces Precise Plan, in addition to future residential development in the Southwest Village (south of I-905). According to CoStar the highest vacancy rate in the CMA at 12.4% is in “neighborhood centers”; while “strip centers” have a vacancy rate of just 5.0%. At 45K square feet, the size of the proposed retail center at PA61 falls in-between the typically smaller size of strip centers (5K to 25K square feet) and larger size of neighborhood centers (50K to 125K square feet). As such, it will be important to maintain some flexibility at PA61 to potentially accommodate an array of tenant types (for instance, typical neighborhood retail tenants such as a grocery store or drugstore might be interested in the location due to strong freeway exposure, while smaller tenants such as restaurants, beauty shops, and dry cleaners would also be strong prospects).

## PA61 Retail Analysis

**Our conclusion is that a reduction in the amount of retail space planned at PA61 from roughly 118K square feet of space to about 45K will have no adverse impact on the local retail environment. The CMA is currently adequately supplied with retail space and future planned retail (including 45K at PA61) will provide for future population growth in the area.**

Pete Reeb  
Principal  
John Burns Real Estate Consulting  
preeb@realestateconsulting.com



January 26, 2021

Development Services Department  
City of San Diego  
1222 First Avenue, MS 301  
San Diego, CA 92101-4101

**Re: Request for Initiation of Community Plan Amendment for California Terraces Planning Area 61 (Lot 1 of Map No. 16413)**

Dear San Diego City Planner:

Tri Pointe Homes is seeking to initiate a Community Plan Amendment for the development of California Terraces Planning Area 61 - Lot 1 of Map No. 16413 (the "Project"), which is a 4.46 acre site (APN 645-080-16 and APN 645-080-21) located north of State Route 905, east of Caliente Avenue, south of Otay Mesa Road and west of Calle Albatross in the master planned community of Ocean View Hills.

This initiation letter was prepared in accordance with the City of San Diego's General Plan and the Community Plan Amendment Manual. The Project is a privately-proposed land use change and complies with the City's Land Use and Community Planning Element, specifically initiation criteria LU-D.8. – LU-D.11.

**Introduction**

Tri Pointe Homes is currently evaluating an opportunity to develop a residential project on its 4.46 acre site in the City of San Diego, which is planned for commercial use in the City of San Diego General Plan, Otay Mesa Community Plan and California Terraces Precise Plan.

As the master developer of the nearly built out Ocean View Hills community within the California Terraces Precise Plan and the future South Otay community located to the south of the Project, Tri Pointe Homes has been evaluating the highest and best use of the property, so that it balances land uses in the area and adheres to the goals of the Otay Mesa Community Plan.



TriPointeHomes.com P 858.794.2500

A 13400 Sabre Springs Parkway, Suite 200, San Diego, CA, 92128

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Concept plans developed thus far for the proposed Project, as noted in this Community Plan Amendment initiation letter, consist of approximately 121 multi-family units and a tot lot. Tri Pointe Homes intends to satisfy the inclusionary housing requirement for the Project by providing affordable housing on-site. Based on our review of the City's strategic housing and community planning goals, we believe the site would best serve the community as a residential project instead of commercial.

Developing a project with residential use will help balance the land uses in the community. The region boasts an abundance of community commercial and regional retail spaces and could benefit from an additional residential component. Providing additional housing units also helps address the housing needs in the City of San Diego.

Over the past decade, the San Diego region has recognized a severe shortage in housing and an exponential increase in population growth. The San Diego Housing Commission's San Diego Housing Production Objectives 2018 – 2028 notes that "over the past decade, year-over-year (YOY) population growth has averaged more than double the rate of the City of San Diego's housing stock increase" (San Diego Housing Production Objectives 2018 – 2028, Page 5).

The housing crisis recognized today was not realized when the Otay Mesa Community Plan Update began over fifteen years ago. Consequently, the community plan does not fully address the current housing and transit-oriented needs of the community. Tri Pointe Homes believes that addressing the housing need with varying income offerings benefit the Otay Mesa community and the City of San Diego.

### **Property Background**

The property is part of the City of San Diego's General Plan, Otay Mesa Community Plan and California Terraces Precise Plan. The property is currently undeveloped. The property was mass graded in 2020 and its general topography is flat with gentle slopes draining towards the northwest.

