



California

ITEM NO. 3

# CITY OF OCEANSIDE

## MAYOR AND COUNCIL WORKSHOP

MAY 14, 2014

**ADJOURNED MEETING                      2:00 PM                      COUNCIL CHAMBERS**

**2:00 PM - OCEANSIDE CITY COUNCIL  
- WORKSHOP**

**Mayor**

Jim Wood

**Deputy Mayor**

Esther Sanchez

**Councilmembers**

Jack Feller

Jerry Kern

Gary Felien

**City Clerk**

Zack Beck

**Treasurer**

Gary Ernst

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**City Manager**

Steve Jepsen

**City Attorney**

John Mullen

**NOT OFFICIAL  
UNTIL APPROVED AT SUBSEQUENT  
MEETING BY CITY COUNCIL**

The adjourned meeting of the Oceanside City Council was called to order at 2:08 PM, Wednesday, May 14, 2014.

**2:00 PM - ROLL CALL**

Present were Deputy Mayor Sanchez and Councilmembers Kern, Felien and Feller. Mayor Wood was absent due to attending a meeting with City Manager Jepsen regarding the current fires in the North County region. Also present were City Attorney Mullen and City Clerk Beck. Councilmember Feller led the Pledge of Allegiance.

**WORKSHOP ITEMS:**

1. **General Plan Amendment Screenings for Four Screening Requests**

**GEORGE BUELL**, Development Services Director, stated this workshop is to consider certain applications that have been filed that contemplate amendments to the Land Use Element of our General Plan. It was staff's intention that this would expedite projects through the discretionary review process, although a number of delays have resulted in much longer delays than he had hoped for. The intent is for the applicants to hear the Planning Commission and Council's thoughts on their respective applications. In hearing this type of feedback early, it could theoretically result in saving a substantial amount of time and money associated with the special studies that would be prepared for the various applications.

We're going to be considering four projects: Villa Stora is next to Mission San Luis Rey; Melrose Heights is at the intersection of Melrose Drive and Oceanside Boulevard; and two other properties are on North River Road and are owned by the Kawano and Nagata

families. We'll be addressing those as one application because they are immediately adjacent to each other.

**MARISA LUNDSTEDT**, City Planner, stated this screening process was developed to create a transparent forum for the Planning Commission, Council and the public to provide early input on these proposed General Plan amendments. The Planning Commission did consider these proposals on April 7<sup>th</sup>. The summary is provided in Council's staff report. The Planning Commission provided some feedback on the individual proposals, but ultimately recommended that all four proposals move forward for review.

The question before Council is whether or not these proposals are worthy of further technical and/or environmental review. Council's feedback today does not commit Council to any position or direction on the projects. Council maintains its independent judgment when these proposals come forward for formal consideration. Today is not intended to result in an approval or rejection of these individual proposals. The applicant retains the right to proceed forward through the entitlement process, despite what feedback is given today.

Staff continues to work with the individual applicants on individual planning issues that are specific to the proposals at hand. Some of those might be density issues and/or design, circulation, etc. issues. We are continuing to work concurrently through this process. In an effort to maintain an objective review of these proposals, staff developed six criteria, which are in the staff report. Those were based on the General Plan policies to create a balanced, sufficient and efficient community for Oceanside, as well as the policies contained in the economic sustainability study.

The first criteria is whether or not the project is located within a smart growth opportunity area, as designated by the regional smart growth concept map. The second criteria is whether or not the proposal provides housing consistent with the City's Regional Housing Needs Assessment (RHNA) obligation. The third criteria is whether the project supports nearby retail and service businesses. The fourth criteria is whether the project improves the City's jobs-to-housing balance. The fifth criteria is whether the project would be adequately served by existing infrastructure. The sixth criteria is whether the project would provide any public benefits beyond what would normally be required by the project through the entitlement process.

#### Villa Storia

**RUSS CUNNINGHAM**, Senior Planner, is the project manager for the Villa Storia application. The applicant, Integral Communities, seeks to amend the land use and zoning designations of roughly 36 acres in the San Luis Rey planning area to allow for medium- and high-density residential. Presently vacant, the project site straddles Academy Road north of Mission Avenue on Highway 76. The site lies within the Mission San Luis Rey historic area and is subject to the Historic Area plan. The site exhibits rolling topography with a total relief of roughly 30 vertical feet.

The low point is near the northeast corner. This area lies within a designated floodplain. At the southwest corner, the site touches on an area where significant cultural resources were found during archeological work performed as part of the development of Highway 76. A biological assessment shows that the site includes a small amount of sensitive riparian habitat. It's about a tenth of an acre near Highway 76.

He addressed some of the adjacent land uses in proximity to the project site. Those portions of the site lying east of Academy Road bear a land use designation of single-family detached, allowing single-family homes at densities between 3.6-5.9 dwelling units per acre. Those portions lying west of Academy Road are designated private institutional. The private institutional designation applies to just four sites in Oceanside: the San Luis Rey Mission and Parish school properties, St. Mary's Star of the Sea school, the Rosicrucian Fellowship and the Latter-day Saints (LDS) Church property at the intersection of Mesa Drive and Ivey Ranch Road.

The project site was formerly owned by the Catholic Diocese of San Diego and was once considered for a parochial high school campus, which is considered a private institutional land use. The City's General Plan characterizes private institutional uses as being situated in a campus or park-like setting with an inward orientation that creates a community of compatible uses. In addition to churches and schools, the private institutional designation allows for cemeteries, private recreational facilities and medical facilities such as hospitals. The General Plan says that supportive commercial uses are also allowed under this designation, siting hotels, dormitories and guest homes as examples. It is staff's view that lodging uses are allowed on the eastern portion of the project site as uses that are supportive of the purpose and intent of the Mission San Luis Rey historic area.

The applicant seeks to develop medium- and high-density housing on the project site. Homes would be arranged within four planning areas, each with a separate land use designation and density allowance. The applicant proposes a maximum of 450 dwelling units and intends to meet the City's inclusionary housing standards by reserving 10% of the total units for lower-income households. The project would include common open space areas, with a one-acre park at the southwest corner of the site linked to each planning area by a landscaped paseo.

As part of the project, the applicant has agreed to implement Pedestrian Priority Project #19. That is described in the City's Pedestrian Master Plan as sidewalk improvements on the north side of Mission Avenue between Academy Road and Old Grove Market Way. When the Diocese sold the subject site in 2011, the sale was conditioned upon three acres at the western edge of the project site being deeded back to the Diocese. Upon sale, this acreage would retain the private institutional designation. Development of the site would ultimately be governed by the Villa Storia Planned Development, or PD plan, which outlines standards and guidelines for housing for open space, roadways and other site features. Staff has been working with the applicant to ensure that the PD plan provides sufficient detail to hold future homebuilders accountable for high-quality site design and architecture that is consistent with the Historic Area plan.

A computer graphic was used to show a map of the current land use designations on the project site, with single-family detached to the east of Academy Road and private institutional to the west. The three acres between the boundary of the current parish property and the line at the western edge of the site would be deeded back to the Diocese. For the proposed land use designations by planning area, Planning Area 1 comprises roughly ten acres. The applicant proposes to designate this area as Medium Density A, which would allow densities between 6-10 dwelling units per acre and accommodate between 60-100 units.

Planning Area 2 is immediately south of that location. It's roughly four acres. The applicant seeks to designate this area as high density, allowing between 21-29 dwelling units per acre and a total unit count of between 80-115 units. The applicant proposes to subdivide this area into two lots, one accommodating income-restricted housing and another supporting market-rate units. For Planning Area 3, the applicant proposes a designation of Medium Density B, allowing densities between 10-15 dwelling units per acre and a total unit count of approximately 75-115 units.

Planning Area 4 is just below that, adjacent to Mission Avenue. It's roughly eleven acres. The applicant proposes a designation of Medium Density C for this area, allowing densities between 15-21 dwelling units per acre. As much as 20% of Planning Area 4 would be devoted to common open space. The remaining portions of that area would accommodate between 160-220 dwelling units.

Regarding the proposals' conformance to the screening criteria outlined in the staff memo, the project site does not lie within a designated smart growth opportunity area. Several North County Transit District (NCTD) Breeze bus routes are within walking distance of the project site, but none of these routes provide high-frequency service. In

terms of the housing types proposed, staff feels that the project would be responsive to the City's current and future housing demand, as quantified in RHNA. The project would provide a range of housing types at different price points and reserve 10% of total units for lower-income households.

New residents would be expected to support retail and service businesses in the vicinity, including those in Old Grove Market Place and Mission Douglas Plaza. The project would not improve the City's jobs-to-housing balance, as it would not add to the City's employment base. The project is served by existing infrastructure of sufficient capacity, as demonstrated by a traffic study, water/sewer studies and a drainage study. Traffic impacts would be mitigated by the widening of Academy Road and signalization of the intersection of Mission and Academy.

