



THE CITY OF SAN DIEGO

Report to the Planning Commission

DATE ISSUED: December 5, 2017 REPORT NO. 17-095

HEARING DATE: December 14, 2017

SUBJECT: Otay Mesa Northwest District Community Plan Amendment Initiation for PA-61

PROJECT NUMBER: 581648

OWNER/APPLICANT: Pardee Homes

SUMMARY

Issue: Should the Planning Commission INITIATE an amendment to the Otay Mesa Community Plan to redesignate an approximately 14-acre site located on the southeast corner of Caliente Avenue and Otay Mesa Road from Community Commercial-Residential Prohibited to Community Commercial-Residential Permitted (0-29 Dwelling Units per Acre)?

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

Community Planning Group Recommendation: On October 18, 2017, the Otay Mesa Planning Group voted 11-1-1 in support of initiating an amendment to the Otay Mesa Community Plan (Attachment 1).

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

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

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

Code Enforcement Impact: None.

Housing Impact Statement: None.

BACKGROUND

The proposed amendment site is located on the southeast corner of the Caliente Avenue and Otay Mesa Road intersection and north of State Route (SR) 905 within the Northwest District of the Otay Mesa community planning area (Attachment 2). The approximately 14-acre site is currently vacant, as are the adjacent properties to the east and west. Nearby developed land includes multi-family housing on the north side of Otay Mesa Road and San Ysidro High School south of SR-905. The site is adjacent to land designated Community Commercial-Residential Prohibited to the east.

The Otay Mesa Community Plan designates the site as Community Commercial-Residential Prohibited (Attachment 3) which provides for goods and services to the residential areas to the north and employment areas to the east in Otay Mesa. As discussed in the Community Plan Land Use Element, the Community Commercial-Residential Prohibited designation is intended to support commercial uses that cannot be accommodated within the mixed-use areas located within the villages.

The Community Plan designates over 300 acres for commercial uses (not including mixed-use commercial land within village areas), of which 55 acres are designated for Community Commercial use. A market analysis, which was prepared as part of the Otay Mesa Community Plan Update process, determined that the Community Plan provided enough commercial acreage to service the community through buildout. The Community Plan recommends maintaining community commercial areas in Otay Mesa to support the development of retail, office and other commercial services to serve the surrounding areas.

The applicant is requesting an amendment to the Community Plan to redesignate the property from Community Commercial-Residential Prohibited to Community Commercial-Residential Permitted. The proposed designation would allow for multi-family residential units in a mixed-use setting. The applicant, in their initiation request letter, stated that concept plans developed thus far for the proposed amendment site could consist of approximately 201-255 multi-family dwelling units, one-to-two acres of commercial space and a passive park. If initiated, the Community Commercial-Residential Permitted land use designation would allow for residential densities up to 29 dwelling units per acre, which would allow up to a maximum of 404 multi-family units as part of a mixed-use development on the amendment site.

DISCUSSION

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

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

The proposed amendment would maintain the Community Commercial designation consistent with the intent of the Community Plan. Through the redesignation of approximately 14 acres to allow for mixed-use development, roughly 41 acres in the community would remain for Community Commercial uses that prohibit residential. The Community Plan would maintain a distribution of land uses that provide sufficient capacity for a variety of uses, facilities, and services needed to serve Otay Mesa, consistent with the Land Use Element goal. The applicant has provided a retail analysis of the potential impact of reducing commercial square footage through the proposed amendment (Attachment 4). The analysis concluded that the reduction of commercial land within the proposed amendment site would have no adverse impact on the local retail environment.

The addition of housing to the site would help implement the housing goals and policies of the Community Plan and General Plan. The Community Plan states that in order to achieve a balanced community in Otay Mesa, larger units along with a greater proportion of multi-family residential developments are needed to accommodate the larger households within the community. The proposed amendment would allow for multi-family residential development up to 29 dwelling units per acre. The proposed residential density range would be consistent with the Community Plan goal of providing affordable housing development through the provision of a variety of housing types, including flats, townhomes, smaller-lot single-family homes, and other types of housing that are affordable in nature. Furthermore, affordable housing opportunities are needed to ensure a diverse mixture of incomes and households in Otay Mesa. The inclusion of multi-family residential would promote development at different density ranges to provide housing options at varying price points. Additionally, the applicant has stated their intention to satisfy the inclusionary housing requirement by providing affordable housing on site, consistent with Community Plan policies.

