



# STAFF REPORT

---

December 13, 2023  
File Number 0810-20

---

## SUBJECT

**SPECIFIC PLAN AMENDMENT, MAJOR PLOT PLAN AND DENSITY BONUS FOR A 21-UNIT, MULTI-FAMILY RESIDENTIAL/MIXED-USE PROJECT - PHG20-0036**

## DEPARTMENT

Planning Division, Development Services Department

## RECOMMENDATION

Request the City Council conduct a public hearing on the development proposal and take action on the recommendations of City staff and the Planning Commission as follows:

- a) Introduce Ordinance No. 2023-20 adopting an Addendum to the Final Negative Declaration adopted for the South Centre City Specific Plan, and approve an amendment to the South Centre City Specific Plan
- b) Adopt Resolution No. 2023-171 approving a Major Plot Plan and Density Bonus for a 21-unit mixed-use project.

Staff Recommendation: Approval (Development Services Department: Chris McKinney, Director of Development Services)

Presenter: Jay Paul, Senior Planner

## PLANNING COMMISSION RECOMMENDATION

The Planning Commission considered the Project at its November 28, 2023 hearing, and the staff report is included as Attachment "1". After deliberation, the Planning Commission voted 4-2-1 (Commissioners Paul and Speer voting no, with Commissioner Weiler recusing himself from the hearing) to recommend that the City Council approve the Project as conditioned with exception of one condition of approval. The Planning Commission recommends the City approve the applicant's request for a financial incentive under Density Bonus Law to waive the condition regarding ongoing funding of municipal services. This requirement is identified as Condition of Approval General A.11 attached as Exhibit "D" to Resolution No. 2023-171. The Commissioners' discussion primarily focused on the amount of parking the project would provide; how the tandem spaces would be allocated to the units, and; the City's requirement to allow certain incentives, concessions and waivers in accordance with Density Bonus Law. No members of the public spoke at the hearing, except for the Project applicant. City staff received one written communication and distributed the written communication to the Commissioners (Attachment "2"). The written commenter expressed concern regarding parking and traffic in the area.



# CITY of ESCONDIDO

## STAFF REPORT

### FISCAL ANALYSIS

Density bonus law (Government Code section 65915 et. seq.) and Article 67 of the Escondido Zoning Code (Density Bonus and Residential Incentives) are intended to encourage the development of affordable housing. This is accomplished through the allowance for an increase in residential density above what would typically be allowed for a property, and through the provision of incentives and concessions, waivers from development standards, and direct financial incentives. Specifically, incentives and concessions entail reductions in development or zoning code standards, or other regulatory incentive, that result in cost reductions to enable the project. Waivers entail reductions or modifications to development standards or the zoning code that would otherwise make construction of the project infeasible, and are separate from incentives and concessions. Separate from both incentives and concessions, and waivers are financial incentives. City Council may grant a direct financial incentive for a project but is not required to do so.

The percentage of affordable units and level of affordability dictate the number of incentives and concessions associated with a density bonus project, and entitles an applicant to certain waivers of development standards. As part of the project application, the Applicant requests to eliminate the requirement to fund ongoing operational costs of providing municipal services required for the Project as a direct financial incentive.

Government Code section 95915(l) states that Density Bonus Law "...does not limit or require the provision of direct financial incentives for the housing development, including the provision of publicly owned land, by the city, county, or city and county, or the waiver of fees or dedication requirements." Similarly, section 33-1414(a)(2)(E) of the City of Escondido Municipal Code states that "the city council may, but is not required to, provide direct financial incentives, including direct financial aid in the form of a loan or grant, the provision of publicly owned land, or the waiver of fees or dedication requirements." Staff continues interpretation of this language to mean the City Council is not required under Density Bonus Law to waive fees or provide other direct financial incentives for a housing development. Further, only City Council retains authority to act on such requests per the City of Escondido Municipal Code and the current City Council adopted policy concerning the funding of municipal services by new development. As such, the Planning Commission acts in an advisory role to City Council on this request to remove this condition of the Project. The condition cited above is consistent with existing City Council policy requiring all residential development to offset its impact on the general fund by providing an ongoing funding source to pay for public services demanded by a project. Because the condition is consistent with current City Council policy, and because neither the Government Code nor the City of Escondido Municipal Code require the City to provide direct financial assistance to a density bonus project, staff does not recommend the removal of said condition.