As for public benefits in addition to standard offsite improvements, the project would provide onsite affordable housing, include a publicly accessible park and close a major gap in our pedestrian infrastructure with the implementation of Pedestrian Priority Project #19. Should the applicant move forward through the entitlement process, staff will continue to work with the applicant to determine appropriate densities, refine the PD plan, achieve consistency with the Historic Area plan and address potential environmental impacts.

In addition to the correspondence that Council received from stakeholders recently on this proposal, staff has received roughly 100 letters from residents of San Luis Rey Mobile Estates. They're mostly form letters expressing concern about traffic impacts, visual impacts, the loss of potential parkland and other issues. Staff has established a dialogue with the park Board and several park residents. We attended a community meeting with the applicant on the mobile home park site a couple of months ago to discuss the project. Several members of the community are here today. We look forward to continuing the conversation with these residents.

**COUNCILMEMBER FELLER** stated earlier in the presentation, Mr. Cunningham said something about St. Mary's Star of the Sea. He asked what the relation of that was to this project.

**MR. CUNNINGHAM** responded St. Mary's is also designated private institutional. That's the land use of the property where the school resides. It's one of four sites in the City that have that private institutional land use designation.

Applicant

**ANN GUNTER**, Vice-President of Planning, Lightfoot Planning Group, is here with the applicant, Ninia Hammond of Integral Communities. As staff indicated, this site is in the Mission San Luis Rey historic overlay district. As for the General Plan designation, Mr. Cunningham talked about the three-acre piece that is remaining and will go back to the parish. That is not a part of the land use change that's proposed or part of the project that we're dealing with. It is outside of the boundaries of that three-acre piece that will go back.

The private institutional designation is a very narrow designation in the City. It's applied to only a handful of properties. That designation made perfect sense when the site was owned by the Catholic Church Diocese. Now that it is in private ownership, it is appropriate for the City to take another look at what the land uses should be. We would like to have Council consider our application and be able to go through that process.

The existing private institutional designation isn't inherently revenue or jobs-producing. Given the surrounding land uses, residential is the most appropriate use on the site. Because of its location in the Historic District, this site demands special consideration of the uses, design and the transitions to the surrounding neighborhood. This project is an opportunity for the City to evaluate the changes and conditions on this property that have happened since the City last looked at the land uses in this area, which

was 30 years ago. Given the changes in ownership on this site and the changes in how this part of the community is built out, it's a good time to take a look at this site.

The land use designations that were selected were designed to achieve a mix of product types and densities that could complement those uses. The goal is to create a high-quality infill community that can accommodate a variety of housing types. There are some good opportunities to get some synergy between the different product types.

**NINIA HAMMOND**, Project Manager for Integral Communities, stated Villa Storia, or Historic Village, is what we call the 35-acre project described by Mr. Cunningham and Ms. Gunter. Our concept for Villa Storia was derived by the existing opportunities for the site, as well as thoughtful feedback from the community and staff. There were four driving principles in the development of the vision for Villa Storia. It's a gateway to the Mission area; we're implementing smart growth principles by providing homes near existing infrastructure, jobs and transportation; we're implementing pedestrian and bicycle mobility; and we're looking for the opportunity to create a special place in Oceanside.

Academy Road is currently an unimproved, unclassified public roadway. Through continued meetings with San Luis Rey homes and River Ranch, we've heard concerns about traffic and connectivity. In response to those concerns, the project proposes to improve Academy Road to a 60-foot width with boulevard-style improvements, including turn-pockets, connected sidewalks set off the street, medians and a fully signalized intersection at Mission and Academy. We intend to continue to work with these communities, staff and the public to refine the plan.

Villa Storia will likely be judged on what will be visible from Highway 76, Mission Avenue and Academy Road. We've paid careful attention to the design and buffering in these areas. Implementation of such details will include a marquee arcade entry that will include a bus stop and a one-acre public park that will be highly visible from Mission Avenue and allow for recreational activities for residents, neighbors and parishioners. A diagonal paseo connects this major amenity with Academy Road, serving pedestrian and bicycle connectivity. In working with staff, we've implemented a roundabout as a traffic-calming measure and prominent feature in the center of the community.

Villa Storia is compatible with surrounding land uses. It fulfills City goals for smart growth housing, is consistent with the Historic Mission Plan and utilizes a vacant site to the benefit of the City and the region. We're looking for an opportunity to create a special place within the City. We request that Council direct staff to proceed with processing the General Plan Amendment (GPA) and rezone so that we can move forward with Villa Storia.

#### Public input

**DAVID CLARK**, 4108 Mission Avenue, is a business owner in Oceanside. He opposes this project. From a zoning standpoint, it doesn't justify a zoning change for the property that lies to the west of Academy Road. The property to the east of Academy Road is already zoned R-1. He would not oppose that. However, they have no plan to widen Academy Road. There will be thousands of additional cars coming down Academy and the two easement roads that lie to the north and west of the property.

There are no plans to deal with dirt roads. It will become a dust bowl. Frazee Road will access River Ranch, which will create a huge traffic backlog. The traffic study they will present is inconsistent with the real usage of those streets. The easement roads to the north and to the west should be widened and paved at the very least. The zoning should be downgraded to R-1, as is the property to the east of Academy Road. As it is right now, they have no intention of doing anything to the easement roads. It'll be a nightmare. The City services will not get access to these properties. Everything is going to dump into a two-lane road. They're not really widening it. They're just adding some plantains on both sides. It's still one lane in and one lane out.

Based on these issues, he opposes this zoning change. They have not made a sufficient case.

**COUNCILMEMBER FELLER** asked what business is at 4108 Mission Avenue.

**MR. CLARK** responded we have seven units there. At one time, it actually belonged to the Mission.

**COUNCILMEMBER FELLER** asked if it's seven units in the back behind the Mission.

**MR. CLARK** responded yes. They've been there for close to a hundred years. The nuns used to live there before they sold the property. Now what they have left is being encroached upon.

**COUNCILMEMBER KERN** thought something was said about the widening of Academy Road.

**MR. CUNNINGHAM** responded Academy Road would not be widened in terms of the number of lanes. The dimension would be widened to provide for more curb-to-curb space and for more roadway to allow for a median and landscape. At the stretch furthest to the south approaching Mission Avenue, the road would widen further to allow for both left and right turn lanes onto Mission Avenue.

**COUNCILMEMBER KERN** asked if the access point will be much wider.

**MR. CUNNINGHAM** responded that's right. It will be wider closer to the intersection.

**COUNCILMEMBER KERN** asked if by widening the asphalt they will be adding bicycle lanes.

**MR. CUNNINGHAM** responded yes.

**DEPUTY MAYOR SANCHEZ** asked if the roundabout will allow for continued through traffic. Is there also going to be a traffic light installed?

**MR. CUNNINGHAM** responded there will be a roundabout and a signal at Mission Avenue and Academy Road.

**MR. CLARK** stated as for the Academy Road roundabout width, a reasonable person can see that this isn't going to work. It's going to be a traffic jam all day long.

**IONE ELSNER**, 4108 Mission Avenue, is the co-owner of an acre behind the San Luis Rey Mission. It touches the Mission where they used to have gardens. She knows we have to have development. She's a retired real estate broker. She is usually in favor of expanding and development, but in this case she is not in favor of wall-to-wall development. It's high-density and doesn't fit.

We also have the Mission and Montessori school right there. For some reason the developer doesn't want to do anything to that road. The plans for Academy Road are minimal. There is also the issue of flooding. You see sandbags on the easement road. They've been put there to contain the water. The water doesn't have adequate drainage in that area. It goes right behind the San Luis Rey mobile home park, where she is a resident.

She has a double interest in this property not being developed. Why can't they make it R-1 and make it a nice residential area instead of trying to build a massive wall-to-wall development? Oceanside has plenty of other land that can be developed besides this project. The people at San Luis Rey have many problems, including the access and how it

will affect the mobile home park.

**DEPUTY MAYOR SANCHEZ** clarified Ms. Elsner's issues have to do with density, flooding and drainage issues, as well as the historic significance. Is that correct?

**MS. ELSNER** responded that's correct.

**LUCIENNE AUSTIN**, 20 Oriole Lane, lives in the San Luis Rey mobile home park. Our entrance/exit gate is right at Academy Road. It's our only way in and out of there. In their discussion about widening the road, she heard them say that they want to put a median down the middle of it. We have new manufactured homes coming in. If there's a median, they won't be able to get in.