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

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

Given the site's proximity to MTS Routes 905 A & B bus service connecting to the San Diego Trolley, the applicant has indicated they will consider an additional public benefit that would assist the City in furthering its Climate Action Plan goals with amenities and features that enhance access to transit through improved pedestrian and bicycle connectivity between the site and the transit stop. Additionally, the applicant has stated their intent to provide increased passive recreation opportunities on site and a pedestrian-oriented design that integrates the residential and commercial uses within the site.

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

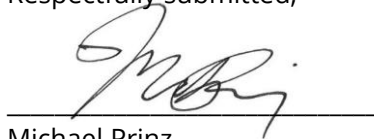
All necessary public services appear to be available. If the amendment to the Community Plan is initiated, an analysis of public services and facilities would be conducted with the review of the amendment.

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

- Appropriate land use designation, residential density, and zoning for the site;
- Appropriate size and boundary for the amendment site;
- Further analysis of the retail market to determine if the reduction of retail would impact the community;
- Site design considerations for the proposed land use designation;
- Feasibility of mixed-use development on the site;
- The appropriate mix and siting of active and passive uses;
- Provision of amenities, public spaces, and pedestrian-scale elements associated with the proposed development and application of urban design guidelines;
- Review of pedestrian and vehicular circulation patterns for safety and connection among different uses located on the site as well as review of pedestrian/vehicular access into the property;
- Noise attenuation measures for residential uses sited near SR-905 and Otay Mesa Road; and
- Provision of additional benefit to the community.

Although staff believes that the proposed amendment meets the necessary criteria for initiation, staff has not fully reviewed the applicant's proposal. Therefore, by initiating this community plan amendment, neither staff nor the Planning Commission is committed to recommend in favor or denial of the proposed amendment.

Respectfully submitted,



Michael Prinz
Senior Planner
Planning Department



Tait Galloway
Program Manager
Planning Department

Attachments:

1. Otay Mesa Community Planning Group Draft Minutes for October 18, 2017
2. Vicinity Map
3. Otay Mesa Community Plan Land Use Map
4. PA 61 Retail Analysis
5. Ownership Disclosure Statement

Otay Mesa Planning Group Meeting

October 18, 2017

Meeting called to order at 3:05 p.m. by Rob Hixson and introductions were made across the room.

Members present:

Rob Hixson
Chris Holder
Rita Mahoney
Alejandra Mier y Teran
Jimmy Ayala
Felipe Nuno
Tom Ricotta
Tom Story
Ronnie Lee Taylor
Clarissa Falcon
Joe Street
Ted Shaw
Lisa Golden

Members absent:

Wayne Dickey
Richard Martinez
Antonio Martinez
Mark Freed
Tony Blas
Kaitlin Arduino

Approval of minutes:

- **Motion:** Approve minutes from August 16, 2017
- **Vote:** Motion carried
- **Resolved:** Minutes from the meeting on August 16, 2017 approved.

Public Input: No Public Input.

Chairman's Report:

Items received reviewed:

1. Notice of City Council Public Hearing - Otay Truck Route Phase IV
2. AMC-Amendment to Planned Commercial Development and CUP, a new Tentative Map and Development Permit
3. Municipal Code Amendment and Local Program Amendment Process Five- 11th Update to the Land Development Code

4. City of San Diego's Vernal Pool Habitat Conservation Plan (Project No. 441044/SCH No.201111075) Distribution of Final Program Environmental Impact Report
5. Report of the Planning Commission- Street Auto Dismantling Amendment Process Four Decision

Government Liaison Report

- a. **COUNCILMAN ALVAREZ'S OFFICE.** – **Carlo Ramirez** Councilman Alvarez will be hosting community hours in Otay Nestor Community. Otay Valley Regional Park Concept Plan approved by Council on Monday Oct. 9. Citizens meeting will be held October 19th. Tijuana River Valley update on October 3rd City Council voted a file of intent to sue the Federal Government over the sewage spills.
- b. **MAYOR'S OFFICE.** – No report given
- c. **SUPERVISOR COX'S OFFICE.** - No report given.
- d. **SENATOR HUESOS' OFFICE.** -**Erin Mickey.** –La Media Road and Britannia Blvd Projects- Senator Huesos' office sent letter to SANDAG to be added to Critical Urban Freight Border Network. Tijuana River Valley clean up legislation was signed into law and effective immediately. No pending Legislation.
- e. **POLICE DEPARTMENT.** – **Mark Robertson, Deputy City Attorney SDPD.** – SMART Pilot Program
- f. **FIRE DEPARTMENT.** - No report given.
- g. **IMMIGRATION & CUSTOMS DEPARTMENT:** No report given.
- h. **CITY ATTORNEY'S OFFICE.** - No report given

Monthly Report:

CPC- Mark Freed: No report given.

