

DATE ISSUED: October 20, 2005 **REPORT NO. PC-05-302**

ATTENTION: **Planning Commission, Agenda of October 27, 2005**

SUBJECT: STELLA - PROJECT NO. 65484. PROCESS FIVE

REFERENCE: REPORT NO. P-05-190 (Community Plan Amendment Initiation)

**OWNER/
APPLICANT:** Constellation Property Group (Hancock) Limited Partnership
Marchese Partners International Limited Partnership (See Attachment 26)

SUMMARY

Issue: Should the Planning Commission approve a new 86-unit, multi-family condominium development located at 2015 Hancock Street within the Midway/Pacific Highway Corridor Community Planning Area?

Staff Recommendation:

1. Recommend that the City Council **Certify** Mitigated Negative Declaration No. 65484;
2. Recommend that the City Council **Approve** amendments to the Progress Guide and General Plan, and the Midway/Pacific Highway Corridor Community Plan, No. 200813;
3. Recommend that the City Council **Approve** Rezone No. 196639;
4. Recommend that the City Council **Approve** Easement Abandonment No. 272689;
5. Recommend that the City Council **Approve** Site Development Permit No. 240731; and
6. Recommend that the City Council **Approve** Vesting Tentative Map No. 240730, including a waiver from the requirement to underground existing overhead utilities.

Community Planning Group Recommendation: On August 10, 2005 the Midway Community Planning Advisory Committee voted 7-0-1 to approve the Stella project design and entitlement as proposed (See Attachment 21).

North Bay Redevelopment Project Area Committee Recommendation: On June 1, 2005 the North Bay Redevelopment Project Area Committee voted 13-0-2 to approve the Stella Project Owner Participation Agreement for a \$1.7 million subsidy, as proposed by Redevelopment Agency staff (See Attachment 27).

Environmental Review: Mitigated Negative Declaration Number 65484 was prepared, and finalized on August 30, 2005 in accordance with the State of California Environmental Quality Act (CEQA) Guidelines. A Mitigation, Monitoring, and Reporting Program would be implemented which would reduce, to below a level of significance, the potential environmental impacts identified from the environmental review process for Historical Resources (Archaeological).

Fiscal Impact Statement: All costs associated with the processing of this project are paid from a deposit account maintained by the applicant.

Code Enforcement Impact: None with this action.

Housing Impact Statement: The proposed amendment to the Progress Guide and General Plan and the Midway/Pacific Highway Corridor Community Plan would redesignate the project site from Light Industrial to Very-High Residential (75-110 dwelling units per acre). The proposed amendment would allow a range of 67 to 98 dwelling units where none are currently allowed. The construction of 86 dwelling units is being proposed. The concurrent rezone action would rezone the project site from IS-1-1 to RM-4-10. The project proposes to demolish an existing vacant warehouse/office building in order to construct an 86 unit multi-family development consisting of 12 single-level condominiums and 74 attached townhomes. The project would result in a net gain of 86 units to the Midway/Pacific Highway Corridor community planning area.

The proposed project would conform to the Inclusionary Affordable Housing Requirements and Council Policy 600-27(A) criteria for the Affordable/In-Fill Housing Expedite Program by setting aside 15 percent (13 units) of the total for-sale dwelling units on site for households with an income at or below 100 percent Area Median Income (AMI), currently \$63,400 for a family of four. The proposal would help the City address its shortage of affordable housing during a time when the City Council has determined that the City of San Diego is in a Housing State of Emergency.

The project site is also located within the North Bay Redevelopment Area and the City's Redevelopment Agency has an owner participation agreement with the applicant to help subsidize the affordable housing units proposed on-site.

Park Impact Statement: Park Impact Statement: The City Progress Guide and General Plan guidelines recommend a minimum 10.0 acre neighborhood park for every 3,500-

5,000 residents located within ½ mile service radius and a minimum 20 acre community park and a recreation center for every 18,000-25,000 residents located within 1½ mile service radius. This results in a range of 2.8 to 3.9 useable acres per 1,000 residents. For every 50,000 residents, a community swimming pool complex is recommended within 1½ to 2 miles service radius.

Based on the 2000 U.S. Census, the Midway-Pacific Highway Community Planning Area should have a total of 13.81 acres of population-based park land and associated facilities. Currently, the Midway-Pacific Highway Community has no population-based parks. By the year 2030, the deficit is projected to increase to 24.12 useable acres of population-based parks. Additionally, the community will share a recreation center and community swimming pool with the Ocean Beach and Peninsula communities at a site to be identified.