She is hugely concerned about the traffic, but is also saddened that the Mission isn't being protected. That Mission is on the list of historical treasures. How many cities have a Mission on the list of historical treasures? She looked at a website about Oceanside. All it talked about was surfing and the wooden pier, with a tiny picture of the Mission. The Mission should be the biggest thing here. We should do everything to protect it.

The local Indian tribes are vital to this area and to the Mission. They're not going to be happy with 450 houses and 800-900 cars on that little piece of property. If we blow this now, that's the end of it. The Mission is going to be an afterthought. It should stay private institutional with historical overlay.

**STEVE BRISTOL**, 111 Swallow Lane, lives in the San Luis Rey mobile home park. Mr. Cunningham has been great for the City. Mr. Bristol spent 9½ years on the Anaheim Planning Commission. He's seen entitlements, specific plans, etc. He doesn't envy the Planning Commission when it comes to complying or not complying with the historic overlay. He's lived in Oceanside for two years and has fallen in love with the City. He has also fallen in love with the piece of land on the west side of Academy Road. He knows the developer says it's infill, but it doesn't feel like an infill. It's a beautiful piece of property.

He read the historic overlay and proposal for Villa Stora. He's not anti-development, but when he looks at this City and the plan that was developed in the 1980's, he knows that all plans change. Does any single-family development fit on that site? He wonders what the impact to the school is going to be with single-family development.

It's a beautiful piece of property. Having spent time in San Juan Capistrano, perhaps it might be some type of low-level integration of pedestrian use as a destination point in that area. You could integrate all kinds of things such as the Catholic Diocese, Mission, Indian cultural events, etc. that are retail and/or commercial and are revenue-producing. Single-family residential will produce some income, but then stagnate and impact infrastructure a great deal.

He doesn't envy Council for having to make the decision. It doesn't fit with the historic overlay.

Public input concluded

Regarding coach transport in and out of the mobile estates community, **MR. CUNNINGHAM** stated both the applicants' traffic consultant and City transportation staff have studied the dimensions associated with that roundabout and determined that it can accommodate coach transport. We also share the concerns about resources that may be present on that site that are important to our tribal communities. So far we've had one consultation with the San Luis Rey (SLR) Band. That was earlier this week. We're opening dialogue with this tribal group.

**DEPUTY MAYOR SANCHEZ** asked if it's the SLR Band of Mission Indians.

**MR. CUNNINGHAM** responded yes.

**DEPUTY MAYOR SANCHEZ** stated there were some concerns about flooding, drainage issues and traffic.

**MR. CUNNINGHAM** responded that the extension of Frazee Road to Mission Avenue is something established in the Circulation Element. That's what's proposed here, to make that connection between Frazee Road and Academy Road. Staff remains somewhat concerned about how the private access easement that connects the parish property with Academy Road would function. We don't want it to be a thoroughfare. We don't want people to continue westward on Frazee Road through Academy and along that easement, so we're working with the applicant to devise traffic-calming measures and a means of discouraging traffic in that area.

With regard to drainage, the applicant has indicated willingness to work with the community on addressing some of those drainage issues. Most are not on the project site, but immediately adjacent to the project site.

**DEPUTY MAYOR SANCHEZ** asked if the project proponents would consider addressing the flooding issues with respect to this proposal.

**MR. CUNNINGHAM** responded we've had some discussion. He will leave it to the applicant to express that to Council.

**COUNCILMEMBER FELIEN** stated the whole point was to look at these projects vis-à-vis the zoning change, not all of the technical details of whether or not we were going to do a residential project. That's phase two. The issue as it relates to all four of these projects is whether or not Council is open to the idea of the underlying zoning change; whether we want to zone it to commercial because we don't want any residential projects or, if it's not viable as commercial, whether we're open to a residential project, in which case all of these criticisms and observations would be relevant.

**DEPUTY MAYOR SANCHEZ** stated when we talk about changing the zoning to higher density, that encompasses all of the flooding, traffic, etc. issues. It is part and parcel of what is being proposed in terms of zoning. It is currently zoned as single-family detached. Members of the public said they wouldn't be opposed to that. They were opposed to the densities and the issues affiliated with that, including traffic.

**MR. CUNNINGHAM** stated Councilmember Felien is correct. What we're looking for direction on is whether Council wants to see these applications conceptually and continue to move forward. He agrees that these are issues that are part and parcel with this discussion and determination. With respect to the property that's to the west of Academy, that has a land use designation of private institutional. In his presentation, he wanted to give Council some sense of the types of uses that are allowed under that particular land use designation and then convey how those land uses would differ from what's proposed.

**COUNCILMEMBER FELIEN** just returned from San Luis Obispo where the mission is part of the downtown fabric and dynamic of the City. He asked if our mission has the potential of creating a separate destination-type project, whether it's retail, hotel, restaurants, etc. that would take advantage of the mission. Or, are the proposals of this project accurate in saying that we already have too high of a vacancy rate, there's no market and we've reached a saturation point in trying to put more commercial there? Is a nice residential project that Council would agree to the most viable use by default? Does staff have an opinion as to the commercial viability of that area, or is there a consensus that it's not commercially viable and we're deciding what residential project would be best?

Regarding the viability of land uses west of Academy Road, **MR. CUNNINGHAM**

responded the applicant has provided an economic impact analysis that also includes some discussion of the viability of uses, such as lodging uses. In his presentation, he indicated that lodging use is one of the few commercial uses that would be permissible under the private institutional designation. That study is not optimistic about the viability of a lodging use or other commercial uses on that site. The study has yet to be vetted by a third party expert.

**COUNCILMEMBER FELIEN** asked if it's the intent of the City to do that before it goes to the Planning Commission. That's the underlying issue that we need to determine.

**MR. CUNNINGHAM** responded yes. His understanding from Mr. Buell is that the applicant was given the option of having that vetting occur prior to this workshop or at some later date. They chose a later date.

**COUNCILMEMBER FELLER** stated one of the things was to consider the public benefits. The Sisters of the Precious Blood wanted a high school there. That would have been a terrific use at the time. The parish is different from the mission in that the parish property ends at the western edge of McKeon Center along the cemetery all the way forward to the street. Mission San Luis Rey has plans for a high-density senior/assisted living project on their property west of the Mission in the valley behind the mobile home park. One thing that is critical is housing coming forward in the next 10-20 years. We're going to start seeing the effects of having a million more people in our county.

One of the things we don't consider and should is the number of people that have jobs on Camp Pendleton, both civil and military. They don't provide the jobs-to-housing ratio for Camp Pendleton. We need to claim some of those jobs because people who live in Oceanside work on the Base. That's an important piece going forward.

As far as the development of that piece of property, if it wasn't going to be the high school he wishes something had happened fifteen years ago because it could have created a lot more business for failing shopping centers such as Mission-Douglas. All of those centers have a number of vacancies.

Regarding access, he asked if Frazee Road will be a standard road, not just a temporary access-type road.

**MR. CUNNINGHAM** responded that's correct.

**COUNCILMEMBER FELLER** stated with that comes the infrastructure that will more than likely satisfy the need for drainage. The Mission is concerned about cut-through, but they're also concerned about getting out of church on Sunday. They use that back road now, so nothing will change there. This project isn't intrusive to the mobile home park because most of it is medium-density residential in the back piece where Frazee Road crosses. You have a piece of property that includes the Alano Club and a residential home that separates the property from what is going to be built. He's not crazy about a roundabout, but if that's what they want it's fine with him.

He directed staff to move forward with the screening process. He's amenable to the zoning changes staff has proposed. This is a good use. Once it's in place, business owners to the east and west of it will be very happy. The Mission Montessori School can use more students.

**COUNCILMEMBER KERN** stated one of the reasons we're here today is that we have stranded properties. Development has moved beyond them. These properties were held by the farming interests. At one time, the Sisters of the Precious Blood and several other entities used to be out there. The Friars of Oakland actually own the Mission. The Diocese has taken over the Little Flower Academy property from the Sisters. The Sisters gave it up and went back to Ohio. He agrees with Councilmember Feller that if they had made this decision years ago, there probably would have been housing all the way to the east side of Academy Road already.

He and the student's parents helped to build the Mission Montessori School. The two houses used to build the school came from Skylark Terrace. There is a lot of interest in it. The community is very protective of the Mission. The Mission property is on the other side of the Diocese property. He was on the Historic Preservation Commission when we instituted the historic overlay. Part of the historic overlay is architectural. Anything built out there has to conform to an architectural guideline. The architectural guidelines and historic overlay are going to have to stay in place no matter what is built.

