



DATE: March 3, 2009

TO: Economic Development Commission

FROM: Development Services Department - Planning Division

SUBJECT: **CONSIDERATION OF THE DRAFT COAST HIGHWAY VISION AND STRATEGIC PLAN**

SYNOPSIS

Staff requests that the Economic Development Commission (EDC) consider the proposed Draft Coast Highway Vision and Strategic Plan document and based upon the Commission's purview, forward its comments on issues related to attraction and enhancement of opportunities for economic development within the Coast Highway planning area to the City Council.

BACKGROUND

Coast Highway, Oceanside's iconic coastal corridor (also known as "U.S. Historic Route 101" or "Hill Street" traverses the City in a north-south direction a few blocks east of the beach and serves as a local roadway, as well as a pass-through arterial for Interstate 5 traffic. The roadway was officially commissioned as one of the original U.S. highways in the late 1920's. Through the 1920's, 30's and 40's, the car culture phenomenon encouraged the expansion of auto-related businesses along the then named Hill Street, lining its frontage with service stations, car dealerships, and auto supply stores, as well as hotels and restaurants that served travelers that were making their way through Oceanside. Today, Coast Highway is still lined by a significant number of car-oriented and drive-through uses, many of which retain a mid-20th century aesthetic and are in need of revitalization.

In July 2007, recognizing the eminent need to guide in a positive manner the future growth and development along this corridor, the City Council assigned top priority to the Coast Highway master planning effort. A request for proposals (RFP) was issued on December 31, 2007 initiating the "Coast Highway Vision and Strategic Plan" effort and on April 16, 2008 Torti Gallas and Partners Inc. was selected as the consulting firm to work with the City's project staff team on this master planning project. Research work commenced on May 1, 2008 and stakeholder interviews took place on June 11, 12, and 16, 2008. A community design charrette for the North Coast Highway area segment was held from July 28 thru August 1, 2008. A second design charrette with a focus on Mid and South Coast Highway was held from August 25 thru August 29, 2008. On September 23, 2008 "The Coast Highway Revitalization Development Experts Forum"

took place at the Civic Center and input on the draft vision plan was obtained from experts in the development field. Based on all input received to that date the draft Coast Highway Vision and Strategic Plan document (Attachment 1) was prepared for further public deliberation and comments from City Committees and Commissions prior to consideration by the City Council on April 15, 2009.

NOTE: On January 21, 2009 the City Council considered staff's decision to include Mira Mar Mobile Home Park area and the Harbor area as part of the Draft Coast Highway Vision Plan and direction was given to staff to exclude said areas from the plan. The attached Draft Coast Highway Vision and Strategic Plan document reflects this direction by noting the removal of these areas on pages 26, 32 and 33. At this time all vision plan references (text and exhibits) related to the Mira Mar Mobile Home Park and the Harbor areas should be considered stricken out/removed from the draft document.

ANALYSIS

The EDC considers and makes recommendations to the City Council on issues related to attraction and enhancement of opportunities for economic development within the City of Oceanside. Staff is seeking input from EDC on the Draft Coast Highway Vision and Strategic Plan's elements that fall within the Commission's purview.

Plan overview: The draft Coast Highway Vision and Strategic Plan project area encompasses approximately 485 gross acres of land (source: SANDAG), and extends about three-miles from Oceanside Harbor in the north to the Buena Vista Lagoon in the south. It is divided into three Planning Areas: the North Coast Highway area around the San Luis Rey river and Oceanside Harbor stretching from Harbor Drive to Windward Street; the Mid Coast Highway Area, between Seagaze Drive and Oceanside Boulevard; and the South Coast Highway area from Oceanside Boulevard to the Buena Vista Lagoon.

The subject Vision and Strategic Plan is intended to serve as a blueprint for the revitalization and enhancement of the Coast Highway corridor. It is an advisory document that should be used to guide future development in the area and inform future planning efforts such as General Plan, Local Coastal Plan and zoning ordinance changes pertinent to the project area, in order to achieve the vision set forth in the document. The primary components of the document are; the Vision, the Illustrative Plan, the Implementation Strategy and the Design Guidelines. It should be noted that the Coast Highway Vision Illustrative Plan is conceptual in nature in that its purpose is to depict the primary ideas and key desirable development patterns and not to specifically plan or regulate every single site detail. It is meant to illustrate a revitalized Coast Highway: a great, prosperous, urban space with a memorable sequence of authentic and vibrant community places and tourist destinations where a mix of uses that celebrate and reflect the City's ocean-side location, culture, diversity and community spirit converge.