BACKGROUND

The subject property is an approximately 0.89-acre site located at 2015 Hancock Street between Wright Street and Estudillo Street in the Midway/Pacific Highway Corridor Community Planning Area (see Attachments 1 and 2). The Midway/Pacific Highway Corridor Community (e.g., Midway) is situated north of the Centre City area between Old Town and Point Loma. Midway encompasses approximately 800 acres of mostly flat terrain, and is comprised of two basic elements: the central Midway area and the narrow, linear-shaped Pacific Highway Corridor (See Attachment 3).

The project site is located in the Pacific Highway Corridor, between Interstate 5 and Lindbergh Field, which contains some of the City's oldest industrial areas. The corridor is defined by large scale buildings and unscreened commercial parking lots in the southern portion, and a group of smaller scale, low lying industrial buildings located between Witherby Street and Washington Street in the northern portion. The subject site is also located approximately 1,000 feet (close to one-quarter mile) away from the Washington Street trolley stop and in close proximity to existing mixed-use live/work loft units, various commercial and office type uses, bus stops, and several bus routes.

The site is currently vacant and occupied by a warehouse with storage and associated office uses. It is surrounded primarily by non-manufacturing industrial uses with a railroad storage yard to the immediate northwest and the trolley line to the southwest. There are also vacant offices and an equipment rental business further south, beyond the trolley line. An air conditioning sales and distribution outlet and an auto repair business are located further to the southwest of the subject site. A sandblasting, powder coating and metal finishing business is located across the railroad tracks to the southeast of and approximately 300 feet at its closest point from the subject site, and is buffered from the site by the landscaped MTS land, the railroad tracks, and a public storage facility, which is currently under construction on the parcel between the sandblasting business and the railroad tracks. A video and DVD transfer and processing business and airport parking are located to the east. To the north/northwest is a conglomeration of various enterprises, including a gym, a backyard recreational business, a tax advisor, a former nightclub, a printing

business, a moving company and a mixed-use live/work loft configuration with a graphics business below four residential lofts. The Interstate 5 right-of-way is to the approximate north, beyond the various enterprises (see Attachments 1, 2, and 28).

On August 4, 2005 the Planning Commission voted (5-2) to initiate a request for an amendment to the Midway/Pacific Highway Corridor Community Plan and the Progress Guide and General Plan to redesignate the site from Light Industrial to Very High Density Residential (75-110 dwelling units per acre). During that hearing the Planning Commission requested that staff analyze a number of issues. That analysis is provided below in the Discussion section of this report under “Community Plan Analysis.”

The developments to the north, east, south, and west are currently zoned IS-1-1. The applicant is requesting a rezone to RM-4-10, a Residential-Multiple Unit zone. A Midway/Pacific Highway Corridor Community Plan and a Progress Guide and General Plan amendment are also required to allow multi-family use at this site.

The proposed 86-unit condominium project would include 13 for-sale affordable units (or 15 percent of the development) set aside for families earning no more than 100 percent of the Area Median Income (AMI), or \$63,400 for a family of four. Because the project is setting aside at least ten percent of the units as affordable, the land use approvals have been processed through the Affordable/In-Fill Housing and Sustainable Buildings Expedite Program.

DISCUSSION

Project Description:

The proposed Stella residential project would include the demolition of an existing vacant warehouse and the construction of an 86-unit, multi-family development (for sale condominiums) on an infill site. The development would exceed the City of San Diego Inclusionary Housing Ordinance by setting aside 15 percent of the units (13 units) as affordable to families earning no more than 100 percent of the AMI. The project would also meet the parking requirements of the Land Development Code by proposing 145 covered vehicle parking spaces, including two disabled parking spaces, 42 bicycle parking spaces, and 9 motorcycle parking spaces.

Of the 86 for sale condominiums proposed, 13 would be affordable to families earning no more than 100% of the Area Median Income, or \$63,400 of annual income for a family of four. The 86 units would consist of 12 single story one-bedroom units and 74 two-story two-bedroom town home units. The project would also include an approximately 8,000 square-foot landscaped courtyard including a water feature, paved seating area with BBQ facilities, security entry gates, and decorative lighting.

The units would vary in size from 610 to 771 square feet for the one-bedroom units and from 838 to 984 square feet for the two-bedroom units. Of the one-bedroom units, all are single story units, with one unit consisting of one bedroom and one bath, with the other 11 units consisting of

one bedroom, a study, and one bath. All the two-bedroom units are two-story units and have two baths.