He agrees with Councilmember Feller that this is a good use for this property at the present time. He'd like to see staff progress towards their screening process. He's leery of there being such wide variations in the number of dwelling units per acre. It ranges from 6-10 up to 21-29 units per acre. He's not keen on maxing out all of those numbers on all of the properties. He'd like to see the project in total. That way you can get a decent traffic count. He'd like to stay towards the low end of those numbers if possible.

One thing missing is that we don't have any starter homes in Oceanside. We have very few homes that first-time homebuyers can buy. He liked one of the products that the applicant talked to him about that would have zero-lot-line smaller homes that first-time homebuyers could buy. We've gone towards building bigger homes on smaller lots that young people can't afford. Now we're talking about higher-density residential apartment buildings and making sure they do affordable housing onsite because we're woefully behind on our affordable housing products. We've given all of our affordable housing to Mission Cove.

This is a good project that fits. You'll have single-family homes next to it, a mobile home park behind it and a shopping center on the other side of the Expressway. One thing that killed this property is when they put the Expressway in and cut it off. If the Expressway had a different orientation or had off-ramps, there would have been a whole different idea for this property. Once they built the Expressway as it is, they stranded the property. One of reasons we're here today is to figure out what we can do with some of these stranded properties.

**DEPUTY MAYOR SANCHEZ** stated of the four projects, this one presented a question needing to be addressed by Council. It is a policy issue. If it's not a private institutional designation, which was for a very specific plan for a parochial high school, then what? Everyone has pointed out that this is a very special historic place. In looking at tying it all together, she got the sense that it would connect to the commercial on the other side. It's the challenge of how to make it connect and feel like it's one community.

The first thing she said to the developer was that this opportunity to develop with a clean canvas comes once in a great while. One of the projects she looked at when she attended the International Livable Cities Conference was the topic of retooling suburbia. This involved taking the suburb of a very large city and seeing what could be done to have the sense of community. One of the things they're constantly talking about is creating the sense of community by having a center. It's a place where everyone feels they can come, like a European square.

She's not opposed to density as long as we have open spaces. She would like to see a bike lane that connects the whole area. She would like it to be pedestrian- and bicycle-friendly. It's having the sense of a square where people can gather within the community. It would be great if there was a coffee shop or some place for people to come together. Academy Road goes straight through, so it's very difficult to have a square in the middle. Perhaps it could be somewhere off-center. That would be another opportunity for having a historic mission district with an architectural feel.

She likes where the architecture is going. Perhaps with the increased density there could also be other open spaces. She's not sure this is the way it's planned out. She agrees with Councilmember Kern about keeping within the lower end of the density.

She wouldn't want to create a sense of economic division. It's about making it feel like a cohesive community.

The concerns about the flooding and drainage issues need to be addressed in terms of mitigation for this project. There also needs to be a good traffic study to address all of the concerns that have been brought up by the residents of the San Luis Rey mobile home park. It is their only way in and out, except for a minor road that goes out the back that is not used very often.

Councilmember Feller talked about other plans that the Mission had been looking at. He reminded us that their latest plan is for an elder-type home. They had also looked at a mission marketplace. It was somewhat of a commercial mixed use, with some residential as well. She doesn't know if there's any possibility of somehow blending this with what is across the street by making it easier to access. There is already a planned traffic light. They're very concerned about ensuring that people are able to cross by making it safer and easier. How is that going to be accomplished if people have concerns about the traffic? If traffic is a problem, they're going to feel like going across to get in and out of the community is a problem. Addressing this in a way that's very clear will get more support for this project from the community.

Staff has asked her whether the Planning Commission wanted to have some kind of a vote by Council. The Mayor is gone, but staff has heard from the Councilmembers and gotten direction.

**COUNCILMEMBER KERN** asked if there's any conflict that staff wants Council to clarify.

**MR. CUNNINGHAM** doesn't think so.

**DEPUTY MAYOR SANCHEZ** noted that Councilmember Felien wanted to make sure that staff had the study that made it much clearer as to whether or not commercial or any other use makes sense.

**MR. CUNNINGHAM** responded we'll see that the study provided by the applicant gets vetted properly.

#### Melrose Heights

**AMY FOUSEKIS**, Principle Planner, stated the second item for GPA screening is the Melrose Heights GPA 13-00003. In August of 2013, the City received an application for a land use and zoning amendment for the Melrose Heights property, which encompasses approximately 71.2 acres. It's located within the Peacock neighborhood on the eastern border of Oceanside adjacent to the City of Vista. The project site is also located just north of the Sprinter station, which is located at the intersection of Melrose Heights and Oceanside Boulevard. It is a location designated by the San Diego Association of Governments (SANDAG) as a smart growth community center.

The site is undeveloped at this point. It's densely vegetative with wetland, riparian and upland habitat. The ephemeral streams cross the site and exit at the north end. There are rock outcrops, as well as cultural and environmental resources, on the site that would prevent full development. Adjacent to the site is a multitude of different land uses, including multiple-family residential, single-family residential, the Vista Sports Park, open space to the north, residential to the west of the site along Melrose Avenue, and industrial/commercial to the south of the property.

The existing General Plan designation is approximately 61 acres. The northeast corner of the intersection is designated for Estate B-Residential, which allows for a density of 1-3.5 dwelling units per acre. 9.7 acres located at the northwest portion of the site are designated for Professional Commercial. Professional Commercial land use allows for a variety of different uses, including office, administrative, retail and mixed-use, subject to a

Conditional Use Permit (CUP).

The applicant proposes to re-designate the site. For the northwest corner, which is currently designated for Professional Commercial and medium-density residential, approximately 30 acres on the northeast portion will be designated as open space. The remaining land will also be designated as medium-density residential, which would allow a range between 15-21 dwelling units per acre.

The plan that has been submitted to the City designates three planning areas. Planning Area 1, which is the currently designated commercial piece, could potentially permit the development of up to 180 dwelling units. Planning Area 2, which is approximately eight acres, could potentially permit the development of up to 175 dwelling units. Planning Area 3, which is 19 acres, could potentially permit the development of up to 345 dwelling units. The applicant is proposing to cap the maximum density at 700 dwelling units.

The site is located within an urbanized area. It is considered infill. However, the density that is being proposed would require additional improvements to the existing facilities, including the widening of Melrose Avenue to 6-lane arterial standards, as well as sewer and water infrastructure improvements. A gravity sewer line will have to be provided along Melrose Avenue. Water service to serve the site will be necessary.

The six screening criteria are in part met by this project. The site is located within a smart growth opportunity area. It is identified as a Community Center (OC-7) in SANDAG's designation. Inclusionary housing ordinance provisions will be met, as indicated by the applicant's payment of in-lieu fees. There is no affordable housing component proposed for this development.

Looking at the project in isolation, we see the fact that it would be bringing in new residents to the area as having the potential to support existing and future local retail and service uses at some level. A retail market study for the Melrose Heights project was commissioned by the applicant. It was prepared by the London Group Realty Advisors, which indicates that the market cannot support any meaningful level of additional retail at this location. The City of Oceanside retained Keyser Marston Associates to conduct a limited peer review of the market demand and fiscal revenue analysis. That review could not corroborate the London Groups' findings. We have recently received a response to those findings. Paul Marra from Keyser Marston Associates can answer any questions specific to the economic analysis.

Regarding the jobs-to-housing ratio, this project would increase the housing stock without significantly increasing the employment base for the City. As for infrastructure, it does constitute an infill site with existing infrastructure in place. As mentioned, there would be additional amenities that would be required in order to serve the site. Regarding the public benefits available to the project, the project will bring open space of approximately 30 acres. This open space would be a requirement to mitigate for cultural and environmental resources on the site. It is possible that additional open space could be allocated as part of further review if the project were to proceed.

The project was considered by the Planning Commission on April 7<sup>th</sup>. The Planning Commission voted 6-1 to forward the project to Council and continue with the processing of the General Plan Amendment. They made recommendations to introduce a different mix of density within the project. They found that the proposed density wouldn't be appropriate along the edges of Melrose Avenue and Oceanside Boulevard. They felt that the density along the open space boundary was somewhat excessive. They made suggestions for sensitivity to views and aesthetics to be taken into consideration as part of the overall design for the project.

Applicant

**ANN GUNTER**, Vice-President of Planning, Lightfoot Planning Group, is here

representing California West Communities. Melrose Heights is envisioned as a high-quality multi-family residential community. One of the early goals was to ensure that we would preserve the sensitive open space areas and resources on the site and provide units that would be compatible with the smart growth designation and be consistent with the surrounding area.

The primary focus for this screening is on the small part of the site that is proposed to change from a commercial designation to a residential designation. That is the only part of the site that is non-residential. A computer graphic was used to show a different version of the General Plan graphic. It highlights the triangular parcel, which is at the corner of Oceanside Boulevard and Melrose Drive. The proposal is to change it from the Professional Commercial land use designation. This site also currently has a zoning designation of Neighborhood Commercial. It would need to be brought consistent in any proposal.

