

DATE ISSUED: May 3, 2007 **REPORT NO.** PC-07-072

ATTENTION: Planning Commission, Agenda of May 10, 2007

SUBJECT: CARMEL HIGHLANDS VILLAGE - PROJECT NO. 72522
PROCESS 5

REFERENCE: The project site is covered by a Development Agreement between the City of San Diego and the Pardee Construction Company (Pardee Homes). The Pacific Highland Ranch, Subarea II, North City Future Urbanizing Area Development Agreement was negotiated and entered into by the City Council on September 8, 1998.

OWNER/APPLICANT: Pardee Homes

SUMMARY

Issue(s): Should the Planning Commission recommend approval to the City Council of a new 172 unit condominium complex, with one single family lot, and a commercial center, at 5384 Carmel Mountain Road, at the intersection of Carmel Mountain Road and Carmel County Road, within the Carmel Valley Community Plan Area?

Staff Recommendation:

1. Recommend to the City Council Certification of the Addendum to Environmental Impact Report (EIR) No. 96-0737 and Adoption of the Mitigation, Monitoring, and Reporting Program; and
2. Recommend to the City Council Approval of Site Development Permit No. 423678, Vesting Tentative Map No. 221330 (amending VTM No. 96-0707), and Easement Abandonment No. 423680.

Community Planning Group Recommendation: The Carmel Valley Community Planning Board considered the project on July 11, 2006, and voted 12-0-0 to recommend approval of the proposed project as detailed within this report (Attachment 10).

Environmental Review: An Addendum to EIR No. 96-0737 has been prepared for the project in accordance with State of California Environmental Quality Act (CEQA) guidelines. A Mitigation, Monitoring and Reporting Program has been prepared and will be implemented which will reduce, to a level of insignificance, any potential impacts identified in the environmental review process.

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

Code Enforcement Impact: No code enforcement issues are associated with this project.

Housing Impact Statement: This proposed project will provide for the development of 172 attached condominium units, a recreational building, a lot for a single-family home and 28,040 square feet of retail commercial space on an approximately 21-acre site. A 12-acre portion of the site is designated by the Carmel Valley Neighborhood 10 Precise Plan for Low-Density Residential development with a density range of 5 to 15 dwelling units per acre. The remainder of the site is designated as Neighborhood Commercial, Very-Low Density Residential and Open Space. The Precise Plan allocates residential density between 98 and 189 dwelling units for the Low-Density Residential portion of the site. The project represents a net gain of 172 attached housing units and 1 single-family unit. No units affordable by low or moderate income households are proposed by this project. The project was also determined to be exempt from the City's Inclusionary Affordable Housing Regulations.

BACKGROUND

Existing Conditions

The site is located at 5384 Carmel Mountain Road at the intersection of Carmel Mountain Road and Carmel County Road. The project site is in the CVPD-OS/SF2/MF1/NC Zones of the Carmel Valley Planned District, within the Carmel Valley Community Plan (Attachment 1). The proposed project site is surrounded by low density residential development to the south and east, commercial to the north and open space to the west (Attachment 3).

The site is currently vacant and was previously graded during the mass grading of Carmel Valley Neighborhood 10 (CV-N-10). The project site is relatively flat and does not contain steep slopes. A portion of the project is within the Multi-Habitat Planning Area (MHPA) and the project will be conditioned to adhere to the MHPA guidelines.

Previous Approvals

The project site is covered by a Development Agreement (DA) between the City of San Diego

and the Pardee Construction Company (Pardee Homes). The Pacific Highland Ranch, Subarea II, North City Future Urbanizing Area Development Agreement was negotiated and entered into by the City Council on September 8, 1998, the effective date was November 3, 1998 .

Inclusionary Housing

In accordance with Chapter 14, Article 2, Division 13, the (Inclusionary Housing Ordinance), the project is not required to provide any affordable housing. The ordinance states that all projects with an approved Vesting Tentative Map (VTM) or an approved Development Agreement (DA) prior to July 3, 2003, are exempt for the City's Inclusionary Housing Ordinance. The VTM and the DA were negotiated and executed in 1998 well before the ordinance was created, which exempts this project from the Inclusionary Housing Ordinance.