Border Transportation- Alejandra Mier y Teran: SB connector from 125- construction to start April 2018 it's a two-year project. SB 125- West 805 construction to start immediately. Construction on Enrico Fermi Alta Road intersection to also start April 2018. In two weeks GSA will be providing accurate wait times for both entering Mexico and Entering the U.S. land ports. The Unified Cargo Processing has been delayed until the end of November.

La Media Truck Route-Kaitlin Arduino/David Wick: Next meeting October 27th 10:00 am. It has been named The Truck Route, which allows us to apply for the SB1 funds. Working on plaques from Metro Airpark to get right of ways. Meeting tomorrow with Felipe Monroe to determine number of lanes. Hoping the City will take this project as a CIP project.

La Media West Wetlands- Rob Hixson: No report given.

San Diego Airport Advisory Committee- Lisa Golden: City is going through the Master Plan Update.

Code Enforcement: Taking action against illegal truck yard near Airway Road and La Media Road

Chamber Update- Alejandra Mier y Teran: The Chamber is supporting the Vernal Pool Habitat Conservation Plan. Member breakfast with Senator Hueso on October 24th. Seminar on CT Program, Senti for Cargo that Seminar to be held on October 27th. Forum with GSA on the expansion of Otay I will be held November 8th. Annual Dinner November 2, 2017.

East Otay Mesa Property Owner's Association Update: County anticipated riteri protestors non-showed up thanks to Sherriff Gorge and putting up fences that kept everyone miles away from project. The intersection of Alta Road Otay Mesa Road is going to be funded predominately by the State of California and some property owners pitching in on delta balance. Will go to the board of supervisors in November for final approval. Breaking ground on phase 2 on March of 2019 and a two year build out and have the Port of Entry Otay Mesa II open 202. One concern remains, who is going to fund the operating expenses of the Port of Entry.

Action Items:

Motion: Oceanview Hills Planning Area 61 Community Plan Amendment- Jimmy Ayala

Vote: Rita Mahoney

Vote No: Lisa Golden

Resolved: Motion carried

Abstained: None

Motion: Update Bylaws – Michael Prinz

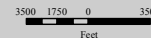
Vote: None

Resolved: Need to review bylaws prior to vote.

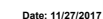
Abstained: None

Old Business: No old business

Meeting adjourned at 3:50p.m. by Chairman, Rob Hixson



DRAFT



JOHN BURNS

REAL ESTATE CONSULTING

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November 21, 2017

Subject: Commercial Retail Analysis for "PA61" ("Subject"), a Proposed Development Located in the City of San Diego, San Diego County, California

The objective of this study was to assess what impact, if any, reducing the amount of retail space planned at PA61 in the City of San Diego would have on the retail environment in the Competitive Market Area (CMA). For the purpose of this analysis, the CMA analyzed was the "Imperial Beach/South San Diego Submarket" (Area 14) as defined by CoStar (a commercial real estate data provider). Information in the CMA was compared to data in San Diego County as a whole to understand the relative performance of the CMA. PA61 is currently proposed for approximately 30K square feet of retail space, compared to an estimated +/-118K square feet in the original plan (JBREC estimate based on current coverage ratio).



The CMA currently has a total of about 4.084M square feet of retail space (all retail types), of which 248K is vacant, for a vacancy rate of 6.1%. In comparison, there is a total of 126.872M square feet of retail space in San Diego County as a whole, of which 4.899M is vacant, for a vacancy rate of 3.9%. The CMA represents 3.2% of the total retail space in the county, but 5.1% of the vacant space, indicating that the CMA is under-performing compared to the county as whole. The average retail rent in the CMA is currently \$24.33 per square foot, 16% lower than the average in the county as whole (\$28.95).