The change is to a medium-density "C" category. The area to the east side of Melrose Drive includes the clarification and designation between the open space areas and the residential. A computer graphic was used to highlight some of the key reasons that this site warrants consideration for a land use change. There are some physical constraints on this site in terms of topography, how the site needs to be graded and in handling storm water requirements. While this location at a major intersection seems a good site for commercial use, once you take into account how this site needs to be graded to account for the slopes, it results in a net area of only about 5.5 acres. That's a small area for putting a viable commercial use in place.

In addition to that, the arrow off Oceanside Boulevard indicates what the traffic engineers think is the most likely access point for this site. It would be a single access point with right-turn in and out only. There would be no signal there because of the proximity to the intersection. That restricted access makes it difficult to draw traffic from the proper directions and to allow people to get into any kind of commercial use.

There's an abundance of land in the area that is more suitable for office uses. A lot of the nearby industrial and business parks have vacant space that is more desirable for someone wanting to locate an office. The property on the southeast corner of the intersection is designated for a neighborhood commercial center. It's a better size for that and has access that would be controlled by the traffic light that is opposite Sports Park Way. It seems like a much better site to serve the commercial needs in this area.

This site has been addressed in the City's Housing Element for a number of years, starting back in the late 1990's. This site is one of the non-residential parcels that the City suggested should be looked at as an opportunity for additional housing. In the most recent Housing Element, it's listed on the inventory of potential housing sites with a potential for 232 units. That calculation was done based on gross area and is probably too high for what you would end up with because of the grading on the site. It has been included for a number of years, recognizing that this is a difficult site/corner for the use that's designated.

This project is an opportunity to take a look at the land uses. Going forward and looking at specific technical studies and allowing us to go through the staff review process is appropriate. We have not done a lot of detailed plans. We have an initial submittal that staff has not reviewed in detail. We would like the opportunity to work with staff to look at some of the specific issues that were raised, both initially by staff and with the commissioners, and work through this process to bring a project forward to Council.

Recognizing that this project is in the early stages of review, one of the first things that staff asked us to look at was economics. That's why there was an economic study done before the project was submitted. That was recently reviewed by Keyser Marston Associates.

**NATHAN MOEDER**, London Group Realty Advisors, stated regarding the results

of our economic analysis, when you look at the retail analysis in light of this site, this is a market that's oversupplied. When you look at the bigger market that includes College Boulevard and that area, the market depends on about 10-11% of expenditures coming into the market from outside to support the existing retail that's already there. To add more retail to this market means you're going to need even more expenditures to come from the outside.

When you look at the smaller local market, which is the primary market area that excludes College Boulevard and includes the strip retailers in the local area, there are some expenditures leaking out of the market. That's being captured by College Boulevard and the retail hub in that area. For a center to be viable on this property, you'd have to capture seven or eight out of ten shopping trips and have people divert specifically to this property. About 75% of the expenditures leaving would have to come back and be captured at this site. Given the challenges discussed regarding access to the site and the challenges of landing an anchor tenant, creating a real shopping center would be difficult.

Any small amount of retail is not viable mainly because if you do just a capture analysis on passerby traffic, you don't assume that you're going to capture every single car that comes by. When you look at the economics, you want to see a smaller reasonable capture of 5-10% or lower. About 5,000 square feet of retail would be supportable. That's supportable in terms of expenditures. When you talk about developing the actual center, it's going to be hard to find tenants who want to locate in a 5,000 square foot center because they'd rather be in a bigger center where more customers come and go.

We've looked at the limited peer review by Keyser Marston Associates. We also issued another report that addressed their concerns. The report didn't say anything about collaborating with our conclusions, but it was a series of questions/issues because calculations couldn't be verified. We've addressed those in our new report. We've also updated some of the analyses because when it comes to sales tax revenue, what's important to look at is how many of the tenants are actually generating sales tax. Only 51% of retail centers in the Performance Marketing Association (PMA) generate retail tax. If you go down the street to Temple Heights and look at Oceanside Square, only 31% of retailers generate sales tax.

In terms of the fiscal evaluation of this site, to do a residential project that's medium-density relative to a retail project, you're going to get more revenue out of the residential, and it could be quite significant. Doing residential is an opportunity today. We don't know if this site is ever going to be viable for retail. Even if you consider all of the questions that were asked by Keyser Marston Associates and include all of their assumptions, his bottom line conclusion does not change. As a retail site, it is not economically viable. Even if it was potentially 10-15 years down the road, you'd be perpetually playing catch-up in terms of fiscal revenue because you've lost out on being able to receive the revenue if you went with a residential development today.

Vacant land doesn't contribute much to creating revenue, and it doesn't do much to add jobs either. This isn't a site that is economically viable.

#### Public input

**DAVID KEHOE**, 1429 Eastview Court, stated his home abuts the applicants' property on the westerly boundary of the parcels shown as "Open Space" and PA2. He objects to the requested zoning changes. The present zoning of this area is Residential Estate B, which is defined in the ordinance as permitting very low-density single-family dwellings. The zoning is compatible with the present development on the property adjacent to the applicant's property. The present zoning would permit the applicant to build up to 98 dwelling units. A change in the zoning, which the applicant seeks, would permit the construction of up to 520 dwelling units, an increase of over 500%.

This requested zone change is completely contrary to the present zoning in how

the density is exceedingly increased. Development of this land for single-family dwellings is certainly possible. In addition to the existing single-family dwellings that are on the adjacent property on the northeasterly corner of Parcel A3, the Pulte company has begun construction on the first of 159 single-family dwellings, which are now offered for sale starting at \$640,000 and ranging up to \$700,000. This development will surely make it attractive for the construction of similar quality homes on the applicant's property, which he would welcome. This can be done without the need of any zoning change.

Parcel PA2 is part of the scenic park overlay district, which requires the observation of certain protections for this property. This would also have to be amended if the change in zoning were allowed. The parcel on the westerly side of north Melrose Drive is zoned Professional Commercial. The uses there are typically low traffic generators. We don't have anything of that type in the area, but with the increase of other developments, eventually there will be a need for services such as that.

Also on this parcel, the applicant is requesting a change that would permit 202 dwelling units. The map on the proposal shows no space on Parcel PA1. He assumes the entire parcel would be utilized for dwelling units and the necessary roadways. This proposal would create much greater volume in traffic than that produced if the zoning remained unchanged.

Council should consider the zoning change in light of these other developments, how the request to change would add to the population density in the area and what impact the proposal would have on traffic. Council has stated that one of its high priorities is the extension of north Melrose Drive through to Route 76. This would mean that north Melrose will become a major north-south artery from Route 76 to all points south of Oceanside.

The proposed zoning amendments are completely opposite to what is envisioned by the present zoning and the City's General Plan on which it was based.

**RICHARD KAHL**, 1423 Eastview Court, lives on the last street in Oceanside overlooking a mostly rural, open, pristine area which separates Oceanside from Vista. For many years, all of us have enjoyed this beautiful, scenic overlook next to our homes. Recently, the City of Vista built a sports park complex. Now an additional 159 new homes are under construction at \$640,000+ each. They're all on the Vista side.

Looking at south Melrose past the railroad crossing, an additional 410 apartments are being constructed. Adding the totals just in that area is about 2,700 new people and about 2,300 new cars. Now Melrose Heights is requesting to build 784 apartments on our side, which will add expanded impacts to our area. The totals for the combined area of Vista and Oceanside will be close to 5,000 in new population that will eventually be there, as well as an additional 4,000 cars.

The Melrose Heights complex will change the environmental characteristics of all single-family homes. The traffic generated will place a heavy burden on existing streets that feed into the intersection of Oceanside Boulevard and Melrose Drive. The planned extension of Melrose north to Route 76 connecting to Highway 15 north will bring substantial traffic from the north and even Riverside County. According to the Planning Department's entitlement log book, in 2008 the Walmart application to construct a mini-grocery store on the property just southeast of Melrose was denied. The City was quoted as saying that it was bringing too much traffic to our rural area.

For all of the reasons stated above, he strongly objects to the construction of 784 apartments in Melrose Heights. He realizes that the property owner has a right to build on his property. He would rather see single-family homes constructed with the existing zoning rules, which would blend in with the 198 new single-family homes just across the border in Vista adjacent to his side.

Public input concluded

**DEPUTY MAYOR SANCHEZ** stated there were some questions posed by the public about the scenic park overlay and concerns about increased traffic.

