THE CITY OF SAN DIEGO

REPORT TO THE PLANNING COMMISSION

DATE ISSUED: July 13, 2007 **REPORT NO: PC-07-041**

ATTENTION: **Planning Commission, Agenda of July 19, 2007**

SUBJECT: CABRILLO PALISADES TENTATIVE MAP; PROJECT NO. 97472 PROCESS FOUR

OWNERS: Universe at Cabrillo Palisades, LLC (Attachment 8)

APPLICANT: Metropolitan Mapping, Vernon Franck

SUMMARY

Issue: Should the Planning Commission approve a Tentative Map, including the request to waive the requirement to underground existing overhead utilities, for the conversion of 369 existing residential units to condominiums at 3201-3297 Annrae Street; 7902-8090 Donzee Street; 7901-7966 Harmarsh Street; 3203-3495 Kearny Villa Lane; and 3402-3496 Olga Avenue, within the Serra Mesa Community Plan Area?

Staff Recommendations:

1. **Approve** Tentative Map No. 317699.
2. **Approve** the request to waive the requirement to underground existing overhead utilities.

Community Planning Group Recommendation: On November 16, 2006, the Serra Mesa Planning Group voted 6-3-0 to recommend denial of this project for reasons discussed in this report.

Environmental Review: This project was determined to be categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Article 19 Section 15301 on March 21, 2006. An appeal of the CEQA determination was made on March 27, 2006, and the City Council denied the CEQA appeal on July 31, 2006. Therefore, the scope of the subject hearing only includes the project, not the environmental determination.

Fiscal Impact: None associated with this action. All costs associated with the processing of this project are paid by the applicant.

DIVERSITY

Code Enforcement Impact: None with this project.

Housing Impact Statement: With the proposed conversion of 369 existing residential units to condominiums, there would be a loss of 369 rental units and a gain of 369 for-sale units. This condominium conversion project was deemed complete after February 7, 2004, and is therefore subject to the regulations regarding inclusionary housing and tenant relocation assistance.

BACKGROUND

This Tentative Map was originally noticed to be heard on March 29, 2007. The project was withdrawn at the hearing to allow the applicant to pursue a cost estimate for the undergrounding of existing overhead utilities for the development. The result of the cost estimate has been that staff can now support the undergrounding waiver request as discussed later in the report.

The Cabrillo Palisades Tentative Map project is subject to the condominium conversion regulations in effect prior to June 13, 2006, based on the City Council's specific adoption language for the "new" condominium conversion regulations. At the June 13, 2006, hearing, the City Council specifically excluded all projects that had CEQA appeals pending on or before June 13, 2006. This project is one of those which had a pending appeal. That appeal hearing was held on July 31, 2006, and the City Council denied the appellant's appeal of the CEQA determination of exemption. Therefore, the project can proceed to its discretionary hearing.

The 17.06-acre site is located at 3201-3297 Annrae Street; 7902-8090 Donzee Street; 7901-7966 Harmarsh Street; 3203-3495 Kearny Villa Lane; and 3402-3496 Olga Avenue (Attachment 1), between Highway 163 and Interstate 805, in the RM-3-7 Zone within the Serra Mesa Community Plan area (Attachment 3). The RM-3-7 Zone would allow for a maximum of 743 units on the subject site. The Serra Mesa Community Plan designates the site for Medium Density Residential development at a rate of 15-45 dwelling units per acre, or 256 to 734 dwelling units allowed on this site.

The site is developed with 52 two and three-story multi-family structures that were built in 1959. The buildings consist of 265 two-bedroom units and 104 three-bedroom units with square footages ranging from 950 to 1,125 square feet. There are 366 onsite parking spaces throughout the site and on street parking. Under current standards, 764 parking spaces would be required for this site, however, the project has previously-conforming rights to be maintained as outlined in Chapter 12, Article 7, Division 1 of the Land Development Code.

The project is located in an established residential area and is surrounded by multi-family residential development and freeways with Sharp and Children's Hospital Campuses to the south. The project complies with the zoning and development regulations in effect at the time of construction and there are no active Building or Zoning Code violations for the subject property.

DISCUSSION

Project Description:

The project proposes a Tentative Map for the subdivision of a 17.06-acre site to convert 369 existing multi-family units in 52 structures into condominiums (Attachment 5). Section 125.0410 of the San Diego Municipal Code (SDMC) requires that a Tentative Map be processed for the subdivision of land.

According to SDMC Sections 125.0440 and 125.0444, *Findings for Tentative Maps and for Condominium Conversions*, the decisionmaker may approve a Tentative Map for the purposes of the conversion of residential property into a condominium project if the decisionmaker finds that the proposed conversion complies with the requirements of the Subdivision Map Act and the San Diego Municipal Code. Staff has reviewed the proposed condominium conversion and determined that it complies with both the Subdivision Map Act and the San Diego Municipal Code.

