



STAFF REPORT

February 08, 2023
File Number 0800-10

SUBJECT

CONWAY RESIDENTIAL SUBDIVISION

DEPARTMENT

Development Services Department, Planning Division

STAFF RECOMMENDATION

Request the City Council adopt Resolution No. 2023-06, approving a Tentative Subdivision Map, Annexation/Reorganization, and Grading Exemption, for a 56-unit residential subdivision located at 916, 942, and 943 Stanley Avenue, and 2005 – 2175 Conway Drive (odd-numbered addresses only) (“Project”). The request also includes the adoption of a Final Mitigated Negative Declaration prepared for the Project pursuant to the California Environmental Quality Act.

Staff Recommendation: Approval (Development Services Department: Andrew Firestine)

Presenter: Adam Finestone, City Planner

PLANNING COMMISSION RECOMMENDATION

The Planning Commission considered the Project at its December 13, 2022, meeting, and the staff report has been included as Attachment “1.” Two members of the public submitted written correspondence to the Planning Commission ahead of or at that meeting (included in Attachment “2” to this report) and 14 members of the public spoke at the hearing: four (4) in favor, one (1) neutral, and nine (9) opposed. Commenters were generally related to land use compatibility, density, parking, and traffic generated by the Project. After deliberation, the Planning Commission voted 4 – 1 (Commissioner Paul voting no) to recommend approval of the Project.

FISCAL ANALYSIS

The Project is a private development project that will require the payment of development impact fees in effect at the time permits are requested. In addition, as part of the overall decision-making process to move forward with a proposed development project, it is important to evaluate the contributions and demands that development will place upon the City’s general fund and ability to provide ongoing public services. To avoid the need to subsidize new development, current City policy requires the developer of a private development project to establish a special funding mechanism to ensure that new development pays for itself.



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Community Facilities District (“CFD”) No. 2020-1, Citywide Services, was formed by the City Council on May 13, 2020 as a means by which a developer can offset its impacts to the provision of ongoing public services. The special tax that would be assessed on projects that opt to annex into the CFD is based upon the Fiscal Impact Analysis (FIA) that was prepared to support the creation of CFD No. 2020-01. While other means of offsetting general fund impacts are available, the benefit of entering CFD No. 2020-01 is that the annexation process is significantly streamlined, which saves staff time and costs to developers.

At the time of this writing, an applicant is required to fully offset potential impacts to the General Fund created by their project. This can be accomplished through either formation of a CFD, annexation into CFD No. 2020-01, or establishment of another lawful funding mechanism reasonably acceptable to the City (“Public Services Funding Agreement”). Should an applicant desire to utilize the streamlined process available through annexation into CFD No. 2020-01, they would be required to sign a Unanimous Consent to Annex, which serves as their authorization to annex. The Applicant declined to sign a Unanimous Consent to Annex at this time because they intend to sell the entitled Project to another developer. This would allow that developer an opportunity to decide whether they want to join citywide CFD No. 2020-1 or explore different options for the funding of ongoing public services. A Letter of Intent to Offset and Fund Ongoing Public Services has been provided by the applicant to this effect and is included as Attachment 3 to the Planning Commission staff report. Additionally, a condition of approval has been included as part of Exhibit “H” to draft City Council Resolution No. 2023-06 to reflect the requirement to establish a funding mechanism as described above prior to the recordation of the Final Map. (It should be noted, however, that the City Council has directed staff to look at the current policy and bring back recommendations that may modify this requirement.)

If the future developer opts to annex into CFD No. 2020-01, the Project would fall into Category 1. The maximum established levy for Category 1 is \$575.19 per unit for the tax year 2023/24, subject to annual adjustments which currently are based on the Consumer Price Index or 2%, whichever is greater. The City Council retains the discretionary authority to set the levy each year which could be set an amount less than the maximum levy. The costs for providing ongoing municipal services to the 56-unit Project is estimated at \$32,211. If annexation into CFD No. 2020-01 is the way by which the developer opts to provide the ongoing funding source, the affordable housing units would be included in the annexation; however, State law provides an exemption from CFDs for affordable housing owners that meet specific criteria (referred to as the welfare exemption) Should the developer opt to pursue a funding mechanism other than CFD No. 2020-01, such mechanism, including the assessment rate, would be subject to approval by City Council.