**MS. FOUSEKIS** responded with regard to traffic, a preliminary traffic analysis has been submitted and reviewed by our traffic department. The conclusion was that it would require the widening of Melrose Avenue as a result of the additional traffic anticipated. The project is still in the preliminary stages. We have not received plans as detailed as the prior proposal that Council saw for Villa Stora. The comments and review that has been done is at the early stages in terms of other additional reports that would be available.

The project does propose a much higher density than the existing density on the site. If we were to look at purely the existing area, not accounting for the fact that open space would be allocated for a mitigation area, then the absolute maximum that could be permitted would be 215 units. That's above base density. It would be the absolute maximum versus the 700 units that are being proposed.

**DEPUTY MAYOR SANCHEZ** asked if the zoning remained as is, would there be a necessity to widen Melrose Drive.

**MS. FOUSEKIS** responded it has not been looked at in comparison to the existing zoning.

**DEPUTY MAYOR SANCHEZ** asked the representative from Keyser Marston Associates to indicate his professional opinion regarding the London Group findings.

**PAUL MARRA**, Keyser Marston Associates, responded it's important to consider that we were preparing a limited peer review of the applicants' market and fiscal study for Planning Area 1. We're solely talking about the west side of Melrose. In our peer review, we indicated that we weren't able to replicate some of London Groups' calculations for the market demand. Working with their numbers, we calculated a higher market demand for retail space. We acknowledge some of the challenges for this location for retail, but the projection of 10-15 years out for any retail being viable on this site was very conservative and didn't have any specific basis. The site is also potentially usable for office space. That wasn't addressed in their study. In looking at their market findings, we couldn't rule out the potential for retail and/or office space within a reasonable future timeframe.

On the fiscal side, they only looked at revenues to the General Fund that would be generated from a residential development scenario versus a retail development scenario. Our first and most significant concern with their report is that they did not look at expenditures that would be generated or the requirement for the General Fund to have increased expenditures to provide public services to either retail space or the 200 multi-family units. We did not prepare an independent study. We were just doing a peer review of theirs. Council may want to request that the applicant look at it or ask Keyser Marston Associates to prepare that analysis.

In terms of the retail revenues, the existing retail space in the area has a very high vacancy. Of the tenants there, London Group found that many are not sales tax generating. They concluded that 50% plus or minus are sales tax generating. They've applied that to potential new retail space on this property, but the retail space would not get developed if it was going to be 50% sales tax generating. It would not be a viable retail project. If retail does happen on the site, it would by definition be significantly higher sales tax generating than that. There would have to be an improved market condition.

The revenues were conservative, and we were not able to corroborate the market conclusions in our limited peer review. Most significantly, they had not addressed the General Fund expenditures.

**COUNCILMEMBER KERN** stated of all of the projects, this is the one he struggled with the most, especially with Planning Area 1. It is a very busy corner and is a viable commercial corner. He doesn't know if he can support a lot of residential there over commercial. We're not going to have the opportunity to have that busy of a corner for commercial purposes in the future. As far as the densities, he would have to see what the project looks like before he would support the project. If they're building single-family homes in Vista, it would be consistent to build single-family homes in Oceanside in that whole area.

The Sprinter train stops right across the street. That may warrant some higher densities because it's close to a transit stop, but when we talk about transit-oriented development, it's not just about a higher density of housing along transit areas. It's about higher densities of jobs. If we're going to throw the jobs out every time we get a transit stop and put in housing, that's not what transit-oriented development is all about. He's concerned about that.

For Planning Area 1, he would like to see every attempt made to keep some type of commercial there, whether it's office space or something that's job-producing. The density of the other two areas seems high. It's not to say that they can't have the density and nice landscaping because part of that has to do with the topography and how it looks. There is something to work with there because the way the land slopes, you can probably get a higher density of housing and not look as dense.

He's very cautious and reluctant about this project.

**COUNCILMEMBER FELIEN** stated from what he's gathered, we don't have a consensus between the applicant and staff on whether Planning Area 1 is viable for commercial. He asked if staff feels there's still a possibility of it being viable for commercial.

**MS. FOUSEKIS** responded yes.

**COUNCILMEMBER FELIEN** asked if staff would agree that the commercial viability is sometime in the future, but it's viable as residential today. The developer can put up the houses, make money and move on, but are we going to have to wait for some undetermined time for it to be viable as a commercial unit? How long is it reasonable to expect the owner to wait for the market to turn around? It's been the practice of this City and other cities to say the business owner knew what the zoning was when they bought it, so they can wait.

**MR. MARRA** responded regarding the market question, we agree that the residential demand is now and the retail demand is in the future. We don't have a specific projection of what that timeframe is. It's a policy question for the City. There are cities that have made the decision to preserve sites as planned and zoned and are not influenced by market conditions. There are other cities that are much more flexible.

**COUNCILMEMBER FELIEN** stated we're concerned about our jobs-to-housing ratio. We want to preserve commercially viable spots, but are we asking them to wait forever? Is there some way to work with the owner to say if it looks like it can happen in five years, we'll hold them to it, but if it's longer than that we'll be open to zoning changes? If we have a consensus that this can be viable in the future, what kind of horizon are we going to be satisfied with as a City? Are we going to tell future applicants not to bother us on anything if it's a conversion and we expect the market to turn around within 5-10 years or whatever our standard is going to be?

**MS. FOUSEKIS** responded as Mr. Marra indicated, this is a policy decision that we would like to get direction on from Council. If Council feels that waiting a certain amount of time would be considered unreasonable, then the direction would be to move forward in examining the rest of the project and bring it back to Council for consideration. On the other hand, if Council feels that from a policy standpoint it would like to preserve the

existing zoning and General Plan designation, then it would be the opposite direction to the applicant and staff.

**COUNCILMEMBER FELIEN** doesn't claim to have all of the statistical analysis that the applicant has done or the statistics in the peer review, but it seems that it's a major intersection with a transit stop that would have commercial viability, unless there's some topography or geography issues that make that virtually impossible. It seems like a premiere corner. It's hard to think that we would have to give that up. He's open to the possibility, but wants to be dragged kicking and screaming to that conclusion. He would like to keep it commercial if we can, but he doesn't want to hold the applicant to something that's unattainable.

**COUNCILMEMBER FELLER** stated about ten or twelve years ago, Shapouri & Associates was doing the same piece of property. There was commercial on the south side of Planning Area 3 along with the development of most of the open space. He asked if Sports Park Way is an Oceanside road.

**MS. FOUSEKIS** responded Sports Park Way falls within the City of Oceanside in part.

**COUNCILMEMBER FELLER** asked if Lot 4 is another road.

**MS. FOUSEKIS** responded it's a remnant piece.

**COUNCILMEMBER FELLER** asked if it's going to connect to a road or is it just a piece of open space.

**MS. FOUSEKIS** responded right now the plan does not show whether it will be a continuation to an open space area. It appears that it may be connecting to a lot that is not necessarily a roadway leading to other parcels. We would have to take a look at that. We don't have the specific layout for the site right now. If possible, the applicant can provide us with some additional input on it.

**COUNCILMEMBER FELLER** understands that. He was just curious as to how this was all going to fall into place. He asked who required open space here.

**MS. FOUSEKIS** responded the open space that is shown on the plan is going to be required as mitigation. There is sensitive environmental habitat and cultural resources on the site that would require buffers from any development. What Council sees meets that requirement based on the information we have at this point.

**COUNCILMEMBER FELLER** stated that's Eastview Court. He asked if that's still going to be open space. We heard from the residents about that. Is that correct?

**MAYOR WOOD** reported on the status of the fires in the north County region.

**MS. FOUSEKIS** responded the open space could potentially increase. As part of our review, we will further evaluate whether it would be necessary to expand the proposed open space. At a minimum, it would provide the 30.4 acres that is being shown.

**COUNCILMEMBER FELLER** stated the thing that concerns him is the same thing that concerned him about putting commercial in at another site. There are a lot of vacancies. Even with the perfect plan for that site as a commercial development, whether it's a six-story office building or something like that, it's not convenient to anything but residential. There are vacancies in Temple Heights and on College in some of those stores. This would be the last place he'd put a commercial business. Shopping centers and strip malls all need convenience to get in and out. There are plenty in our City that are really taxed getting in and out.

He didn't think we'd ever change the corner on the southwest where Walmart had

planned a business. That is going to be a valuable piece of property for commercial because it has much better access on the southeast corner. He's in favor of allowing residential. He asked how dense the apartment complex next door is.

**MS. FOUSEKIS** responded the property to the west is zoned high-density residential, which allows 21-43 dwelling units per acre. That would be in line or a little higher depending on the actual development that occurred on that site. She doesn't have the specific density for that project, but in terms of zoning, it's a little higher density than what is proposed within Planning Area 1.

**COUNCILMEMBER FELLER** is not in support of putting a commercial site on that piece of property because it is not convenient.

**DEPUTY MAYOR SANCHEZ** agrees with Councilmember Kern, especially in terms of Planning Area 1. The City has a tremendous history of 125+ years. It's going to go far out into the future. As policy makers, our job is ensuring the future of this community for generations to come. That means we need to concern ourselves with the economic sustainability of our City.

Of the criteria staff used to analyze these projects, the most important one is whether it will improve the City's jobs-to-housing balance. That is the most critical question. She met with developers and representatives. One representative was from the London Group. She told him that because we have a low jobs-to-housing ratio, the main priority as a City was keeping our commercially zoned properties; that we need jobs. The response from the representative was that Council needs to think regionally. He said that Oceanside does not need to have jobs. Jobs could be supplied by other surrounding cities. This is basically saying that it's okay to be a bedroom community. Our current philosophy/policy is that we need jobs. We need to be sustainable. This is completely contrary to what the London Groups' vision is for these parcels.

The London Group representative said it could be retail, but he asked if the City really wants those kinds of jobs. She replied absolutely. We need all kinds of jobs in Oceanside. We need jobs for high school students, college students, etc. For every job that we can get, we have 100 people ready to start. Smart & Final just had a job fair for 10-15 positions. They had over 400 applicants. Most of them were from within Oceanside.

What she sees for this intersection is the possibility of making it a pedestrian-friendly place where people can walk across the street. That was the biggest problem for the project that was denied by the Planning Commission. The ingress and egress by people coming off the Sprinter train was practically non-existent. The plan did not incorporate that. What she sees for this intersection is making it transit-oriented. We have people who want to be able to take public transportation to work from living within Oceanside.

As for Planning Areas 2 and 3, she agrees with Mr. Kehoe. She doesn't see the need to change the current zoning. It currently has a certain community character. There was no connecting that character with the rest of the community. When you think of Melrose Drive you think of Jeffries Ranch. She doesn't see any kind of real connection or gradual changing. It's just this huge project with 700 new homes and 2,500-2,800 new residents. Even half of that would be able to support a commercial zone.

When she talked to former City Manager Weiss about what she had heard, he assured her that staff was holding the line on this. It was a clear message from Council that we need jobs and to ensure that we maintain our commercial sites. That's what we need to do on this.

Kawano/Nagata Property

**RUSS CUNNINGHAM**, Senior Planner, addressed the third and fourth GPA

proposals in a single presentation. These proposals involve abutting lots in the North Valley planning area, both with frontage on North River Road. These two proposals are essentially identical in that they both seek to designate lite industrial property for high-density residential use. Located in the 4600 block of North River Road between North River and the San Luis Rey River, the Kawano and Nagata properties comprise 9.7 and 15.9 acres respectively. The Kawano property has nearly 800 feet of frontage on North River Road. The Nagata property is located to the west, with over 500 feet of street frontage and substantially more depth than the Kawano property.

Both properties are part of a 112-acre light industrial zoning district that extends eastward from the Nagata property to a point just west of the zoning district that extends nearly to the intersection of North River Road and College Boulevard. Both of these properties have accommodated crop production and produce packing facilities in the past. The Nagata property remains under cultivation today, with about 75% of the site devoted to row crops. This property also supports a collection of warehouse buildings and a single-family home. The Kawano property is no longer under cultivation. The former produce packing facilities on the site are now used primarily for office space.

The sites are bounded by medium-density residential uses to the north, the San Diego Auto Auction to the south and east, and an estate residential neighborhood to the west. The Nagata property looks as though it touches on the river, but in fact it doesn't. There's a City-owned piece of property there that provides a buffer between that property and the river. Both sites bear a land use designation of light industrial. The Land Use Element of the General Plan categorizes light industrial uses as those generally engaged in the manufacture, assembly, packaging and processing of components into finished products, as opposed to general industrial uses which typically involve the conversion or processing of raw materials. The light industrial designation allows for warehousing, research and development facilities, maintenance and repair facilities, and ancillary commercial uses such as office, retail and a host of other uses through the CUP process.

The Kawano and Nagata families request re-designation of the subject properties from light industrial to high-density residential (HDR). As mentioned in the context of the Villa Storia proposal, the HDR designation allows for residential densities of between 21-29 dwelling units per acre. On roughly 25 acres, this would theoretically allow for somewhere between 500-700 new dwelling units.

Unlike Villa Storia and Melrose Heights, the proposals here are not accompanied by a PD plan or any other details regarding the ultimate development of the respective properties. Staff has encouraged the two families to consolidate their requests into a single application and to provide a PD plan that would help decision-makers like Council and other stakeholders understand how development on these properties would look, function and interface with existing uses in the immediate area. Staff believes that a common proposal would achieve important efficiencies in terms of site design, and that it would be the most cost-effective approach for the applicants themselves. It would be helpful to staff to know if Council sees value in a consolidated application for the re-designation and development of these two sites.

Regarding the GPA screening criteria, there's lack of detail in these proposals. It makes staff analysis somewhat speculative at this point. We can speak objectively on a few of the criteria. The properties are not located within a smart growth opportunity area, but they are within a half-mile radius of the new San Luis Rey transit hub. They are served by the NCTD Breeze 303, which is the most patronized bus route in North County. It connects the Oceanside Transit Center with the Vista Transit Center, and it runs across the frontage of these properties.

Without more specific proposals, it's difficult to judge whether or not development on these sites would address the City's housing needs, as outlined in the RHNA. If the applicants were to propose to meet the City's inclusionary housing standards by reserving 10% of total units for lower-income households, staff would be inclined to see the proposals as being consistent with the spirit of the RHNA.

New residents would be expected to support retail and service businesses in the vicinity, including those at San Luis Rey Crossing and in the vicinity of North River Road and Douglas Drive. Exclusively, residential development on these sites would not expand the City's employment base and thus would not help to balance our jobs-to-housing ratio. Being infill sites, the Kawano and Nagata properties are served by existing infrastructure, but in the absence of technical studies, we really don't know if the infrastructure can support 500-700 additional dwelling units in this area.

We can say with some certainty that residential development at this scale would warrant a signalized intersection somewhere along this frontage to provide safe and efficient access for vehicles and pedestrians. As for public benefits, we don't know enough at this point what the applicants might be willing to provide as far as affordable housing, parkland, pedestrian amenities, a bus stop, etc. Without more detail, we just don't know at this juncture.

The City's previous Housing Element for the 2005-2010 period did identify these two sites as potential housing sites. It was suggested that if they converted, they would in fact accommodate onsite affordable housing. Our recently updated Housing Element and the housing sites inventory in that element demonstrated that even if these sites were not to go residential, we can meet our RHNA requirements given our current zoning on other properties throughout the City.

**COUNCILMEMBER FELLER** asked if this could also be considered commercial property. Is it something that's easily convertible to commercial?

**MR. CUNNINGHAM** asked is the question whether the City could choose to re-designate this property for commercial use?

**COUNCILMEMBER FELLER** responded yes.

**MR. CUNNINGHAM** responded that would be a policy decision that the City could make.

#### Applicant

**DAN NIEBAUM**, Lightfoot Planning Group, is representing both of the applicant families on this proposal. They were filed as separate applications. Both landowners are family ownership groups, not developers. That's why they've been presented as separate applications in moving forward with the process. Mr. Cunningham is right. We don't have technical studies at this point because we are at the very beginning of this process. We filed one of the applications over a year ago, but understanding that the screening process would be forthcoming, we waited to try to work through the process.

We're asking to continue through the process to look at the merits of changing these infill pieces from the light industrial designation, and what the probability is of them being light industrial in the future versus what we think is the more appropriate use as high-density residential. These are remnant agricultural pieces as part of that large light industrial district. The whole area is 112 acres. Mr. Cunningham had mentioned that the previous housing elements had indicated these sites as appropriate for medium- and high-density residential housing. There was even a multi-family proposal back in 2006 that was filed during the last upswing. That was withdrawn when the market turned, but there's been a long-term interest in seeing housing on these parcels.

Mr. Cunningham had mentioned that we're not within the San Luis Rey Transit Center/community center area, but we're within a half mile of that area. We are within both walking and biking distance of the high-frequency bus line. These units would contribute to the neighborhood as a whole where there are other community facilities in the area, including a retail blend and a mixture of housing densities. They would provide a buffer to the existing light industrial uses in the area.