DISCUSSION

Project Description:

The project proposes the subdivision of a vacant 21-acre site, the construction of a 172-unit condominium complex, one single-family lot and a Commercial Center. The project consists of: 32, two story buildings with attached garages; one approximately 6,600 square foot recreational building; one single-family lot; 28,040-square feet of commercial space within five buildings; and associated Open Space.

The project requires the subdivision of the 21-acre site into seven individual lots. The lot sizes would be as follows: 4.14 acres for Lot 1; 12.34 acres for Lot 2; 0.44 acres for Lot 3; 0.86 acres for Lot A; 0.44 acres for Lot C; 3.06 acres for Lot B; and 0.18 acres for Lot D. The project would include the transfer of 3.06 acres, Lot B, from the applicant to the City of San Diego for open space purposes. The Project would also include the transfer of 0.18 acres, Lot D, in fee simple from the City to the applicant for brush management purposes.

Lot 1 would be used for 28,040 square feet of commercial space (23,540 square feet of retail and 4,500 square feet of restaurant space); Lot 2 would contain 172 residential units; Lot 3 is a single family lot and is designated for one single-family residential unit; Lots A, C and D would become a part of the Homeowners Association property; Lot B would be deeded to the city as an open space lot containing 3.06 acres. Lots A and D would have open space easements.

The project would include the transfer of a 0.18-acre portion (labeled on the Carmel Highlands Village/Square Site Plan as "Lot D" and further described in attached Exhibit A) of Lot 70 from the City of San Diego to the applicants. Lot 70 was originally a part of the Carmel Crest Estates Development project and was deeded to the City as open space at recordation of the final map. However, per the approved Carmel Valley Precise Plan, Lot D was to remain in private ownership with a building restricted easement for brush management purposes. On the recordation of the Carmel Crest Estates Final Map 13877, the City assumed ownership of all of Lot 70 as an open space lot without setting aside Lot D for brush management. Therefore, the

transfer of Lot D to the applicant as a part of this project is necessary to conform to the Carmel Valley Precise Plan and would relieve the City of any brush management responsibilities. The building restricted easement placed over the entire Lot 70 will insure its continued preservation as open space, but allow the necessary brush management to take place on Lot D.

Design Features

The project proposes various types of architectural themes; building envelopes and setbacks; materials; fencing and wall heights; architectural accents; lighting; colors and materials; and landscaping. Proposed onsite recreational facilities include a pool, spa, tot lots, picnic areas, and a recreation building featuring a racquetball court, exercise room, meeting space and two guest units.

Architectural styles to be implemented are Craftsman, Mediterranean, and Tuscan. The Craftsman will feature flat tile roofs, stucco-finished chimneys with metal shrouds, stucco sand finish, simulated wood out lookers, cementitious wood siding at gables, pot shelves, and ledger stone veneer. The Mediterranean will feature concrete 'S' tiles, stucco-finished chimneys with metal shrouds, stucco sand finish, cementitious wood siding at gable ends, simulated wood shutters, pot shelves, stone veneer and recessed windows. The Tuscan will feature concrete 'S' tiles, stucco-finished chimneys with metal shrouds, stucco finishes, cementitious wood beaded siding at gable ends, simulated wood shutters, pot shelves, stone veneer and recessed windows. Garage doors and parking would be appropriately screened. Windows would be compatible with the design of the structures. Window types and styles would be consistent on all elevations.

Grading/Steep Slopes

Grading on-site would occur over 80.9% of the site with a balanced cut and fill of 25,000 cubic yards, to a maximum depth of five feet on a previously-graded pad. No cut slopes would remain after filling, and the maximum height of fill slopes would be four feet with a 2:1 ratio. No retaining or crib walls are proposed on-site.

Land Use Plan Analysis:

The proposed project conforms to the land use of the Carmel Valley Neighborhood 10 Precise Plan. The project also proposes stylized architecture and landscape design to meet the Precise Plan's design objectives to create a unified neighborhood aesthetic. Therefore, the project may be supported as adequate implementation of the Precise Plan's specific recommendations for this neighborhood.