The building has been designed as a contemporary development that maintains an architectural relationship with the industrial history of the area. The facades are modulated with a series of framed portals that introduce a “fine grain” pattern emulating the lot pattern to the northeast, which helps to reduce the visual bulk.

The building fabric includes a blend of materials that add warmth and texture. These include a stone base and end walls that anchor the building, and timber louvers that off-set the stark white frames. All windows are double or triple glazed aluminium framed with acoustic ratings to mitigate the railway noise.

The plan has been developed to provide shielding from Interstate-5 and the railway corridor creating an internal landscaped area in a center courtyard. The developer (Constellation Property Group) has also negotiated with the Metropolitan Transit System (MTS) for a license to use the adjacent land to the southwest to provide a linear park and acoustic buffer between the railway corridor and the Stella site. Although the adjacent land is "not a part" of the Stella property, it would add an additional amenity for the new residents which would be accessible to the public, while improving a blighted area in the community.

The Constellation Property Group envision that this area will experience a renaissance, similar to that occurring in downtown, with the inclusion of the Stella project, the proposed Mission Brewery, and Brickwork developments. The objective of the Constellation Property Group is to create homes with the best possible amenity, providing solar access, ventilation, outlook, usable recreation space, and liveable living spaces.

The proposed 86 multi-family units would be estimated to generate 516 average daily trips with 41 morning peak-hour trips and 49 afternoon peak-hour trips. A trip credit can be applied to the existing on-site warehouse use that generates approximately 328 average daily trips with 46 morning peak-hour trips and 49 afternoon peak-hour trips. Therefore, the project is expected to generate a net total of 188 additional daily trips and a traffic study was not required.

However, a traffic impact study (dated September, 2005) was prepared by Kimley-Horn & Associates, Inc. for the Mission Brewery Villas project being proposed nearby at 1815 and 1875 Hancock Street. The traffic impact study for the Mission Brewery Villas analyzed the cumulative impacts of three projects being proposed along Hancock Street: Stella located at 2015 Hancock Street; Mission Brewery Villas, located at 1875 Hancock Street; and Hancock Brickworks, located at 1895 Hancock Street (See Attachment 22). The results of the traffic impact study showed that the three Hancock Street projects would have no significant traffic impacts to surrounding roadway segments and intersections.

Owner Participation Agreement - Redevelopment Agency

The Redevelopment Agency approved an Owner Participation Agreement (OPA) with Constellation Property Group, on June 21, 2005 (9-0-0), for development of the 86 unit

residential project. Under the terms of the OPA, Redevelopment Agency will contribute \$1.69 million in North Bay Redevelopment Low and Moderate-Income Housing Funds to assist with the financing of 13 for sale affordable units (15% of the total number of units) on-site for families earning 100% of Area Median Income. Since the developer owns the property, no Redevelopment Agency assistance will be needed to purchase or assemble the site for development. With the approval of the OPA, the Redevelopment Agency has set aside the \$1.69 million for this project to help provide the affordable housing on-site, rather than the developer opting to pay the Inclusionary Housing in-lieu fee. The developer is proceeding under the terms of the OPA Schedule of Performance. Delays in the planning and development schedule may require amendments to the OPA and may expose the project to construction and financing cost increases.

Constellation Property Group has held extensive meetings with the community and received a recommendation by the North Bay Project Area Committee on June 1, 2005 (13-0-2) to approve the OPA (See Attachment 27).

Approval Descriptions:

The project as proposed would require a Community Plan Amendment and Progress Guide and General Plan Amendment (Process Five) to redesignate the land use from Light Industrial to Very High Residential (75-110 dwelling units per acre); a Rezone (Process Five) to rezone the property from the existing IS-1-1 Zone, an Industrial Small Lot Zone, to RM-4-10, a Multi-Family Residential Zone; a Site Development Permit (Process Four) for affordable development which proposes to deviate from the regulations of the underlying zone; an Easement Abandonment (Process Five) for the proposed abandonment of an existing public utilities easement; and a Vesting Tentative Map (Process Four) for condominium purposes, which includes a waiver to the requirement to underground existing overhead utilities.

The request for the Rezone, Easement Abandonment, and amendments to the Progress Guide and General Plan and Midway/Pacific Highway Corridor Community Plan requires the Site Development Permit and Vesting Tentative Map to be decided in accordance with Process 5 (City Council as the Decision Maker). Since the Municipal Code requires that approvals be consolidated, the project must be considered by the Planning Commission prior to a final decision by the City Council.