One of the items we talked about was the appropriateness of the remaining light industrial sites and what the probability would be of some other light industrial use on the properties. He mentioned the 112 acres earlier because there are some policies in the General Plan that apply here. One of them says areas designated for light industrial shall generally contain a minimum of 200 acres. The whole area is only 112 acres. The site is surrounded by developed residential land and the San Luis Rey River. That would preclude any kind of other light industrial expansion in the future. It's easy to see that the size of that area is limited.

Policy Statement 212 states that light industrial areas shall be primarily developed as industrial parks and commerce centers in both the single-use and multi-tenant structures. Independent development for single-use projects on larger sites may also be permitted. The existing development pattern of this area would more likely preclude any kind of reasonable light industrial development on these parcels, either individually or both of them.

There are other items such as the proximity to the San Luis Rey Transit Center that help to recognize this property as more appropriate to support high-density residential development. Those are items/criteria that are endorsed by SANDAG when they look at properties in relation to these types of centers that are in the community center area or nearby. The site is located on the high-frequency bus transit line. It's within one mile of the transit center and is easily walkable and bikable.

The area is served by other community facilities such as the Vista Community Clinic, Libby Lake Park and other commercial areas at North River Road and Douglas Drive. They already exist to serve new residential. That would be proposed in the area. This infill site is also well served by various infrastructure components. We haven't provided that in detailed plans, but the circulation infrastructure is there with sewer and water nearby. Any improvements that would come forward in future development plans would look at those items, as you would with any development. Any improvements that need to happen to the infrastructure would be identified and required as part of project approvals.

The project site is located along high-frequency transit in its proximity to the community center, which is identified as a smart growth opportunity area (OC-8). It's well served by existing utility infrastructure. Light industrial expansion is unlikely. This would contribute to the City's future housing inventory and character of the neighborhood.

We're at the beginning of the process. We don't have detailed plans. These owners are trying to position the property to zoning districts that would be appropriate for development in the future. Any development plan that comes forward in the future would provide full technical studies. As we go forward, we'll do an environmental review on the project. We'll have to deal with technical studies that are based on the potential density of the properties. As we move forward, those things will be addressed.

**DEPUTY MAYOR SANCHEZ** asked if they conducted any community meetings with the surrounding neighborhoods, such as Libby Lake.

**MR. NIEBAUM** responded no we haven't at this point. We've submitted our applications. We would like to move ahead from this point. As we go through an Environmental Impact Report (EIR), scoping meetings and any other discussions in the future, we would look at that.

**DEPUTY MAYOR SANCHEZ** stated the reason she asked is that in terms of the development of that whole community center and the property that ended up being affordable housing, the City actually conducted a series of meetings with the community to find out what their needs were and what they would like to see there. They were very much engaged in that discussion. It was great to see community buy-in very early in the project.

Public input

**JIMMY KNOTT**, 127 Sherri Lane, stated one benefit of the longevity of attending these Council meetings is having excellent hindsight. He complimented Deputy Mayor Sanchez for bringing up the economics involved. Part of the economics is the designation of this being light industry. He took offense to what Mr. Cunningham said about this not helping the jobs-to-housing ratio. With 112 acres, that's thinking in terms of flat development, not vertically. It could be 3-5+ stories of development. It could be technical/professional developments. He's seen it in other communities with a smaller footprint.

Our City needs to be self-supporting with businesses, industry, commerce, etc. Bedroom communities end up with oppressive taxation no matter what the London Group says. We're whittling away at our available land space. We have designated areas in the plan that we have chopped away. It has gotten to where it's detrimental, if not destructive. Every chop that Council makes will result in excessive homeowner taxation.

Council has to think about whether it wants to raise taxes on homeowners. If it doesn't, then encourage industry and commerce. Either Council makes that decision or it will have to cut staff and public safety. These are the net results of the economic decisions that Council will make.

Public input concluded

**COUNCILMEMBER KERN** stated of all of the properties, this one makes the most sense to go residential. It has a mobile home park across the street and an apartment building next to it. Basically, it's a big parking lot. There's a storage lot there and the auto auctions. It's not a well-utilized industrial area because all they do is park cars there, although he would like to see the auto auction stay. Deputy Mayor Sanchez talked about going out to the community, but there's no plan to go out to the community right now. He's sure that whoever takes this land to develop it will go through all of those processes.

He's for high-density residential in that area because it's not a viable commercial spot. It's along a transit corridor that's well travelled. More than likely, if these designations are changed, they'll probably sell to a single entity. That single entity will develop those two parcels together. We're dealing with two families. It's hard to get them together on a plan.

When this was brought forward, it was the only piece he had no qualms about changing the designation on. It makes sense because of what's surrounding it. He agrees with Mr. Knott that if this was a viable industrial area with industrial parks and manufacturing we'd keep it as is, but this is a parking lot. He's in favor of changing those designations.

**COUNCILMEMBER FELLER** stated this piece of property has a hundred times better chance of supplying jobs than the property we just shut down on Melrose. It's completely out of the realm of a great industrial use at this point because it's so far from any roads that can be utilized. This is probably the perfect place for high-density residential. He doesn't expect the auto auction to go anywhere. They're a job provider. If this goes high-density residential, it's definitely not providing jobs.

**DEPUTY MAYOR SANCHEZ** asked if residential development would have any effect in displacing the auto auction.

**MR. CUNNINGHAM** responded no.

**DEPUTY MAYOR SANCHEZ** toured the facility of the auto auction. She was invited to be in an actual auction. She was amazed at how much activity there was in a

short period of time. She assumes that's a lot of sales tax we're getting for the City.

**COUNCILMEMBER KERN** stated if you look at the number of jobs per square foot, the number of people running it is very small.

**DEPUTY MAYOR SANCHEZ** stated there is the sales tax. She would not want that to go away. This is a unique opportunity for Oceanside to have something like that. For more expensive cars you'd have to go somewhere like Las Vegas. She would want the auctions here instead of losing it to Las Vegas.

She would have liked some communication with the community to have had some input. She participated in the discussions before becoming a Councilmember. Regarding the request for changing the zoning, she understands that this is a change in use. There was a history of what was going on before, so it's a question to be brought to Council.

She could see having mixed-use with some commercial on North River Road. It wouldn't be a lot, but something that would support the community. If there's going to be any increase in density, she would want to see open space and play areas. She talked about the notion of a square to somehow make it a unique community with a true sense of place.

This is a community that has certain challenges. For her to feel good about increasing densities, there would have to be amenities for the people living there. She would like to see people be able to walk safely, ride bicycles and feel like this is a true sense of community. She knows this is getting way ahead. All they want to know is whether they can do residential and how much they can do. She would consider residential as being appropriate here. She would like to see some kind of connection. If it doesn't make sense to have any commercial, then she would want them to explain why.

She has been to a lot of meetings at the community center to listen to the residents' concerns. She invited the applicant to listen to their concerns to ensure that we're not going to create another Crown Heights. That was a vision for higher density. It's market-rate, yet we have so many problems that have been created and a community that continues to be a demand on all services. Part of the reason Crown Heights is that way is because there aren't any amenities. There's no open space. We created this really small pocket park. It's too little for anything to happen there in a positive way.

It's hard to comment on this without having any kind of vision. She knows they're trying to decide on what to do with this property.

**COUNCILMEMBER KERN** stated in envisioning this property, he wouldn't want to see any access on North River Road at all. You would bring people down to the signalized intersection and have limited access to North River Road. That would minimize some of the traffic impact. He could see a bus stop or a bus turnout on North River Road. He would bring people down the road that's behind the Kawano property. That would be the access point. It makes much more sense.

The commercial viability wouldn't work there. Once they come forward with a plan on density and the actual building, they will have the community meetings. People have changed their desires. To be a viable product, they're going to have to have all of those amenities built into the facility. Otherwise, people wouldn't want to move there. People won't move into those big apartment blocks like they did at Crown Heights. Those wouldn't be built today because you wouldn't find the tenants for it. Unfortunately, the people in Crown Heights are there because of economic reasons. With this project, there will be a more competitive marketplace.

**DEPUTY MAYOR SANCHEZ** stated they're competitive, but there are several families living in one small space. That's still something that could happen.

**COUNCILMEMBER KERN** added with the number of units, there's going to have

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Workshop

to be an affordable housing factor too.

**DEPUTY MAYOR SANCHEZ** stated with a Home Owners Association (HOA) maybe some of these issues could be addressed.

2. **Public Communications on City Council Matters (Off-Agenda Items) – None**

**ADJOURNMENT:**

**DEPUTY MAYOR SANCHEZ** adjourned this meeting to Wednesday, May 28, 2014 at 2:00 PM. This adjourned meeting of the Oceanside City Council was adjourned at 4:48 PM, Wednesday, May 14, 2014.

**ACCEPTED BY COUNCIL:**

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Zack Beck  
City Clerk, City of Oceanside