Since 2006, the CMA has added a total of 373K square feet of new retail space, or an average of about 31.1K square feet per year. Over the same time period, the amount of occupied space has increased by only 208K square feet (10.4K square feet per year), and as such, the vacancy rate has doubled from just 3.0% in 2006 to 6.1% today. In comparison, the vacancy rate in the county as a whole has actually decreased from 4.5% in 2006 to just 3.9% today, indicating that the county-wide market has improved while the CMA has declined.

While the rise of e-commerce is impacting the demand for “brick and mortar” retail space, the amount of occupied retail space per person has remained consistent in both the CMA and San Diego County as a whole since 2010. The CMA averages 26 square feet of occupied retail space per person, while the county as a whole averages 37 square feet of occupied space per person (based on CoStar data on occupied square feet, and ESRI population estimates). While this might indicate that there could be demand for more retail space in the CMA, the higher than average retail vacancy rate and lower retail rental rates in the CMA indicate that the demand for retail is being satisfied in the CMA today.

Area	2010			2017		
	Occupied Retail (sq.ft.)	Total Population	Retail Sq.Ft./ Person	Occupied Retail (sq.ft.)	Total Population	Retail Sq.Ft./ Person
Imperial/So. SD Sub-Market	3,568,000	137,774	26	3,836,000	148,895	26
San Diego County	115,743,000	3,095,313	37	121,973,000	3,328,647	37
Sub-Market % of County	3.1%	4.5%	69.3%	3.1%	4.5%	70.3%

It is important to note that the average household income in the CMA today is \$66,030, which is 31% lower than the county average of \$96,336, translating into less disposable income in the CMA for retail expenditures. It is therefore not a surprise that there is 30% less occupied retail space per person in the CMA than the County as a whole (26 vs. 37 square feet).

On the other hand, this analysis shows that, at least for now, population growth continues to create demand for additional retail space in both the CMA and the County as a whole. As such, future residential growth in the CMA will translate into the demand for more retail space. At this time, future proposed developments in the City of San Diego such as the Southwest Village and the Central Village in the South Otay Mesa Specific Plan Area both are anticipated to have substantial amounts of on-site retail (the Central Village SPA indicates up to 139.7K square feet of retail) which could satisfy future demand.

According to CoStar, there is about 130K square feet of retail space planned in the CMA (including an estimated 30K at the Subject, but not including potential retail in the Southwest or Central Village areas). It is also worth noting that the two retail submarkets directly adjacent to the CMA (Chula Vista & Eastlake) have a total of about 11.11M square feet of retail space, of which 421K is vacant (3.8% vacant), with 80K under construction.

Overall, the retail market in the CMA is under-performing relative to San Diego County as a whole, with a higher vacancy rate and lower rents. The lease-up of space has not kept pace with new construction since 2006, resulting in a higher vacancy rate today than in 2006. There is at least 130K square feet of space planned in the CMA, and up to another 140K square feet in the Central Village. With at least 270K square feet of retail planned in the CMA (not including potential space in the Southwest Village), it appears that the CMA will be adequately supplied with new retail space for the foreseeable future.

Our conclusion is that a reduction in the amount of retail space planned at PA61 from roughly 118K square feet of space to about 30K will have no adverse impact on the local retail environment. The CMA is currently more than adequately supplied with retail space and future planned retail (including 30K at the Subject), will provide for future population growth in the area.

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



City of San Diego
Development Services
1222 First Ave., MS-302
San Diego, CA 92101
(619) 446-5000

Ownership Disclosure Statement

Approval Type: Check appropriate box for type of approval (s) requested: ☐ Neighborhood Use Permit ☐ Coastal Development Permit
☐ Neighborhood Development Permit ☐ Site Development Permit ☐ Planned Development Permit ☐ Conditional Use Permit
☐ Variance ☐ Tentative Map ☐ Vesting Tentative Map ☐ Map Waiver ☒ Land Use Plan Amendment • ☐ Other _____

Project Title

Project No. For City Use Only

PA 61 Community Plan Amendment

Project Address:

Otay Mesa Road, San Diego, CA 92154

Part I - To be completed when property is held by Individual(s)