### PROJECT DESCRIPTION

The Project includes an Amendment to the South Centre City Specific Plan to apply the mixed-use overlay to the Project site to allow for residential and commercial development (mixed-use) up to 30 dwelling units per acre and building height up to 45 feet. The request also includes a Major Plot Plan and Density



# CITY of ESCONDIDO

## STAFF REPORT

Bonus for the development of a four-story building, ground-floor parking garage, up to 4,200 square feet of ground-floor commercial/flex space, and 21 multi-family residential units (18 market rate units and 3 affordable units). The Density Bonus would allow for an increase in allowable density but requires 3 of the units be restricted for “very low-income” tenants, along with certain incentives/concessions and waivers from development standards.

### LOCATION

The 0.46-acre Project site is comprised of 2 parcels located on the northwest corner of S. Escondido Boulevard and W. Ninth Avenue, addressed at 892-849 S. Escondido Boulevard and 332 W. Ninth Avenue (APNs 336-371-14-00 and 336-371-15-00). The location is depicted in Attachment “1” to the Planning Commission staff report.

### ANALYSIS

#### 1. General Plan / Zoning Consistency

The City’s General Plan land-use designation for the project site is Specific Planning Area (SPA 15) with an underlying zoning designation of Escondido Boulevard District and 9th Avenue Overlay. The 0.16-acre parcel fronting onto 9th Avenue contains the mixed-use overlay that allows for multi-family development up to 24 dwelling units per acre. The larger 0.30-acre parcel fronting onto South Escondido Boulevard is located within the Escondido Boulevard District (commercial district), but does not contain the overlay designation, and therefore does not permit multi-family or mixed-use development. However, based on the proposed Specific Plan Amendment to apply the mixed-use overlay district to the larger 0.30-acre parcel, along with the combined size of the two parcels (0.46 total acres), the project site would accommodate up to 13 base units (parcel 1: 0.16 acres x 24 du/ac = 3.8 units; parcel 2: 0.30 acres x 30 du/ac = 9 units; 3.8 + 9.0 = 12.8 units rounded up to 13 units per Density Bonus Law calculations – yield fractions round up). The proposed project would include 15 percent of the base units (i.e., three) as very-low-income restricted units, entitling the Applicant to a 50 percent density bonus (i.e., 6.5 rounded up to 7) for a total density bonus allowance of 20 units, consistent with State Density Bonus law as described further below.

State Density Bonus law is codified in Government Code Section 65915 – 65918, and specifically states, “granting of a density bonus shall not require, or be interpreted, in and of itself, to require a general plan amendment, zone change, or other discretionary approval.” As such, regardless of density, the Project is consistent with the provisions of the General Plan as long as it complies with State Density Bonus law and Article 67 of the Escondido Zoning Code.

Allowable increases in density are based on a sliding scale that involves both the percentage of affordable units being provided, and the level of affordability of those units. Existing and proposed zoning for the subject parcels (up to 24 du/ac and 30 du/ac with mixed-use overlay zone designation) would allow a total of 13 base units; however, by deed restricting 15 percent of those units (amounting to three units) for very-low-income households, the Project is eligible for a 50 percent



# CITY of ESCONDIDO

## STAFF REPORT

increase in allowable density (seven density bonus units), resulting in a total allowance of 20 units. Further, Sec. 33-1414(a), consistent with state law, permits for a project to request excess density bonus exceeding the entitled amount of density bonus denoted under Sec. 33-1313(b) as an incentive for a project. In this instance, the Project would use one of its three permitted incentives/concessions to receive an additional unit in excess of the permitted density bonus to allow for a total of 21 units. Therefore, the Project is consistent with Article 67 of the EZC.