The property's land use designation, as noted by the adopted 2015 General Plan, is "Commercial Employment, Retail & Services" (City of San Diego General Plan, Figure LU-2). The property is currently zoned "CC-1-3" (Community Commercial), as indicated by the City of San Diego Official Zoning Map (City of San Diego Zoning Grid Map, Grid 7). The City of San Diego Municipal Code states that "CC-1-3 is intended to accommodate development with an auto orientation and permits a maximum density of 1 dwelling unit for each 1,500 square feet of lot area" (Land Development Code: §131.0507 (b)(1), City of San Diego).



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Within the General Plan's Community Commercial recommended community plan designation, there are two different use considerations: residential permitted and residential prohibited. The description for residential permitted is as follows: "Provides for shopping areas with retail, services, civic, and office uses for the community at large within three to six miles. It can also be applied to Transit Corridors where multi-family residential uses could be added to enhance the viability of existing commercial uses [Density Range: 0-74 du/ac]" (City of San Diego General Plan, Table LU-4; LU-18).

The description for residential prohibited is as follows: "Provides for shopping areas with retail, service, civic, and office uses for the community at large within three to six miles" (City of San Diego General Plan, Table LU-4; LU-18). The property is part of the Northwest District of the Otay Mesa Community Plan and remains zoned Community Commercial (Otay Mesa Community Plan, LU-8). The community commercial designation in the community plan is noted as residential prohibited and takes the description noted above.

Additionally, the property falls within the Otay Mesa Community Plan Implementation Overlay Zone (OM CPIOZ). This zone was developed to "ensure protection of sensitive resources, construction of the circulation infrastructure, and conformance with the appropriate policies from the Urban Design Element" (Otay Mesa Community Plan, LU-28).

### **Initiation Request**

Tri Pointe Homes requests that the Planning Commission approve the initiation process for the property to amend the land use designation from Community Commercial with residential prohibited to Residential-Medium (15-29 du/ac). The current Project being explored as part of this Community Plan Amendment initiation would meet the General Plan density range required within the General Plan's residential use and would greatly benefit the greater San Diego community.

Tri Pointe Homes is proposing to develop the property as an innovative, sustainable and high-quality residential project that will serve the immediate and nearby neighborhoods of Otay Mesa. Tri Pointe Homes has extensive knowledge of the region and a vision, based on decades of collaboration with the community, to seamlessly integrate the property into the community planning area. The transit-oriented development would include much-needed entry-level housing in close proximity to schools, employment centers and community amenities.



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### Initiation Criteria

Pursuant to the City's General Plan Land Use Element Policy LU-D.10., there are three criteria to initiate an amendment to the current land use plan. In addition to meeting the initiation criteria described below, the property is uniquely positioned to help reduce trips and traffic congestion due to its proximity to commercial and employment centers, and address additional housing opportunities so that Otay Mesa continues to enjoy a diverse mixture of incomes and households.

This letter is intended to be the first point of consideration by the City of San Diego. The City is unique among jurisdictions in that the process to amend the General Plan and/or a community plan requires a Planning Commission or City Council initiation before a plan amendment process and accompanying project may proceed.

Community plans are components of the City's General Plan. As specified by the General Plan and Community Plan Amendment Manual, the "focus [of the initiation] should be upon the more fundamental question of whether the proposed change to the General Plan and the community plan is worthy of further analysis based upon compliance with the Initiation Criteria" (General Plan and Community Plan Amendment Manual, Page 2). Provided below are the three criteria to initiate an amendment to the current land use plan and a discussion on how the Project satisfies each criteria.

*LU-D.10 (a): "[T]he amendment request appears to be consistent with the goals and policies of the General Plan and community plan and any community plan specific amendment criteria."*

This Community Plan Amendment and proposed Project are consistent with the goals and policies of the General Plan, Otay Mesa Community Plan and California Terraces Precise Plan. First, the proposed Project satisfies the Residential-Medium criteria that currently exists in the General Plan for providing both single-family and multifamily housing within a medium-density range. The Project's residential density of 27 du/ac is well within the General Plan's density range of 15-29 du/ac for a Residential-Medium land use designation. The proposed Project is within the uses denoted in the General Plan and offers the community an opportunity to realize additional, medium density housing.