The project, however, falls short of achieving a neighborhood center, or focal point, for this neighborhood as recommended by the earlier 1975 Community Plan. The design also does not sufficiently implement various 'new urbanist' concepts identified in the Urban Design and Strategic Framework Elements of the Progress Guide and General Plan. These concepts reflect current trends in city planning that were incorporated into the previous update to the General

Plan's Urban Design Element in the early 1990's, were later re-emphasized by the Strategic Framework Element, and are further developed in the current update to the General Plan (October 2006 draft). Because the applicant is unable to make significant changes to the site plan without loss of dwelling units, parking, common landscaping, or replacement of the residential 'product', a staff alternative with specific design changes has not been evaluated. Therefore, a staff recommendation with an alternative design or specific design modifications has not been provided.

Planning Context

Carmel Valley Neighborhood 10 comprises 800 acres of mesa top and canyons overlooking Los Penasquitos Canyon Preserve. Neighborhood 10 is one of the 10 neighborhood development units identified in the 1975 Carmel Valley Community Plan. The community plan requires preparation of precise plans for each neighborhood development unit within the planning area. A precise plan was adopted for Neighborhood 10 in 1994 and subsequently amended several times to reconfigure open space, add dwelling units, and delete a sewer connection through Los Penasquitos Canyon. Approximately one-half of the planning area is designated as Open Space by the Precise Plan.

The majority of the developable area is designated for Very-Low Density Residential Development with a density range of 1-5 dwelling units per acre (du/ac). Development is allocated to each of 29 development areas in order to establish a maximum yield of 1551 dwelling units for this neighborhood, and to achieve an equitable distribution of development rights for the many property owners. The Precise Plan also allows the transfer of density between development units with the goal of achieving the maximum amount of units. There is also a 4-acre Neighborhood Commercial site and a 15-acre site developed with a school and a joint use park.

A Development Agreement (D.A.) between the City and Pardee Homes for the nearby Pacific Highlands Ranch community contains a provision that allows an increase in development for Neighborhood 10 in exchange for additional open space in Pacific Highlands Ranch (1998 Pacific Highlands Ranch Subarea Plan). The D.A. allows Pardee Homes to propose, and the City to consider, either a 9-acre increase in net developable area (and loss of open space), or an additional 72 74 dwelling units within Carmel Valley Neighborhood 10. Due to community opposition, Pardee Homes is proposing to add dwelling units within the existing developable area, rather than pursue an earlier proposal described below that would have resulted in a loss of open space.

In 2001, Pardee Homes applied to develop the 21-acre subject site with approximately 100 single-family homes. This proposal required an amendment to the Precise Plan to redesignate the 4-acre commercial site to residential use. The plan amendment was processed separately from the application to develop the 12-acre residentially designated portion of the property. The Planning Commission denied the application to subdivide the residentially designated portion of the site because the two applications were not being processed concurrently.

The plan amendment application also included the redesignation of open space to increase residential developable area and was not supported by the Carmel Valley Community Planning Board. The Planning Commission noted that the 12-acre residential site could accommodate all or some of the dwelling units allowed by the Development Agreement without any loss of open space. Pardee Homes has subsequently reconfigured their two development applications to provide, at build-out, a total of 63 additional dwelling units out of the 72-74 dwelling units that may be permitted per the Development Agreement.

Land Use

The 21-acre site encompasses residential, open space and the commercial Precise Plan land use designations. A 12.3-acre portion of the site is designated for residential development within the low density range of 5 to 14 du/ac. This designation permits either detached units on small lots, or townhomes and other attached units. This is the only site in Neighborhood 10 where attached units may be permitted. The Precise Plan further allocates development for the site of up to 98 dwelling units, with a maximum of 189 dwelling units allowed by utilizing the density transfer mechanism. The proposed development of 172 dwelling units is within the maximum allowed by the Precise Plan for this site.

The project also proposes development of the 4-acre commercially designated site with 23,000 square feet of retail space in 5 separate buildings. The Precise Plan intends that the neighborhood commercial center provide for the convenience needs of residents and could include a small supermarket or convenience food store, a drugstore, a small restaurant, cleaners, and other miscellaneous services. The proposed retail center will allow for these uses.

A small portion of the site is within the adjacent neighborhood of single-family homes and is designated for Very Low Density Residential development. The project proposes 1 single-family residential lot within this area. Approximately 4-acres of designated open space will also be conserved within the adjacent canyon. The proposed project therefore implements the land uses and residential densities allowed by the Precise Plan.