PROJECT DESCRIPTION

Escondido North, LLC (“Applicant”) submitted an application for a Tentative Subdivision Map, Grading Exemption, and Annexation for a 56-unit residential subdivision (Planning Case Nos. PL21-0269, PL21-0278, and PL22-0584). The subdivision would consist of 46 single-family lots, two of which would contain existing homes, and one multi-family lot that would accommodate ten (10) units (in the form of five



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duplexes) which would be deed-restricted as affordable housing units. The project includes a request for a density bonus which enables an increase in the otherwise allowable residential density in exchange for the provision of affordable housing units. One (1) of the lots included with the Project is currently in the County of San Diego and would be required to annex into the City of Escondido, subject to approval by the Local Agency Formation Commission.

A complete project description can be found on December 13, 2022, Planning Commission staff report (Attachment "1").

LOCATION

The project site is comprised of seven parcels generally located on the west side of Conway Drive on both sides of Stanley Avenue, and north of Lehner Avenue. The property contains 13 dwelling units addressed as 916, 942, and 943 Stanley Avenue, and 2005 – 2175 Conway Drive (odd-numbered addresses only).

PREVIOUS ACTION

On April 6, 2022, the City Council authorized the intake and processing of the annexation request. That authorization does not commit the City Council to any future action on the Project.

On January 11, 2023, the City Council continued the item to the regularly scheduled meeting of February 8, 2023.

ANALYSIS

The Project is located within the Suburban (south of Stanley Avenue) and Estate II (north of Stanley Avenue) land use designations of the City's General Plan and is zoned R-1-10 (single-family residential, 10,000 square foot minimum lot size) south of Stanley Avenue and RE-20 (estate residential, 20,000 square foot minimum lot size) north of Stanley Avenue. The parcel noted above subject to annexation is north of Stanley Avenue and was previously pre-zoned RE-20. The project proposes parcels which are smaller than those typically allowed in the subject zones and also includes duplex units which are not typically permitted in the subject zones. Because the project includes a density bonus request, the lot sizes and duplex units are permitted pursuant to the State Density Bonus Law and Article 67 of the Escondido Zoning Code. A complete analysis of the Project can be found in Attachment "1."

ENVIRONMENTAL REVIEW

A Draft Initial Study/Mitigated Negative Declaration ("IS/MND") was prepared for the Project, which identified potentially significant impacts in the areas of Air Quality, Biological Resources, Cultural Resources, Geology/Soils, Hazards & Hazardous Materials, Noise, Transportation/Traffic, and Tribal Cultural Resource. However, mitigation measures were incorporated which would reduce the impacts to a less-than-significant level. The Draft IS/MND was released for a 20-day public review period on October



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28, 2022. Nine (9) comment letters were received which identified concerns in the areas of Density Bonus Law; traffic and circulation; interface between properties; displacement of bugs, wildlife, and rodents; associated grading activities, impacts, and construction noise; lack of architecture details or materials; street parking; demolition of existing homes; and land use allowances. Responses to those comments were prepared and have been incorporated into a Final IS/MND. The Final IS/MND has identified no new environmental impacts which have not been addressed through the aforementioned mitigation measures. The Final IS/MND has been included as Exhibit “E” to Resolution No. 2023-06.

CONCLUSION

The Project is a residential subdivision consisting of a total of 56 dwelling units on 46 lots. While the project site is zoned for single-family residential use at a lower density than proposed, the application includes a density bonus request to allow an increased density in exchange for the provision of affordable housing units, pursuant to the State Density Bonus law. As part of the request, the applicant has identified the need to construct multi-family dwelling units (duplexes) as an incentive to make the provision of 10 low-income units financially feasible and has also identified a number of waivers from development standards to accommodate the proposed subdivision. Because the Project must be reviewed and processed consistent with State Density Bonus Law, it is therefore consistent with the General Plan land use designation for the site, as well as other applicable General Plan goals and policies. Additionally, the provision of 10 affordable housing units will assist the City in meeting the housing goals established by the Regional Housing Needs Allocation.

Both the Planning Commission and City staff recommend the City Council approve the Project, including the adoption of the final Mitigated Negative Declaration prepared for it, and make an application to LAFCO for annexation/reorganization of a portion of the Project site.

RESOLUTIONS

- a. Resolution No. 2023-06
- b. Resolution No. 2023-06, Exhibits “A” through “H”

ATTACHMENTS

- a. Attachment “1” – December 13, 2022, Planning Commission staff report
- b. Attachment “2” – December 13, 2022, Planning Commission written correspondence
- c. Attachment “3” – January 11, 2023, City Council written correspondence