Through a master design vision, a series of implementation strategies, and a set of design guidelines, the Vision and Strategic Plan is intended to foster high-quality design and stimulate economic investment by defining the framework and goals for future development. The Coast Highway Vision and Strategic Plan's objectives are to:

- Reflect the Oceanside Identity ("Brand") of economic and cultural diversity, coastal character, civic-minded tourism, artistic & artful and environmentally conscious community;
- Promote environmentally and economically sustainable smart growth - transit, pedestrian, bicycle, multi-generational-friendly infill development;
- Enable corridor development by optimizing urban connectivity, capitalizing on transportation/ mobility options and rationalizing parking;
- Maintain adequate regulatory flexibility to accommodate the community's emerging needs and safeguard the future prosperity of the reinvented district from economic market fluctuations; and
- Promote high quality urban and architectural design, sustainable development, synergistic land uses and enhancement of environmental resources through incentives.

The draft Coast Highway plan re-envision the historic highway and its surroundings, based on Livable Communities and Smart Growth principles and transforms it into a pedestrian-friendly and transit-oriented place that attracts and serves both visitors and residents. The plan accomplishes this by introducing a series of activity areas, or 'Nodes,' along Coast Highway (Las Ramblas North "O" node, Transit Center node, Sprinter Station node and South "O" Village node) that are connected by generously-landscaped 'Avenue' segments. The Nodes are proposed to be urbane and town-like, with wide sidewalks and bulb outs at corners, mixed-use buildings adjacent to the sidewalk, and uses that are pedestrian- rather than auto-oriented. Each of the four Nodes is proposed to have a unique identity, whether as an entertainment, culture, and hospitality gateway in North Oceanside, a transit-oriented mixed-use center at both the Sprinter Station and the Oceanside Transit Center, or a neighborhood-serving retail street in South Oceanside. Unlike the Node areas, the design of the Avenue segments is less urbane and incorporates a center median, wide front yards, larger multi-family residential uses, and may accommodate auto-oriented uses that were historically hosted along Coast Highway.

In addition to the Nodes and Avenue areas, the draft Vision Plan includes a new District, the "Arts, Technology, and Environment District," and preserves an existing residential neighborhood, "Seaside". The Arts, Technology, and Environment District emphasizes the City's identity as an eclectic and creative community and affirms the City's commitment to fostering innovative and arts-related businesses. The Seaside neighborhood, just east of Coast Highway is proposed to be sensitively preserved in recognition of this area's contribution to Oceanside's unique identity as a beach community.

To implement the Coast Highway vision, the Strategic Plan offers a three-pronged approach:

Catalytic Policy Initiatives - five key efforts the City should consider in order to lay the ground work for the future development and revitalization of the Planning Area. The initiatives include promoting mixed-use, reforming parking regulations, adopting quality of life performance standards, implementing a Transferable Development Rights program for building height, and introducing a comprehensive Incentives Program to reward development projects that are in keeping with the City's vision for Coast Highway.

Catalytic Projects - five site-specific conceptual plans and programs at key locations in that could spur revitalization along the corridor. The five projects include a hospitality focused gateway area in North Oceanside, transit oriented mixed use developments at the two existing transit stations, an infill block site along Coast Highway, and a mixed-use/ eco-friendly resort along Loma Alta Creek.

Action Items - a series of recommended actions and associated estimated costs, responsible parties, funding sources, and potential timeframes for items necessary to implement the vision.

Implementation of the Coast Highway Vision and Strategic Plan is expected to occur incrementally and would likely extend beyond 15 years due to the magnitude of the area covered by the plan, diversity of land uses and property ownership and current challenging economic market conditions. Additional planning efforts would also be necessary to implement the plan in its entirety (e.g. Local Coastal Plan amendment to institute the Arts Technology and Environment District, traffic analysis and design to determine feasibility of Coast Highway street design alternatives) however to a great extend many of the Vision Plan ideas can be implemented in a shorter term and that would help to spur revitalization. Ultimately, it is anticipated that this comprehensive, bold and compelling vision and strategy will lead to the revitalization of Coast Highway and to the transformation of the corridor into Oceanside's foremost gathering place - a first class address to live, work, play and visit.