The South Centre City Specific Plan seeks to create quality housing through new and creative infill of single- and multi-family development to further housing choice and opportunity within the City. The Project would support the Specific Plan's goal by providing an infill project that provides for a mix of market rate and affordable units. Further, the Project provides a mixed-use commercial component, retaining street-level commercial at important corners, such as the 9th Ave. and Escondido Blvd. corner.

The City identified a number of properties within the South Centre City Specific Plan area where the conditions of existing uses are conducive to future redevelopment. Such conditions include large parking areas, older buildings, marginally operating businesses, nonconforming uses, and capacity for additional units. Overall, the properties in the South Centre City Specific Plan area are projected to accommodate 1,038 new units. As identified in the 2021-2029 Housing Element, (Program 1.1: Sites Inventory and No Net Loss Monitoring) the City of Escondido has been allocated a Regional Housing Needs Assessment ("RHNA") of 9,607 units (1,864 very low income; 1,249 low-income; 1,527 moderate-income, and 4,967 above-moderate income units). The proposed project would not result in the loss of any existing residential units and would result in three new very-low-income apartment units and 18 market rate units. However, the project site is not identified in the City's General Plan Housing Element Suitable Sites Inventory for the 6th RHNA Planning Cycle. Because the provision of "no net loss" applies to housing located on any site listed in the City's Housing Element, the City does not need to determine if this project or a decision related to this project would be subject to No Net Loss Law and its remedies.

## 2. Density Bonus and Residential Incentives:

A density bonus project proposing 15 percent of the base density units for very-low-income households is entitled to up to three incentives or concessions, which are defined in Government Code section 65915(k), in part, to include "[a] reduction in site development standards or a modification of zoning code requirements or architectural design requirements.... that results in identified and actual cost reductions...." Additionally, density bonus projects are entitled to waivers from development standards which would have the effect of physically precluding the construction of the proposed density bonus project. For reference, Article 67 of the Escondido Zoning Code can be found at the following link:

[https://library.qcode.us/lib/escondido\\_ca/pub/municipal\\_code/item/chapter\\_33-article\\_67](https://library.qcode.us/lib/escondido_ca/pub/municipal_code/item/chapter_33-article_67)



# CITY *of* ESCONDIDO

## STAFF REPORT

Based on Density Bonus Law, the Applicant requests and is entitled to the following incentives/concessions (max. three):

- An excess density bonus for one additional dwelling unit.
- Increase in height for certain building elements up to 47 feet in height.
- Reduction in parking (two residential spaces), allow tandem spaces (twelve spaces) and elimination of required commercial spaces.

And the following waivers (unlimited):

- Reduction in setbacks, that would not affect the public right-of-way, pedestrian or utility access, to allow certain encroachments into the front and street-side setbacks, including the overhang of architectural elements, upper-story element, and roof eaves.
- Elimination of upper-story level step-backs (for second story and above)
- Reduction in open space and tree planting requirements (min. 1 tree per unit)
- Allow for tandem parking through the Plot Plan process in-lieu of the Planned Development process.

Staff has reviewed the requested waivers and determined that they would not create an adverse impact upon the health, safety or the physical environment

Additional Request for Direct Financial Incentive:

The Applicant is also requesting that the City eliminate the requirement to fund ongoing operational costs of providing municipal services. As discussed in the Fiscal Analysis Section of this Staff Report, the City Council has the discretion to grant this request, but it is not required to do so.