By signing the Ownership Disclosure Statement, the owner(s) acknowledge that an application for a permit, map or other matter, as identified above, will be filed with the City of San Diego on the subject property, with the intent to record an encumbrance against the property. Please list below the owner(s) and tenant(s) (if applicable) of the above referenced property. The list must include the names and addresses of all persons who have an interest in the property, recorded or otherwise, and state the type of property interest (e.g., tenants who will benefit from the permit, all individuals who own the property). A signature is required of at least one of the property owners. Attach additional pages if needed. A signature from the Assistant Executive Director of the San Diego Redevelopment Agency shall be required for all project parcels for which a Disposition and Development Agreement (DDA) has been approved / executed by the City Council. Note: The applicant is responsible for notifying the Project Manager of any changes in ownership during the time the application is being processed or considered. Changes in ownership are to be given to the Project Manager at least thirty days prior to any public hearing on the subject property. Failure to provide accurate and current ownership information could result in a delay in the hearing process.

Additional pages attached ☐ Yes ☒ No

Name of Individual (type or print):

☐ Owner ☐ Tenant/Lessee ☐ Redevelopment Agency

Street Address:

City/State/Zip:

Phone No:

Fax No:

Signature :

Date:

Name of Individual (type or print):

☐ Owner ☐ Tenant/Lessee ☐ Redevelopment Agency

Street Address:

City/State/Zip:

Phone No:

Fax No:

Signature :

Date:

Name of Individual (type or print):

☐ Owner ☐ Tenant/Lessee ☐ Redevelopment Agency

Street Address:

City/State/Zip:

Phone No:

Fax No:

Signature :

Date:

Name of Individual (type or print):

☐ Owner ☐ Tenant/Lessee ☐ Redevelopment Agency

Street Address:

City/State/Zip:

Phone No:

Fax No:

Signature :

Date:

Project Title: PA 61 Community Plan Amendment	Project No. (For City Use Only)
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Part II - To be completed when property is held by a corporation or partnership

Legal Status (please check):

☒ Corporation ☐ Limited Liability -or- ☐ General) What State? _____ Corporate Identification No. _____
☐ Partnership

By signing the Ownership Disclosure Statement, the owner(s) acknowledge that an application for a permit, map or other matter, as identified above, will be filed with the City of San Diego on the subject property with the intent to record an encumbrance against the property. Please list below the names, titles and addresses of all persons who have an interest in the property, recorded or otherwise, and state the type of property interest (e.g., tenants who will benefit from the permit, all corporate officers, and all partners in a partnership who own the property). A signature is required of at least one of the corporate officers or partners who own the property. Attach additional pages if needed. Note: The applicant is responsible for notifying the Project Manager of any changes in ownership during the time the application is being processed or considered. Changes in ownership are to be given to the Project Manager at least thirty days prior to any public hearing on the subject property. Failure to provide accurate and current ownership information could result in a delay in the hearing process. Additional pages attached ☐ Yes ☒ No

Corporate/Partnership Name (type or print):
Pardee Homes

☒ Owner ☐ Tenant/Lessee

Street Address:
13400 Sabre Springs Parkway, Ste 200

City/State/Zip:
San Diego, CA 92128

Phone No: (858) 794-2500 Fax No: (858) 794-2599

Name of Corporate Officer/Partner (type or print):
Jimmy Ayala

Title (type or print):
Division President

Signature:  Date: 10.23.17

Corporate/Partnership Name (type or print):

☐ Owner ☐ Tenant/Lessee

Street Address:

City/State/Zip:

Phone No: Fax No:

Name of Corporate Officer/Partner (type or print):

Title (type or print):

Signature: Date:

Corporate/Partnership Name (type or print):

☐ Owner ☐ Tenant/Lessee

Street Address:

City/State/Zip:

Phone No: Fax No:

Name of Corporate Officer/Partner (type or print):

Title (type or print):

Signature: Date:

Corporate/Partnership Name (type or print):

☐ Owner ☐ Tenant/Lessee

Street Address:

City/State/Zip:

Phone No: Fax No:

Name of Corporate Officer/Partner (type or print):

Title (type or print):

Signature: Date:

Corporate/Partnership Name (type or print):

☐ Owner ☐ Tenant/Lessee

Street Address:

City/State/Zip:

Phone No: Fax No:

Name of Corporate Officer/Partner (type or print):

Title (type or print):

Signature: Date:

Corporate/Partnership Name (type or print):

☐ Owner ☐ Tenant/Lessee

Street Address:

City/State/Zip:

Phone No: Fax No:

Name of Corporate Officer/Partner (type or print):

Title (type or print):

Signature: Date: