

**PLANNING COMMISSION
RESOLUTION NO. XXXX-PC
CENTRE CITY DEVELOPMENT PERMIT
CENTRE CITY PLANNED DEVELOPMENT PERMIT
SITE DEVELOPMENT PERMIT
320 WEST CEDAR PROJECT NO. 2016-39**

WHEREAS, JMAN AT THE K LOFTS, Owner/Permittee, filed an application with Civic San Diego (CivicSD) for a Centre City Development Permit/Centre City Planned Development Permit/Site Development Permit (CCDP/CCPDP/SDP) No. 2016-39 to allow 1) for the construction of an 8-story (approximately 93-foot tall) residential development comprised of 43 residential units and 12 parking spaces in one level of below-grade parking; and, 2) for the substantial alteration (demolition) of a designated historical resource and corresponding conditions of approval for the associated CCDP/CCPDP/SDP No. 2016-39;

WHEREAS, the project site is located on a 5,000 square foot lot located at on the northwest corner of West Cedar and Union streets in the Little Italy neighborhood of the Downtown Community Plan (DCP) area (“Downtown”);

WHEREAS, the project site is legally described as Lot 7 in Block 33 of Middletown, in the City of San Diego, County of San Diego, State of California, according to partition map thereof made by J.E. Jackson on file in the Office of the County Clerk of said San Diego County.

WHEREAS, on January 18, 2017, the Downtown Community Planning Council considered a staff report and public testimony and voted 17-1 to recommend approval for Centre City Development Permit / Centre City Planned Development Permit / Site Development Permit No. 2016-39;

WHEREAS, on January 25, 2017, Civic San Diego considered a staff report and public testimony and voted 7-1 to recommend approval for Centre City Development Permit / Centre City Planned Development Permit / Site Development Permit No. 2016-39;

WHEREAS, on January 26, 2017, the Historic Resources Board considered a staff report and public testimony and voted 5-4 to recommend adoption of the findings and mitigation measures for Centre City Development Permit / Centre City Planned Development Permit / Site Development Permit No. 2016-39;

WHEREAS, on February 23, 2017, the Planning Commission of the City of San Diego held a duly noticed public hearing and considered a staff report and public testimony for Centre City Development Permit / Centre City Planned Development Permit / Site Development Permit No. 2016-39 pursuant to the Land Development Code of the City of San Diego;

WHEREAS, development within the Downtown Community Planning area is covered under the following documents, all referred to as the “Downtown FEIR”: Final Environmental Impact Report (FEIR) for the San Diego Downtown Community Plan, Centre City Planned District Ordinance, and 10th Amendment to the Centre City Redevelopment Plan, certified by the former Redevelopment Agency (“Former Agency”) and the City Council on March 14, 2006 (Resolutions R-04001 and R-301265, respectively); subsequent addenda to the FEIR certified by the Former Agency on August 3, 2007 (Former Agency Resolution R-04193), April 21, 2010 (Former Agency Resolution R-04510), and

August 3, 2010 (Former Agency Resolution R-04544), and certified by the City Council on February 12, 2014 (City Council Resolution R-308724) and July 14, 2014 (City Council Resolution R-309115); and, the Final Supplemental Environmental Impact Report for the Downtown San Diego Mobility Plan certified by the City Council on June 21, 2016 (Resolution R-310561). The Downtown FEIR was adopted prior to the requirement for documents prepared under the California Environmental Quality Act (CEQA) to consider a project's impacts related to greenhouse gas emissions. The effect of greenhouse gas emissions on climate change, and the subsequent adoption of guidelines for analyzing and evaluating the significance of data, is not considered "new information" under State CEQA Guidelines Section 15162 triggering further environmental review because such information was available and known before approval of the Downtown FEIR. Nonetheless, development within the Downtown Community Planning area is also covered under the following documents, all referred to as the "CAP FEIR": FEIR for the City of San Diego Climate Action Plan (CAP), certified by the City Council on December 15, 2015 (City Council Resolution R-310176), and the Addendum to the CAP, certified by the City Council on July 12, 2016 (City Council Resolution R-310596). The Downtown FEIR and CAP FEIR are both "Program EIRs" prepared in compliance with CEQA Guidelines Section 15168. Consistent with best practices suggested by Section 15168, a Downtown 15168 Consistency Evaluation ("Evaluation") has been completed for the project. The Evaluation concluded that the environmental impacts of the project were adequately addressed in the Downtown FEIR and CAP FEIR; that the project is within the scope of the development program described in the Downtown FEIR and CAP FEIR and is adequately described within both documents for the purposes of CEQA; and, that none of the conditions listed in Section 15162 exist. Therefore, no further environmental documentation is required under CEQA.