Neighborhood Design

The Carmel Valley Community Plan recommends each neighborhood contain a 'neighborhood center' that "create(s) a neighborhood focus which integrates a convenience commercial facility, an elementary school and a neighborhood park" and that the "neighborhood center will be pedestrian-oriented and planned as a total entity." The 1975 Community Plan land use map designates neighborhood centers that include commercial, school and park sites for 5 Carmel Valley neighborhoods and separate school and park or commercial sites for others. The design of the neighborhood centers would be further detailed by the Precise Plans and by individual projects utilizing the design concepts of the Community Plan (Attachment 14) This planning framework was later not fulfilled through Precise Plan adoption or was changed by project-specific plan amendments. Where neighborhood commercial centers were centrally located by

the Community Plan, they were either separated from school and park sites and relocated to peripheral arterial streets, or deleted from the Plan and replaced with single-family residential development. As a result, the concept of active, mixed-use neighborhood focal points has not been properly implemented for other developed neighborhoods in Carmel Valley.

The Neighborhood 10 Precise Plan designates separate sites for the commercial center and the school and park. The Precise Plan does not address the integration of use and how a neighborhood center identified in the Community Plan would be established for this neighborhood. Rather, the Precise Plan's design guidelines detail grading and landscape concepts to create neighborhood design unity. The joint use school and park facilities in this neighborhood were also not designed to create a neighborhood center using these public spaces. The project site represents the only remaining opportunity to fully implement the neighborhood focal point concept identified in the 1975 Community Plan for Neighborhood 10, and ultimately for any Carmel Valley neighborhood prior to community build-out.

The design policies in the adopted General Plan encourage the type of development that could sufficiently integrate the residential and commercial components to create a neighborhood center. These policies would include, and staff recommended the applicant consider:

- Providing streets with parkways and sidewalks per the City Street Design Manual, rather than private driveways and a system of separate pedestrian paths;
- Using a grid or modified grid street layout that 'opens up' the development;
- Orienting building entries to internal streets. Streets should not be dominated by garages and loading areas;
- Sharing open space between the commercial and residential components and using open space as a focal point for the two uses;
- Considering a mix of unit types, including opportunities for vertical mixed-use.

While the project uses a highly visible architecture and landscape theme to create a design focus, an alternative site design that incorporates the measures identified above would better meet the design goals of the Community Plan and the General Plan. A site plan that provides a more coherent pedestrian and auto circulation pattern as well as a more seamless transition between the residential, commercial and neighborhood open space components would meet the objective of creating a 'neighborhood center' recommended by the Community Plan (Attachment 4). While the proposed project provides a uniform design theme consistent with the Precise Plan, the neighborhood design concepts of the Community Plan have not been achieved. Therefore, City Planning and Community Investment staff is unable to recommend in favor or denial of the project.

Environmental Analysis:

The environmental review process for the proposed project included an evaluation of several areas of interest: Biological Resources; Land Use-MHPA Land Use Adjacency Guidelines;

Landform Alteration/Visual Quality and Paleontological Resources. These areas of interest were evaluated by City staff and have been documented in Addendum to EIR No. 96-0737.

The project would be required to mitigate biological impacts. The entire site was previously graded and only minimal impacts to environmentally sensitive lands will occur. Although the site was previously graded, finish grading would be necessary to complete the edge of the existing graded pad to accommodate project features. Direct impacts to 0.07 acres of Tier IV non-native grassland habitat and 0.31 acres of Tier II coastal sage scrub habitat would occur in Lot A. Mitigation for the 0.38-acre impact would include native re-vegetation of the graded slope area on Lot A. The entire Lot A would also remain in the MHPA in a HOA-owned conservation easement. In addition, all remaining MHPA open space on-site outside of Brush Management Zone Two would be dedicated as open space. The remaining MHPA area on-site, Lot B, lies west of Lot A and consists of 2.87 acres of native coastal sage scrub which is well in excess of the required 0.38 acres needed for mitigation.

The project has been conditioned to include contour grading, building heights no greater than 35 feet, and use of neutral colors and screening landscape to adhere to the landform and visual quality of the neighborhood.

All lighting adjacent to the MHPA would be shielded and use unidirectional, low pressure sodium illumination and would be directed away from preserve areas using appropriate placement and shields.

The project site is underlain by the Scripps formations which have a potential for paleontology resources. Due to the high resource sensitivity of the formations a qualified Paleontologist or Paleontological Monitor must be present during all excavations.

Pollutants of concern generated by this development would be sediments, nutrients, trash, debris, oil, grass, bacteria and pesticides. The proposed permanent Best Management Practices would be grass lined swales, landscaping and desiltation catch basins. The individual homeowners would be responsible for the maintenance of the Best Management Practices. A Storm Water Pollution Prevention Plan (SWPPP) and a Monitoring Program Plan is required to ensure that runoff from the development will not contribute to erosion. Grass-lined swales, detention basins, and rip-rap energy dissipaters would be constructed to reduce sediment and pollution.

The proposed design would retain the visual characteristics of the topography and structural scale of the neighborhood. The draft permit and vesting tentative map resolution include conditions which address City requirements for the proposed project. City staff has determined the proposed project is consistent with the purpose and intent of these regulations.

Project-Related Issues:

The proposed project requires an amendment to VTM 96-0737 to allow for an increase in the number of dwelling units from 98 to 172 (or an increase of 74 units). The increase is allowed via the 1998 Development Agreement between the City of San Diego and Pardee Construction

Company regarding the Pacific Highlands Ranch, Subarea III area. One aspect of the Development Agreement was that in exchange for approximately nine acres of developable land added to the MHPA within Subarea III, the City would allow the applicant to transfer the development rights on those nine acres to CV-N-10 or some other Pardee-owned property (subject to environmental review and concurrence by the wildlife agencies). The Development Agreement also approved a revision to the CV-N-10 Precise Plan allowing for construction of 200 multi-family dwelling units where 98 multi-family dwelling units were previously authorized. With this proposed project, the increase in 74 units would reflect an increase to 172 multi-family dwelling units rather than the 200 multi-family dwelling units authorized by the Development Agreement, and the increase in 74 units would be accomplished by a density increase rather than an increase in acreage.

The proposed project also requires the abandonment of several public easements: (1) Access Easement granted to the City of San Diego per Doc No. 1997-0115742, recorded March 14, 1997; (2) Survey No. 65 and the Unnamed Roads granted to the County of San Diego on August 22, 1986 in Book 257, Page 30 and recorded August 24, 1986 in Book 257, Page 185; (3) Easement for Water Mains granted to the City of San Diego per File No. 197370 recorded September 10, 1971. Staff has reviewed the current easements and determined the following findings can be made: (a) there is no present or prospective public use for the easements, either for the facility or purpose for which it was originally acquired or for any other public use of a like nature that can be anticipated; (b) the public will benefit from the action through improved utilization of the land made available by the abandonment; (c) the abandonment is consistent with the Carmel Valley Planned District Ordinance and the Carmel Valley Community Plan; and (d) the public facility or purpose for which the easement was originally acquired will not be detrimentally affected by the abandonment or the purpose for which the easement was acquired no longer exists.

Community Planning Group Recommendation

The Carmel Valley Community Planning Board considered the project on July 11, 2006, and voted 12-0-0 to recommend approval of the project with the following recommendations (Attachment 11). The applicant's responses are in italics beneath each recommendation.

Issue 1: Adequate buffering of existing single family homes from Neighborhood Commercial and multi-family development.

Existing single-family homes on Cloverhurst Way, Brettonwood Court and across Carmel Country and Carmel Mountain Road from Carmel Highlands Village need to be adequately buffered from the effects of headlights and potential collision dangers posed by the cars using the head-in parking spaces and streets that border the multi-family development. The newly proposed 3 ft high wall topped with 3 feet of wrought iron fencing should provide adequate protection on the southern boundary with the Cloverhurst Way and Brettonwood Court homes but the newly proposed hedge on the boundary with Carmel Country and Carmel Mountain Road may not be dense enough to adequately block headlights or physical car intrusions into the adjacent areas. We would appreciate the consideration of additional aesthetic barriers if

practical. Some concern has been expressed over the proximity of multi-family Building #1 and multi-family Building #24 to the adjacent properties and views from Cloverhurst Way and Foxhound Way respectively. The setback of Building #24 from the Foxhound cul-de-sac is said to be 35 feet which should be adequate but it would be nice to have a line of sight drawing to see what kind of impact the building will have on the view from the Foxhound cul-de-sac. Similarly, the proposed setback of the corner of Building #1 is only 20 feet from the Cloverhurst Way hillside and, as it sits high above Cloverhurst Way, it has the potential to tower over Lot 3 and the street below. A line of sight drawing for this building from Cloverhurst Way may provide a better sense of impact and acceptability here as well. *The applicants have incorporated into the project a three-foot solid wall with three feet of wrought iron rail along the entire northern property line, to adequately block headlights and physical car intrusions. The applicants have also agreed to add a second row of low-height hedges along the east and south property lines at the commercial portion of the property to address the same concerns. However, for aesthetic reasons the applicants prefer not to add a solid low wall in these locations.*

Issue 2: Pedestrian Accessibility

We are pleased that this new submittal eliminates the previously proposed drive through element and provides for more pedestrian accessibility through the newly added patio, sidewalks, textured crosswalks, and the addition of a pedestrian entryway at the corner of Carmel Country and Carmel Mountain Roads and the staircase connection to Cloverhurst Way. Any other amenities that would provide for less crossing of the parking lot, easier pedestrian access and buffers for pedestrians from cars are welcome. *No response required.*

Issue 3: Density

While the community doesn't necessarily favor additional density, it was suggested that additional multifamily units could be achieved, if necessary, by creating a real second floor above the commercial buildings where there is now only the perception of a second story for aesthetic purposes. *The applicants have determined this recommendation is not feasible, due to site constraints.*

Issue 4: Pedestrian Walkway

Clarify that the control, maintenance and ownership of the pedestrian staircase to Cloverhurst Way will be the responsibility of the existing N10 Homeowners Association. Since the Cloverhurst Way hillside is Home Owners Association (HOA) owned and maintained and since the staircase is primarily for the benefit of Cloverhurst Way area residents to safely access Carmel Highlands Village and Carmel Mountain Road amenities via foot, it makes sense that ownership and maintenance of this staircase should be done by this HOA. *The ownership, control and maintenance of the stairway from the site to Cloverhurst Way will be the responsibility of the existing HOA.*

Issue 5: Delivery Hours

Restricted hours for all truck traffic, between the hours of 7:00 am to 8:00 pm. *The applicants have voluntarily agreed to this condition.*

CONCLUSION

The Development Services Department has reviewed the proposed project and determined the project meets all relevant regulations and polices of the San Diego Municipal Code in effect for this site. However, the City Planning & Community Investment Department also reviewed the project and determined the project falls short of achieving the neighborhood design concepts of the 1975 Carmel Valley Community Plan for Neighborhood 10. Due to this design issue, the City Planning & Community Investment Department is unable to recommend approval or denial of the project.

The Development Services Department staff supports the proposed project based on its conformance with applicable regulations of the San Diego Municipal, as clarified within the draft findings (Attachments 7 and 8). Staff is requesting the Planning Commission recommend approval of the proposed project to the City Council.

ALTERNATIVES

1. Recommend to the City Council APPROVAL of Vesting Tentative Map No.221330, Site Development Permit No. 423678, and Easement Abandonment No. 423680 with modifications.
2. Recommend to the City Council DENIAL of Vesting Tentative Map No.221330, Site Development Permit No. 423678, and Easement Abandonment No. 423680, if the findings required to approve the project cannot be affirmed.
3. Recommend the project be redesigned to be consistent with the neighborhood design concepts of the 1975 Carmel Valley Community Plan for Neighborhood 10.

Respectfully submitted,

Mike Westlake
Program Manager
Development Services Department

Derrick Johnson, Project Manager
Development Services Department

Westlake/DJ

Attachments:

1. Aerial Photograph
2. Community Plan Land Use Map
3. Project Location Map
4. Project Data Sheet
5. Draft Vesting Tentative Map
6. Project Site Plans
7. Draft Permit with Conditions
8. Draft Vesting Tentative Map Resolution
9. Draft Resolution with Findings
10. Community Planning Group Recommendation
11. Applicant Responses to Community Planning Group Recommendations
12. Ownership Disclosure Statement
13. Project Chronology
14. North City West Community Plan Exhibits

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