Second, the Project meets the General Plan and Otay Mesa Community Plan guiding principles which reflects the core values that guide its development. The General Plan Guiding Principles are met as follows:



- Compact and walkable mixed-use villages of different scales within communities (General Plan Principle 2)
- An integrated regional transportation network of walkways, bikeways, transit, roadways and freeways that efficiently link communities and villages to each other and employment centers (General Plan Principle 5)
- Balanced communities that offer opportunities for all San Diegans and share citywide responsibilities (General Plan Principle 8)
- A clean and sustainable environment (General Plan Principle 9)
- A high aesthetic standard (General Plan Principle 10)

The Otay Mesa Community Plan Goals and Policies are met as follows:

- A distribution of land uses that provides sufficient capacity for a variety of uses, facilities and services needed to serve Otay Mesa
- Distinct villages that include places to live, work and recreate
- A variety of housing types including workforce housing in close proximity to jobs
- Respect existing density ranges in previously approved Precise Plan areas of the Northwest District
- Include in all residential developments housing units that are sized to meet the household family sizes anticipated in Otay Mesa.
- Incorporate a diversity of housing types that includes market rate and affordable housing. Encourage inclusionary housing on-site.

The proposed Project is located directly adjacent to existing and proposed mass transit provided for by the Metropolitan Transit System. The 905 A & B buses connect to the Iris Avenue Transit Center where community members are transported to employment centers and commercial centers along Otay Mesa Road and State Route 905. Additionally, the Otay Mesa Community Plan has identified an east-west high frequency bus corridor on Airway Road that will link between the South Bay BRT and San Diego Trolley (Otay Mesa Community Plan, ME-4). One of the potential BRT/Rapid Transit stops will be located on Caliente Avenue, approximately a quarter mile away from the Project (Otay Mesa Community Plan, Otay Mesa Transit Route Map – Figure 3-1). The property is also centrally located to educational facilities, planned villages and additional recreational opportunities.

The proposed Project will also contribute to the diversity of the region by providing different aesthetically pleasing housing options at varying price points. The range in housing will provide community members with an opportunity to live close to where they work. The property is





located in close proximity to the Ocean View Hills Corporate Center and Otay Corporate Center South. The proposed Project meets the goals and follows the principles outlined in the City of San Diego's planning and community planning documents.

LU-D.10 (b): "[T]he proposed amendment provides additional public benefit to the community as compared to the existing land use designation, density/intensity range, plan policy or site design."

The proposed Community Plan Amendment offers additional public benefit to the Otay Mesa community and the City. The community will benefit directly from an increased and diversified housing supply as a consequence of the proposed amendment. As noted in the Otay Mesa Community Plan, "in order to achieve a balanced community in Otay Mesa, larger units along with a greater proportion of multi-family residential developments are needed to accommodate the larger households...furthermore, affordable housing opportunities are needed to ensure a diverse mixture of incomes and households in Otay Mesa" (Otay Mesa Community Plan, LU-17). Additionally, the recommendations outlined in the plan discussed including "housing units that are sized to meet the household family sizes anticipated in Otay Mesa" (Otay Mesa Community Plan, LU-20).

Tri Pointe Homes, as part of this Project, is proposing 121 multi-family dwelling units that will help to meet the household family sizes realized in Otay Mesa today. The San Diego Housing Commission has begun to address this topic in their San Diego Housing Production Objectives 2018-2028 report. The report states that the City of San Diego has the housing potential to fulfill its 10-year housing need if all of its capacity sources, including rezoning to increase density around transit hubs and the re-development of underutilized parcels of land, are fully utilized (San Diego Housing Production Objectives 2018 – 2028, Page 10). The Project has the opportunity to help aid in San Diego's rising housing need.

A change of land use designation and removal of commercial use on the Property should not have an adverse impact on the local retail environment. With the increase in e-commerce, there is less of a demand for 'brick and mortar' retail space. Previous economic retail analysis prepared for PA 61 indicates there is adequate retail space and planned retail in the South Otay community can provide for the future population growth without the need for approximately 45,000 square feet of retail space at PA 61.

Finally, as the master developer of the Ocean View Hills community and the future South Otay community, Tri Pointe Homes will seamlessly integrate the proposed Project into the existing



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and aesthetically appealing western Otay Mesa region. The greater community will benefit from housing products and aesthetics that retain a singular and focused vision – the Tri Pointe Homes team has worked tirelessly to retain the features and heritage of the region, while enhancing the visual appeal of the community through their other master planned communities.

LU-D.10 (c): “[P]ublic facilities appear to be available to serve the proposed increased in density/intensity, or their provision will be addressed as a component of the amendment process.”

The Project will be served by existing and planned public facilities along Caliente Avenue and Otay Mesa Road. The property is currently served by Fire Station #6 located in the adjacent community planning area of Otay Mesa-Nestor and Fire Station #43 located on the eastern end of Brown Field at 1590 La Media Road (Otay Mesa Community Plan, PF-3). Additionally, Fire Station #49, located directly north of the Project, is scheduled to be funded for acquisition, design and construction in fiscal years 2019 and 2020 (FY2014 Otay Mesa Public Facilities Financing Plan, Page 286). The Project will be served by the Southern Division of the San Diego Police Department, which is located in the adjacent Otay Mesa-Nestor community (Otay Mesa Community Plan, PF-3). There is an elementary school, middle school and high school located within 1.5 miles of the property. If this initiation request is granted, the public facilities will be studied further as part of the entitlement and design application process for the proposed Project.

### **Conclusion**

For all of the reasons described above, the Project is consistent with the goals and objectives of the City of San Diego General Plan, Otay Mesa Community Plan and California Terraces Precise Plan, and is compatible with the surrounding neighborhoods. The proposed Project will provide additional public benefit in the form of addressing the housing crisis in the region and helping to promote a more walkable and transit-oriented environment. We humbly request that you initiate the Community Plan Amendment process, so that Tri Pointe Homes can continue to study the feasibility of the Project.



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Thank you in advance for your consideration and time. Tri Pointe Homes looks forward to working with you and staff in the future to develop and realize the benefits of the property.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jimmy Ayala".

Jimmy Ayala  
Division President



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	<b>City of San Diego Development Services</b> 1222 First Ave., MS 302 San Diego, CA 92101 (619) 446-5000	<b>FORM DS-318</b>  <b>October 2017</b>
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**Approval Type:** Check appropriate box for type of approval(s) requested: ☐ Neighborhood Use Permit ☐ Coastal Development Permit  
☐ Neighborhood Development Permit ☐ Site Development Permit ☐ Planned Development Permit ☐ Conditional Use Permit ☐ Variance  
☐ Tentative Map ☐ Vesting Tentative Map ☐ Map Waiver ☐ Land Use Plan Amendment • ☐ Other \_\_\_\_\_

**Project Title:** \_\_\_\_\_ **Project No. For City Use Only:** \_\_\_\_\_

**Project Address:** \_\_\_\_\_

**Specify Form of Ownership/Legal Status (please check):**

☐ Corporation ☐ Limited Liability -or- ☐ General – What State? \_\_\_\_\_ Corporate Identification No. \_\_\_\_\_  
☐ Partnership ☐ Individual

By signing the Ownership Disclosure Statement, the owner(s) acknowledge that an application for a permit, map or other matter will be filed with the City of San Diego on the subject property with the intent to record an encumbrance against the property. Please list below the owner(s), applicant(s), and other financially interested persons of the above referenced property. A financially interested party includes any individual, firm, co-partnership, joint venture, association, social club, fraternal organization, corporation, estate, trust, receiver or syndicate with a financial interest in the application. If the applicant includes a corporation or partnership, include the names, titles, addresses of all individuals owning more than 10% of the shares. If a publicly-owned corporation, include the names, titles, and addresses of the corporate officers. (A separate page may be attached if necessary.) If any person is a nonprofit organization or a trust, list the names and addresses of **ANY** person serving as an officer or director of the nonprofit organization or as trustee or beneficiary of the nonprofit organization. A signature is required of at least one of the property owners. Attach additional pages if needed. Note: The applicant is responsible for notifying the Project Manager of any changes in ownership during the time the application is being processed or considered. Changes in ownership are to be given to the Project Manager at least thirty days prior to any public hearing on the subject property. Failure to provide accurate and current ownership information could result in a delay in the hearing process.

**Property Owner**

Name of Individual: \_\_\_\_\_ ☐ Owner ☐ Tenant/Lessee ☐ Successor Agency

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_ Email: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Additional pages Attached: ☐ Yes ☐ No

**Applicant**

Name of Individual: \_\_\_\_\_ ☐ Owner ☐ Tenant/Lessee ☐ Successor Agency

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_ Email: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Additional pages Attached: ☐ Yes ☐ No

**Other Financially Interested Persons**

Name of Individual: \_\_\_\_\_ ☐ Owner ☐ Tenant/Lessee ☐ Successor Agency

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_ Email: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Additional pages Attached: ☐ Yes ☐ No