NOW, THEREFORE, BE IT RESOLVED by the Planning Commission of the City of San Diego as follows:

That the Planning Commission adopts the following written Findings, dated February 23, 2017.

CENTRE CITY DEVELOPMENT PERMIT FINDINGS

- 1. The proposed development is consistent with the DCP, CCPDO, Land Development Code (LDC), and all other adopted plans and policies of the City of San Diego pertaining to the Centre City Planned District.*

The proposed development is consistent with the DCP, CCPDO, LDC, and all other adopted plans and policies of the City of San Diego pertaining to the CCDP as the development advances the goals and objectives of the DCP and CCPDO by:

- Increasing the Downtown residential population;
- Providing a range of housing opportunities suitable for urban environments and accommodating a diverse population;
- Achieving a mix of housing types and forms consistent with FAR and urban design policies;
- Facilitating Little Italy's continued evolution as a cohesive, mixed use waterfront neighborhood; and,
- Providing affordable housing.

The Project proposes a well-designed residential development that is consistent with the orderly growth and scale of the neighborhood. The residential development will help to infill, as well as activate, this area of Little Italy.

CENTRE CITY PLANNED DEVELOPMENT PERMIT FINDINGS

1. *The proposed development will not adversely affect the applicable land use plan;*

The Project provides a well-designed residential development that is consistent with the orderly growth and scale of the neighborhood. The requested deviations for minimum streetwall height and parking standards result from the small size of this corner lot and allow for greater density and the accommodation of five very-low income units as well as a more sophisticated design. The requested deviations will provide relief from the strict application of the development standards and will have a negligible impact on the surrounding neighborhood. The resulting Project will serve as an attractive gateway into the Little Italy neighborhood with an accentuated corner design and an activated ground floor. It achieves the goals and policies of the DCP by providing desired density as well as affordable housing on site and will thereby not adversely affect the DCP.

2. *The proposed development will not be detrimental to the public health, safety and welfare;*

The granting of the deviations and approval of the Project will not negatively impact the public health, safety, and general welfare. Overall, the proposed development is consistent with the plans for this neighborhood and will contribute to its vitality by providing an attractive streetscape and development.

3. *The proposed development will comply to the maximum extent feasible with the regulations of the CCPDO; except for any proposed deviation which are appropriate for this location and will result in a more desirable project that would be achieved if design in conformation with the strict regulations of the CCPDO; and,*

The proposed development will meet all of the requirements of the LDC and CCPDO with the approval of the deviations, which is allowable with a CCPDP. The majority of the deviations are needed for the efficient development of the site given its small size and corner location. With approval of the CCPDP, the Project will comply to the maximum extent feasible with all applicable regulations. The requested deviations will result in a more desirable project than would be achieved if designed in conformance with the strict regulations of the CCPDO by providing design flexibility to allow for an increased number of units that allows for the inclusion of five very-low income units.

4. *The development is consistent with the Downtown Design Guidelines (DDG) and exhibits superior architectural design.*

The proposed development is consistent with the DDG and approval of the requested deviations will result in a residential development consistent with the surrounding area. The Project exhibits unique and appropriate massing that is compatible in scale with the long-term development plans for the neighborhood and includes affordable housing as well as an activated ground floor on its corner location at the entrance to Little Italy. Overall, the well-designed infill project will result in a unique development compatible with the surrounding neighborhood.

SITE DEVELOPMENT PERMIT FINDINGS

General Findings – SDMC § 126.0504 (a):

1. *The proposed development will not adversely affect the applicable land use plan;*

Historic Preservation is addressed in Chapter 9 of the DCP and states that locally designated resources are to be retained on-site whenever possible and that “Partial retention, relocation or demolition of a resource shall only be permitted through applicable City procedures,” that are outlined in SDMC Section 143.02 “Historical Resources Regulations.” Substantial alteration of a designated resource by demolition or other means is a deviation from the historical resources regulations and therefore an SDP is required. The Planning Commission must make all of the Findings in SDMC Sections 126.0504(a) and 126.0504(i) before demolition can occur. Therefore, the processing of this SDP is in compliance with and will not adversely affect the applicable land use plan.

The goals and policies of the DCP generally stipulate that buildings listed on the San Diego Register of Historic Resources (SDRHR) should be retained on-site, but if demolition is necessary, it shall only be permitted through applicable City procedures. While the DCP’s policies cited above call for the retention of SDRHR listed buildings, it also calls for the development and improvement of downtown neighborhoods. The proposed development will serve as an attractive gateway into the Little Italy neighborhood, providing desired density as well as much needed affordable housing on site. It will thereby achieve the goals and policies of the DCP and not adversely affect the DCP.

2. *The proposed development will not be detrimental to the public health, safety, and welfare; and,*

The proposed development will not be detrimental to the public health, safety, and welfare through compliance with the applicable Development Regulations of the CCPDO and SDMC as well as the California Building Code.

3. *The proposed development will comply with the applicable provisions of the LDC*

As discussed above, the proposed project will comply with the applicable CCPDO Development Regulations pertaining to lot size, minimum building setbacks, building heights, building bulk, building base, ground floor heights, and residential development regulations. It will also comply with the CCPDO’s Urban Design Regulations pertaining to building orientation, façade articulation, street level design, pedestrian entrances, transparency, blank walls, glass and glazing, rooftops, encroachments into public rights-of-way, building identification, and regulations pertaining to historical resources requiring an SDP.

Supplemental Findings – Historical Resources Deviation for Substantial Alteration of a Designated Historical Resource – SDMC § 126.0504(i):

1. *There are no feasible measures, including a less environmentally damaging alternative that can further minimize the potential adverse effects on the designated historical resource or historical district.*

The following three alternatives were evaluated for their respective Margin on Revenue (i.e. investment return) versus that of the Base Project:

- Alternative 1: rehabilitate both structures.
- Alternative 2: rehabilitate only the designated structure.

- Alternative 3: relocate and rehabilitate resource to an appropriate site and build the Base Project.

The Analysis concluded that the alternatives are not economically feasible. The retention or relocation of the historical resource would not provide a financial return which would allow any of the alternatives to be economically viable and obtain financing.

2. *The deviation is the minimum necessary to afford relief and accommodate the development and all feasible measures to mitigate for the loss of any portion of the historical resource have been provided by the applicant.*

The three Alternatives have been determined to be economically infeasible; therefore, this deviation from the Historical Resource Regulations is the minimum necessary to afford relief and accommodate the development of the site.

The London Report's finding that only the base project is economically feasible was vetted by Keyser Marston and Associates (KMA), an independent real estate analysis firm, which concurred with their findings. The retention and rehabilitation or relocation of the historic resource was found to be economically infeasible. Mitigation Measure HIST A.1-3 for the demolition of locally designated historic resources will be implemented as a condition of this Site Development Permit. Therefore, Supplemental Finding #2 can be made.

3. *The denial of the proposed development would result in economic hardship to the owner. For purposes of the finding, "economic hardship" means there is no reasonable beneficial use of a property and it is not feasible to derive a reasonable economic return from the property.*

Denial of the Project would result in economic hardship for the owner as it would not be feasible to derive a reasonable economic return from the property, in light of the fact that the alternatives studied resulted in financial losses or returns that were too low to qualify for financing. The London Report analysis concluded that Alternatives #1 and #2 would result in a financial loss to the Applicant and that Alternative #3 would result in a low Margin on Revenue that renders Alternative #3 economically infeasible. KMA completed a third party analysis of the London Group's findings and methodology. KMA concurred with their conclusions regarding the Alternatives, finding that the costs to rehabilitate and/or relocate the resource rendered the Project financially infeasible. Therefore, the strict application of the provisions of the historical resources regulations would deprive the developer and property owner reasonable use of the land.

BE IT FURTHER RESOLVED that, based on the findings hereinbefore adopted by the Planning Commission, CCDP/CCPDP/SDP No. 2016-39 is hereby GRANTED by the Planning Commission to the referenced Owner/Permittee, in the form, exhibits, terms and conditions as set forth in CCDP/CCPDP/SDP No. 2016-39, a copy of which is attached hereto and made a part hereof.

Christian Svensk
Senior Planner
Civic San Diego

Adopted on: February 23, 2017

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