Undergrounding Waiver Request

San Diego Municipal Code Section 144.0240 allows the subdivider to apply for a waiver from the requirement to underground the existing overhead utilities within the boundary of the subdivision or within the abutting public rights of way.

City staff has determined the undergrounding waiver request qualifies under the guidelines of Council Policy 600-25, *Underground Conversion of Utility Lines at the Developer's Expense*, in that the conversion would involve an inordinate cost to the development (Attachment 12). Generally, in residential projects, the conversion cost prorated to the entire development should not exceed 1% of the average sales price of the living units within the development. The estimated cost to convert approximately 5,275 feet of overhead facilities for this site to underground is $2,110,000.00 per San Diego Gas and Electric (Attachment 12) . The potential value of all units if converted to condominiums, assuming an average sales price of $3,000,000.00, is $110,700,000.00. 1% of that would be 1,107,000.00. Therefore the estimated cost to convert overhead facilities to underground ($2,110,000) exceeds the 1% threshold set forth in Council Policy 600-25.

In addition, due to the configuration of the development, staff also supports waiving of recent policy to require the existing on-site utilities be undergrounded.

The site is currently served by existing overhead utility lines which are connected to power poles located throughout the project site. The City's Undergrounding Master Plan for Fiscal Year 2007 designates the site within Block 6W and a date for undergrounding has been established for the year 2059 (Attachment 12). The applicant would be required to underground any new service run to any new or proposed structures within the subdivision per Condition No. 13 of the draft Tentative Map resolution (Attachment 6).

Community Planning Group Recommendation:

On November 16, 2006, the Serra Mesa Planning Group voted 6-3-0 to recommend denial of this project (Attachment 7). The reason stated in the denial was that the Serra Mesa Community Plan requires a balance between single-family, multi-family and affordable housing, and that the recent rash of condo conversions has upset this balance.

City statistics show that from July 1, 2004, to June 30, 2007, there were two condominium conversion projects (218 units) approved in the Serra Mesa community. In addition there is an approved Map Waiver for a multi-family residential project to be condominiums that is not yet under construction (160 units). In addition there is an approved 288 condominium development in nearby Kearny Mesa adjacent to Serra Mesa.

Project-Related Issues:

The requested conversion of these residential units to condominiums represents primarily a change in ownership. The applicant certified that the required 60-day Notice of Intent to Convert to Condominiums was provided to existing tenants on June 16, 2006 (Attachment 10).

All condominium conversion projects Deemed Complete on or after February 7, 2004, must conform with the regulations regarding inclusionary housing adopted by the City Council on March 15, 2004. This project was deemed complete on March 7, 2006, and is therefore subject to these regulations. Please note this project is not subject to the condominium conversion ordinance that was passed by the City Council on June 13, 2006. Projects such as this that had a valid appeal of the environmental exemption determination pending at the time of the ordinance adoption were specifically excluded from the new ordinance. On July 31, 2006, the City Council denied the environmental appeal for this project.

The project has been conditioned to require the subdivider conform with the City's Inclusionary Housing Ordinance (Chapter 14, Article 2, Division 13 of the Land Development Code) and demonstrate conformance with the Municipal Code provisions for Tenant Relocation Benefits (Chapter 14, Article 4, Division 5) to the satisfaction of the City Manager and the Housing Commission, prior to the recordation of the Final Map. The applicant has elected to pay an in-lieu fee of $928,375.00 (371,350 square feet x $2.50) to satisfy the Inclusionary Housing requirement, as allowed by the City's Inclusionary Housing Ordinance (Chapter 14, Article 2, Division 13 of the Land Development Code).

CONCLUSION:

Staff has reviewed the request for a Tentative Map for the conversion of 369 existing residential units to condominiums and has found the project to be in conformance with the applicable sections of the San Diego Municipal Code regulating Tentative Maps.

Staff believes the required findings can be supported and recommends the Planning Commission approve the project as proposed.

ALTERNATIVES:

1. **Approve** Tentative Map No. 317699, **with modifications.**
2. **Deny** Tentative Map No. 317699, **if the findings required to approve the project cannot be affirmed.**

Respectfully submitted,

Mike Westlake
Program Manager
Development Services Department

Jeannette Temple
Development Project Manager
Development Services Department

WESTLAKE/JCT

Attachments:

1. Aerial Photo
2. Community Plan Land Use Map
3. Project Location Map
4. Project Data Sheet
5. Tentative Map
6. Draft Map Conditions Resolution
7. Planning Group Recommendation
8. Ownership Disclosure Statement
9. Project Chronology
10. Sample 60-Day Notice
11. Photos of Existing Buildings
12. Undergrounding Maps and Cost Estimate