Market/ Economic Development Opportunities: For the subject master planning effort, Real Estate advisory firm, RCLCo, and hotel advisory firm, PKF, were engaged in the vision and strategic plan preparation process to provide a baseline market analysis and general development recommendations for residential, office, hotel and retail land uses. The market assessment summary on pages 10-12 of the Draft Coast Highway Vision and Strategic Plan document encapsulates the market research data findings including near- term and long- term supply/demand information, and a recommended strategy for the revitalization of Coast Highway. More specifically with regard to development opportunities the aforementioned studies conclude the following:

“Oceanside’s economic challenges, largely framed by its geographic context, have the potential to become true opportunities for the Coast Highway planning area. Oceanside in general, has become a “high quality, low cost” place to live and do business in San Diego County. Lower land values in the area allow developers to deliver real estate improvements at lower prices, which means that a broader range of households and businesses can afford to live and/or work in Oceanside, as compared to other beach-oriented locations.

As the City of Oceanside pursues a redevelopment strategy for the Coast Highway area that is tied to market trends, it can leverage its competitive advantages over time to compete regionally for development, whether residential or commercial. Targeting those land uses that make sense in a market context is an important component of a long-term strategy to build the City’s tax base. Even those land uses (such as residential) that have relatively little (or even negative) fiscal impact may produce higher value for the City over the long-term as they generate complementary land uses (notably retail and office).

Redevelopment and value creation in the Coast Highway planning area therefore depends on a cyclical relationship between City improvements, household growth, and job growth. The Planning Area has become more attractive to new residents and hotel guests in recent years as the City has invested heavily in streetscape improvements, crime and nuisance reduction, economic development, and rail and street infrastructure.

Given Oceanside’s current context within the larger San Diego County economy, residential and hospitality uses are seen as having the greatest opportunity for near-term success. Household (residential) and tourism (hospitality) growth in the larger Coast Highway planning area are therefore the likely impetuses for long-term value creation in the area.

As the City continues to invest in the revitalization of the Coast Highway, local-serving jobs (dentists, accountants, etc.) and retail (grocery, coffee shops, etc.) are expected to follow in response to the increased demand from household and tourism growth. As the area continues to grow, it may begin to attract some “export” jobs (those that bring new capital to the region, rather than shifting ownership of existing capital among locals) particularly in more “creative” industries such as design and media companies. Destination retail options, such as high-quality boutiques and dining could also move to the area, following the improved household and employment base.

The initial demand for high quality relatively lower-cost housing and hospitality options therefore likely leads to stronger commercial real estate performance and by extension increases in overall property values and tax base for the City.”

FISCAL IMPACT

Dashboard of Economic Variables

In March 2008, the EDC presented a “Dashboard of Economic Variables” in its Economic Sustainability Study. The checklist that follows indicates how the Coast Highway Vision and Strategic Plan could affect the City’s overall long-term economic sustainability.

| Economic Variable | Response |
|---|--|
| Would the proposed project increase Transient Occupancy Tax revenue? | Yes, the Coast Highway Vision Illustrative Plan includes 954 (min) hotel rooms (select service and full service) |
| Would the proposed project contribute toward increasing the City’s jobs-to-housing ratio? | Yes, based on anticipated marked demand the Coast Highway Vision Illustrative Plan could provide for an additional 260,000 sq. ft. of office and 61,300 sq. ft. of additional retail as part of mixed use development. |
| Would the proposed project increase sales tax revenue and sales tax per capita? | Yes, see answer above. The project targets those land uses that make sense in the local and regional market context as part of a long-term strategy to build the City’s tax base. Even those land uses (such as residential) that have relatively little (or even negative) fiscal impact may produce higher value for the City over the long-term as they generate complementary land uses (notably retail and office). |
| Would the proposed project increase office space per capita? | Yes, see answer above. |
| Would the project benchmark commercial processing time and strive to improve annually? | The project’s implementation strategy includes a series of incentive program recommendations including but not limited to expedited processing for development proposals that are consistent with the Coast Highway vision. |
| Would the project make downtown a “super” destination by building a destination hotel and complete development in the core areas? | Not applicable. The Coast Highway planning area does not include the downtown core, however development along Coast Highway would support and enhance a downtown “super” destination. |

CITY ATTORNEY’S ANALYSIS

Does not apply.

RECOMMENDATION

Staff requests that the Economic Development Commission consider the proposed Draft Coast Highway Vision and Strategic Plan document and based upon the Commission’s purview, forward its comments on issues related to attraction and enhancement of opportunities for economic development within the Coast Highway planning area to the City Council.

PREPARED BY:

SUBMITTED BY:

Amy W. Volzke
Principal Planner

Jerry Hittleman
City Planner

REVIEWED BY: George Buell, Development Services Director

ATTACHMENTS:

1. Draft Coast Highway Vision & Strategic Plan