Community Plan Analysis:

The project includes the processing of a Progress Guide and General Plan and Community Plan Amendment with required changes to graphic and plan language, as shown in Attachment 16. The site is presently designated Light Industrial by the community plan, which was adopted by the City Council on May 28, 1991. The project proposes that the Midway/Pacific Highway Corridor Community Plan be amended to change the site's land use designation to Very-High Residential (75-110 dwelling units per acre). The proposed amendment would create a new designation to allow a range of 67 to 98 dwelling units on the subject where none are currently permitted. The project is proposing the construction of 86 dwelling units on site.

On August 4, 2005, the Planning Commission initiated the Plan Amendment by a vote of 5-2 and requested that staff proceed with an analysis of a variety of land use issues that are covered as part of this report. These items are discussed within the attachment entitled "Planning Commission Initiation Land Use Issues" (Attachment 18).

The proposed request for construction of 86 residential units and on-site open space areas would not adversely affect the Midway/Pacific Highway Corridor Community Plan because it would implement policies and recommendations of the community plan related to incorporating defensible space techniques into the design of multifamily projects by providing architectural detailing and individual unit features which will promote pride of ownership and delineate public, semiprivate, and private space. The Stella proposal features a landscaped courtyard with a meandering path through the interior of the project site fronting the units and providing surveillance over a common area. Visual and spatial orientation of recreational and open space areas is linked to the residential units within the project; the MTS easement/passive recreation area on the southwestern edge of the subject site (featuring tables and chairs and landscaping) is located in such a way that 25 ground level units would have direct physical access to this area while 25 upper level units would have direct views of the passive recreation area. The project would provide adequate lighting in all areas, including the underground parking and along the MTS right-of-way.

The proposal would improve the neighborhood streetscape by providing a pedestrian path down Hancock Street that would connect to the other proposals along Hancock (Mission Brewery Villas - 8 units with commercial retail space at 1875 Hancock Street, and the Hancock Brickworks - 53 units where 21 of these would be live/work units at 1895 Hancock Street). An alternating pattern of Jacarandas and palm species are planned as the street tree theme along Hancock Street. In addition to the above, the proposed project would also meet other policy objectives in the residential element of the community plan by: increasing home ownership opportunities; promoting the availability of low and moderate-income housing units within market rate residential projects; and providing recreational facilities specifically designed for the residents of the project (e.g.: benches, barbecue areas, passive recreational areas).

The City is facing a shortage of affordable housing during a time when the City Council has determined that the City of San Diego is in a Housing State of Emergency. The location of the project site close to downtown and near the Washington Street trolley station provides an ideal opportunity for additional residential development. The subject proposal would also help address the need for affordable housing by providing 13 restricted affordable housing units on site. The existing industrial structures located in the corridor area are generally older and lack the size features necessary for modern operations. In addition, several institutional and retail uses have located in the area, which have resulted in higher land prices. These factors have made the area less attractive to warehouse and distribution-type industrial users who may otherwise have been attracted to the area due to its proximity to the airport. Please see Attachment 18 for more discussion on demand for residential versus light industrial related uses.

The proposed project would also not adversely affect the Progress Guide and General Plan as one of the goals in the General Plan encourages in-fill development and revitalization. The proposed

project would accommodate in-fill development by allowing additional housing in the community. The plan also discusses the importance of improving the neighborhood environment to increase personal safety, comfort, pride and opportunity. The proposed project would develop much needed multi-family housing to help improve the neighborhood and its surroundings. The proposed project is within the North Bay Redevelopment Area, an area identified as blighted. The proposed project would also not adversely affect the Housing Element of the Progress Guide and General Plan, as the proposed use would be ensuring the development of new housing to help meet the City's housing needs. Moreover, the project would address the goal of the Housing Element of increasing affordable housing opportunities through the inclusion of 13 restricted affordable housing units on the site for households with an income at or below 100 percent of the area median income (\$63,400 for a household of four persons).

Currently, there are three additional land use plan amendments being processed independently in the Midway/Pacific Highway Corridor community planning area, and they are as follows:

- **Bay-to-Bay** (Initiated April 12, 2004 by City Council)
 - Delete Bay-to-Bay concept from the community plan and replace it with a system of open spaces with associated land use and policy changes; insert architectural and landscaping guidelines; identify portions of the community where mixed-use, urban, transit-oriented development should be encouraged; and make appropriate changes to bring the plan up to date with community and redevelopment goals.
- **Mission Brewery Villas** (Initiated August 19, 2004 by Planning Commission)
 - 89 dwelling units (1.95 acres – 4 dwelling units per acre)
 - Mixed-use development
- **Hancock Brickworks** (Initiated January 13, 2005 by Planning Commission)
 - 53 dwelling units (1.26 acres – 42 dwelling units per acre)
 - Mixed-use development

The proposed subject amendment is located within "District 5" of the larger amendment to delete Bay-to-Bay from the community plan. The boundaries of District 5 are described as Bean Street (east), Witherby Street (west), Pacific Highway (south), and Interstate 5 (north) as illustrated in Attachment 23.

At a special and duly noticed meeting on April 20, 2005, the community planning group recommended that primary uses for District 5 include light industrial, arts, residential, mixed-use, live/work lofts, business and professional offices with secondary uses being retail and commercial uses (Vote: 9-0-0), as described in Attachment 19. The planning group reaffirmed their recommendations at their regularly scheduled and noticed meeting on June 8, 2005 (Vote: 11-0-0), as detailed in Attachment 20. A draft preferred land use plan that further refines the planning group's recommendation is expected to become available by winter of 2006. It is anticipated that the Midway/Pacific Highway Corridor community plan amendment will be ready for Planning Commission consideration in early summer 2006.

At the August 4, 2005 initiation meeting for the subject amendment, the Planning Commission directed staff to look at land uses comprehensively within this District 5 area, and to engage all property owners as direct participants in this effort. On September 20, 2005, in response to the Planning Commission's direction, the Planning Department facilitated a workshop for property owners that own property within District 5. This workshop was organized to elicit input from property owners regarding preferred land uses in conjunction with a comprehensive analysis of this area due to submittal of three separate plan amendments in this area (Stella, Hancock Brickworks, and Mission Brewery Villas). Invitations/notices for this workshop were sent to approximately 80 property owners of record. Fourteen community members and property owners attended the meeting. It should be noted that these property owners were also invited to the series of larger, community-wide workshops in connection with the Midway/Pacific Highway Corridor community plan amendment in 2005.

After receiving an overview of land use issues in the project area, property owners were asked to give input on the land uses recommended for this area by the planning group through the Bay-to-Bay outreach process.

Property owners generally described that the proposed changes were flexible, that mixed-use and residential uses near transit made sense and helped implement the Strategic Framework Element. Also, responses indicated that the changes would be beneficial for property values, and that introducing residential uses in the area might deflect the airport expansion into the area.

The responses also requested the addition of loft/art studios; increasing the height limit; retaining current uses; allowing warehouses; identifying land for recreational use; and limiting residential development/nodes because new residents would increase congestion beyond infrastructure limits and compete for available on-street parking with industrial users. Concerns related to possible District 5 land use changes generally included parking issues; pre-existing non-conforming rights; incompatibility of uses; eminent domain; and the role of the Redevelopment Agency of San Diego. Essentially, when comparing the results of the September 20, 2005 focused workshop against the results from the three community-wide workshops held on January 22, 2005, February 23, 2005, and March 23, 2005, there are no substantial differences among these meetings in terms of input received or conclusions drawn from the community members.

Overall, there were varying degrees of support and concern regarding the introduction of residential into this area; an area already undergoing transition due to the encroachment of non-industrial uses. The existing industrial structures are generally older and lack the size features necessary for modern operations. In addition, several institutional and retail uses have located in the area, which have resulted in higher land prices. These factors have made the area less attractive to warehouse and distribution-type industrial users who may otherwise have been attracted to the area due to its proximity to the airport.

Environmental Analysis:

The City of San Diego conducted an Initial Study, which determined that the proposed project could have a significant environmental effect in the following area: Historical Resources

(Archaeology). This impact area is discussed below and in the Mitigated Negative Declaration and Initial Study documents.

Subsequent revisions in the project proposal created specific mitigation, which is identified in Section V of the Mitigated Negative Declaration. The project as revised now avoids or mitigates the potentially significant environmental effects previously identified, and the preparation of an Environmental Impact Report was not required. Mitigated Negative Declaration Number 65484 was finalized for the project on August 30, 2005 in accordance with the State of California Environmental Quality Act (CEQA) Guidelines. A Mitigation, Monitoring, and Reporting Program would be implemented which would reduce, to below a level of significance, the potential environmental impacts identified from the environmental review process for Historical Resources (Archaeology), as described below.

Historical Resources (Archaeology)

The project site is located in proximity to recorded archaeological sites. As the project site is currently hardscaped, no survey was required, and the proposed disturbance to the project site is presumed to have the potential to impact unknown, buried archaeological resources. Therefore, the Mitigation, Monitoring, and Reporting Program (MMRP) detailed in Section V of the Mitigated Negative Declaration would be required. The MMRP includes archaeological monitoring during removal of project landscape, hardscape, and grading. In addition, the recovery, recordation, and curation of any discovered archaeological materials would be required. Implementation of the MMRP would reduce the project's impacts to below a level of significance.

Police Response Times:

Area Station

Police service for the Stella Project will be provided by officers and support personnel from Western Division, located at 5215 Gaines Street. Western Division is currently comprised of 170 sworn personnel, 3 civilian professional staff and 6 Police Service Officers. Western Division provides police services to the following communities: Linda Vista, Morena, Mission Valley West, Old Town, Mission Hills, Midtown, Hillcrest, North Park, University Heights, Burlingame, Midway District, Loma Portal, Point Loma Heights, Ocean Beach, Roseville/Fleet Ridge, La Playa, Sunset Cliffs and Wooded area.

Current Response Times

The Police Department currently utilizes a five level priority dispatch system, which includes priority E (Emergency), One, Two, Three and Four. The calls are prioritized by the phone dispatcher and routed to the radio operator for dispatch to the field units. The priority system is designed as a guide, allowing the phone dispatcher and the radio dispatcher discretion to raise or lower the call priority as necessary based on the information received.

Priority one calls involve serious crimes in progress or those with a potential for injury. Priority one response times were selected to create the average since they represent the highest priority call with the appropriate amount of data.

The Stella project is located in the Midway District, which is within the boundaries of police beat 611. The 2005 (February 15 to June 30, 2005) average response time for priority one calls on beat 611 was 9.64 minutes. The citywide average response time for that same time period was 14.11 minutes. The response time goal for Priority One calls for Beat 611 is 12 minutes.

Fire Response Times:

Area Station

The Stella project would be served by Fire Station 8 located at 3974 Goldfinch Street. Station 8 houses one engine. The station covers 2.51 square miles, and the national standard is 9 square miles per fire station. The station has 4 firefighters on duty each shift.

Current Response Times

Response time to the 2015 Hancock Street project for engine 8 is 3.1 minutes which is within the national standard of 5 minutes. All first alarm units for an effective fire force arrive within the 5.0 minutes which is within the 9 minute national standard. Other stations, trucks, and Battalion Chiefs and their response times to the subject site would be:

- Engine 3 from Fire Station 3 at State and West Laurel Streets = 3.8 minutes.
- Engine 5 from Fire Station 5 at 09th & University = 4.7 minutes.
- Truck 20 from Fire Station 20 at Kemper & Midway = 5.0 minutes
- Battalion 2 Chief from Fire Station 5 at 09th & University = 4.7 minutes.

Two of the first alarm units are over capacity for number of yearly incidents which is 1,500 incidents per engine. Engine 5 responded to 3,405 incidents and was not available 66.02% of the time in Fiscal Year 2003. Engine 20 responded to 2,681 incidents and was not available 56.74% of the time.

Project-Related Issues:

Loss of Industrial Lands - As identified in the draft Economic Prosperity Element of the General Plan, the Midway/Pacific Highway Corridor area is a subregional employment district that is in a state of transition. The existing industrial structures are generally older and lack the size features necessary for modern operations. In addition, several institutional and retail uses have located in the area, which have resulted in higher land prices. These factors have made the area less attractive to warehouse and distribution-type industrial users who may otherwise have been attracted to the area due to its proximity to the airport. Please see Attachment 18, Issue No. 6 for further information.

Deviations - The SDMC allows flexibility in the application of development regulations (deviations) for affordable developments where strict application of the base zone development regulations would restrict design options and result in a less desirable project, through the

processing of a Site Development Permit. The purpose of these regulations is to provide flexibility in the application of development regulations for projects providing affordable housing and a balance of housing opportunities for all economic segments of the community. The intent is to provide an additional incentive to facilitate the development of affordable/in-fill housing while assuring that the development achieves the purpose and intent of the applicable land use plan.

Setback - The project proposes a two-foot, six-inch front yard setback along the northerly elevation (Hancock Street), and a twelve-foot, five-inch side yard setback along the easterly (Estudillo Street) when the San Diego Municipal Code requires that two contiguous yards must observe at least 15 feet on the northerly and easterly elevations.

The project proposes the setback deviations to maximize the site's available and usable land so that the project can materially assist in providing housing opportunities in economically balanced communities throughout the city, and to allow for the provision of individual, private recreation space that complies with the City's outdoor noise requirement. The Setback deviation is also requested to provide site design flexibility and a central courtyard while maintaining the overall community goals for improving architecture and landscaping while providing a pedestrian friendly development. Strict conformance with the setback regulations would limit optimal use of the somewhat narrow and constricted shape of the property as well as the reducing the number of affordable for-sale units, minimizing the positive impact on the City's shortage of affordable housing. In addition, strict requirement to the 15-foot setback requirement would create an inactive frontage while denying the addition of usable, private/semi-private outdoor spaces. Building to the property line would create an active, safe pedestrian friendly environment with increased street presence and surveillance. The building design has appropriate massing and articulation and would provide an enhancement to the urban fabric; therefore, staff supports the requested setback deviations.

Drive Aisle Turnaround - The project proposes the elimination of the required turnaround at the end of a parking area drive aisle. The San Diego Municipal Code requires "driveway aisles that do not provide through circulation shall provide a turnaround area at the end of the aisle that is clearly marked to prohibit parking and that has a minimum area equivalent to a parking space." The applicant has requested the deviation due to the constrained nature of the site and to allow the development to provide the required number of parking spaces as required in the San Diego Municipal code, while meeting the standard maneuvering requirements stated in the *Geometric Design of Highways and Streets 2004*.

Drive aisle turnarounds are typically provided in commercial parking structures where there are no designated parking stalls and all parking spaces provided are accessible for visitors. The Stella project is providing parking stalls that are designated for the units proposed where tenants accessing the parking structure are familiar with the parking area configuration and know the exact location of the parking stalls assigned to them. This

will eliminate wandering vehicles looking for an open parking stall to park and; therefore, eliminate the need for turnaround areas at the end of the drive aisles.

Due to the constrained nature of the site and to allow the development to provide the required number of parking spaces per the San Diego Municipal code, staff believes that the Decision Maker can make the appropriate Site Development Permit findings based on the information provided above.

Undergrounding Waiver Request - Council Policy 600-25 permits subdividers of land to request a waiver for the undergrounding of existing overhead utility lines when specific findings can be made. The subdivider, Constellation Property Group, is proposing demolish the existing warehouse on-site and to construct 86 condominium units. Generally, a waiver may be considered favorably for this site because the following findings can be made:

(i) The project involves a major street already scheduled as a utility company financed project (PUC 8209)

Under City of San Diego Utility Underground Conversion Projects Master Plan for Fiscal Year 2006, Council District 2, this site is to be converted in 2009 (See Attachment 24). The Stella project is slated to be completed in 2007; two years will pass before the entire street is converted by SDG&E.

(ii) The conversion would involve an inordinate cost to the development. Such as determination is to be made where practical on the basis of the cost estimates supplied or confirmed by the utility companies or a utility consultant and should be considered with regard with the type of development, the aesthetic benefits, and the relative costs if the facilities were to remain overhead. 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.

As per the applicant, the gross cost for the project would be \$31.8 million for the 86 units proposed. Therefore the average sales price would be \$370,000. The cost of the undergrounding, as determined by the utility consultant PowerPlus would be \$403,000.00. This cost estimate excludes excavation, conduits and backfill, which the applicant's general contractor estimates would cost \$50,000.00. The total cost of the works would be in excess of \$450,000.00. This is 1.4% of the total projected project revenue and 121% of the average sales price of the living units. As per the applicant, this is an inordinate cost to the development and could impact the development of the 13 affordable housing units proposed.

(iii) The conversion would involve a significant amount of investment in temporary facilities (cables, poles, temporary re-circuiting, etc.) or involve a significant amount of work considered to be off site to the development, which is financing the conversion.

The Developer would be required to install 2 poles at either end of the block and take the utilities into a trench for only part of one block. The additional poles would be required to be

installed to feed properties on the opposite side of the street and allow the circuits to be redirected underground, involving a significant amount of investment in temporary facilities.

As described above, under the current City of San Diego Utility Underground Conversion Projects Master Plan for Fiscal Year 2006, Council District 2, this site is to be converted in 2009. The Stella project is slated to be completed in 2007 and only two years would pass before the entire street is converted by San Diego Gas and Electric (SDG&E). As noted in the Master Plan, the 20A Project in Residential Block 2F is scheduled in FY 2009 (See Attachment 24). It is the practice of the City to coordinate the 20A projects with the residential block wherein they lie. 20A Projects are undergrounding projects required to be funded by public utility companies through California Public Utilities Commission regulations. These projects accomplish undergrounding in certain locations such as major thoroughfares. Therefore, staff supports the request to waive the underground requirement.

Critical Project Features to Consider Should a Substantial Conformance Review Be Requested

- Parking/Circulation: Parking spaces shall not be reduced unless the numbers of residential units proposed and/or number of bedrooms proposed are also reduced.
- Environmental Documents: The project design should remain within the parameters of the scope of the Mitigated Negative Declaration.

Conclusion:

The proposed request for construction of 86 residential units and on-site open space areas meets the goals of the North Bay Redevelopment Plan by promoting and enhancing varied housing opportunities by improving housing stock/type; expanding affordable housing opportunities which address community needs; enhancing the quality of pedestrian and vehicular mobility; and eliminating existing blighted conditions on the subject site.

The project would implement policies and recommendations of the community plan by incorporating defensible space techniques into the design of multifamily projects by providing architectural detailing and individual unit features which would promote pride of ownership and delineate public, semiprivate, and private space.

The proposed 86-unit condominium project would include 13 for-sale affordable units (or 15 percent of the development) set aside for families earning no more than 100 percent of the Area Median Income (AMI), or \$63,400 for a family of four, exceeding the requirements of the City's Inclusionary Housing Ordinance.

Other than the requested deviations, for which staff believes that findings can be made, staff finds the proposed project would be consistent with the recommended land use, design guidelines, and development standards in effect for this site per the San Diego Municipal Code and would not have an adverse effect on the adopted Midway/Pacific Highway Corridor Community Plan, and City of San Diego Progress Guide and General Plan.

ALTERNATIVES

1. Recommend that the City Council **Certify** Negative Declaration 65484; **Approve** Amendments to the Progress Guide and General Plan, and the Midway/Pacific Highway Corridor Community Plan, No. 200813; **Approve** Rezone No. 196639; **Approve** Easement Abandonment No. 272689; **Approve** Site Development Permit No. 240731; and **Approve** Vesting Tentative Map No. 240730, including a waiver from the requirement to underground existing overhead utilities, with modifications.
2. Recommend that the City Council **Not Certify** Negative Declaration 65484; **Deny** Amendments to the Progress Guide and General Plan, and the Midway/Pacific Highway Corridor Community Plan, No. 200813; **Deny** Rezone No. 196639; **Deny** Easement Abandonment No. 272689; **Deny** Site Development Permit No. 240731; and **Deny** Vesting Tentative Map No. 240730, including a waiver from the requirement to underground existing overhead utilities, if the findings required to approve the project cannot be affirmed.

Respectfully submitted,

Jeffrey D. Strohming
Acting Deputy Director, Customer Support and
Information Division
Development Services Department

Daniel Stricker
Customer Support and
Information Division
Development Services Department

Betsy McCullough
Deputy Director
Planning Department

HALBERT/DES

Attachments:

1. Location Map
2. Aerial Photograph
3. Community Plan Land Use Map
4. Project Data Sheet

5. Title Sheet
6. Site Plans (Includes Basement, Level, Roof & Accessibility Plans)
7. Elevations and Sections
8. Floor Plans
9. Civil Plans (Includes Vesting Tentative Map)
10. Landscape Plans
11. Draft Vesting Tentative Map Conditions and Subdivision Resolution
12. Draft Permit with Conditions
13. Draft Permit Resolution with Findings
14. Draft Rezone Ordinance with B Sheet
15. Planning Commission Community Plan Amendment Initiation Resolution No. 3820-PC (August 4, 2005)
16. Draft City Council Community Plan Amendment Resolution, including Text & Graphics
17. Draft Planning Commission Recommendation to City Council Resolution
18. Planning Commission Initiation Land Use Issues
19. Midway Community Planning Advisory Committee Minutes of April 20, 2005
20. Midway Community Planning Advisory Committee Minutes of June 8, 2005
21. Midway Community Planning Advisory Committee Minutes of August 10, 2005
22. Aerial Showing Stella, Brickworks, and Mission Brewery
23. District 5, Midway/Pacific Highway Community Plan Amendment – Delete Bay to Bay
24. Undergrounding Master Plan Fiscal Year 2006
25. Draft Environmental Resolution
26. Ownership Disclosure Statement
27. North Bay Redevelopment Project Area Committee Minutes of June 1, 2005
28. Existing Conditions – Surrounding Land Use
29. Project Chronology
30. School Sites
31. Social Services