### 3. Site Design:

#### a) Project Access, Circulation and Parking:

The project site fronts onto two public circulation element streets (South Escondido Boulevard and West 9th Avenue), along with a 20-foot-wide public alley on the north. The Project design includes an internal ground-floor garage that would accommodate 27 parking spaces, trash facilities and other utilities. Twelve of the spaces are tandem spaces, that would be dedicated to select two-bedroom units. Access to the parking spaces would be provided from a driveway fronting 9th Avenue and the alley. The Project would include widening the alley an additional two-feet along the project frontage, and the intersection redesigned to include a bulb-out feature to enhance public safety and the intersection crosswalks. The Engineering Division indicated the bulb-out feature would not adversely affect circulation along South Escondido Boulevard and 9th Avenue, nor impact turn movements at the intersection, as conditioned.



# CITY of ESCONDIDO

## STAFF REPORT

The Project requires a minimum of 29 residential spaces for the 21 units and 16 spaces for the 4,200 square foot commercial component. The Project would provide a total of 27 garage-level parking spaces, including one disabled space. The Applicant requests a reduction in parking of two required residential spaces and elimination of all the required commercial spaces. Although on-street parking may still be allowed along the project frontages, these spaces are open public spaces and are not specifically reserved for the Project. A section of the on-street parking may be posted for short-term parking to facilitate commercial delivery and moving vehicles, as determined by the Engineering Division through the final improvement plans. There is an existing recorded parking agreement between the subject site and the commercial property to the south (Petersons Donuts) to utilize up to 14 on-site parking spaces. However, these are not permanent spaces for the Project site as the agreement may be terminated if the land-use on the Peterson's site changes to require additional on-site spaces to support the use.

### b) Open Space and Landscaping:

A minimum of 300 square feet of open space is required per unit, which equates to 6,300 square feet of open space for the 21-unit Project. The Project would provide a combination of private and common open space areas totaling 4,808 square feet. Open space areas/amenities include a central ground-floor courtyard, individual unit balconies, and a common second floor internal terrace that overlooks the central courtyard. In order to accommodate the Project's site design and achieve the desired density, the Project proposes a 24 percent reduction in open space from 300 square feet per unit to 229 square feet per unit. Multi-family residential projects are required to provide a minimum of one tree per unit. However, due to the limited landscape area available for the higher-density project, the remaining available area would accommodate up to 9 street trees along the project frontages within specifically designed planter wells, along with smaller landscape planters along the street frontages and within the central courtyard area.

### c) Architectural Design, Color/Materials and Unit Mix:

The Project consists of a four-story structure that includes one- and two-bedroom units. Unit sizes range from 1,119 square feet for the one-bedroom units, to 1,266 square feet for the two-bedroom units. Interior hallways/open terraces provide access to the units. Each unit includes private exterior-facing upper-story decks/balconies with metal railings. The building is approximately 47 feet in height to the top of certain roof elements. The Project utilizes a contemporary style of architecture with varying wall planes and rooflines, with flat and angled metal clad roofs and upper-story roof eyebrow-type overhangs. Exterior materials/colors include white primary stucco with light gray and yellow accent and trim colors; a red brick veneer on ground-floor walls, and; vertical wood siding on select wall recesses. Exterior balconies located at the corner units facing 9th Avenue include a decorative metal grill/screen. The ground floor includes an entry lobby and 4,200 square feet of unplanned commercial space with a ceiling height





# CITY of ESCONDIDO

## STAFF REPORT

of approximately 15 feet and store-front type glass windows and doors. Project plans are included with this staff report as Exhibit “B” to draft City Council Resolution No. 2023-171.

#### 4. Specific Plan Amendment –South Centre City Specific Plan

The 0.16-acre parcel fronting onto 9th Avenue includes the mixed-use overlay that allows for general mixed-use and multi-family development up to 24 dwelling units per acre, with a building height of two stories (up to 35 feet in height). The larger 0.30-acre parcel fronting onto South Escondido Boulevard is located within the Escondido Boulevard District (commercial designation), but does not contain the overlay designation and does not permit residential development. The Applicant requests application of the overlay designation to the larger corner parcel along with an allowed density of up to 30 dwelling units per acre to facilitate the proposed 21-unit mixed-use project. The proposed amendment would also modify the allowable height limits for projects (residential/commercial) in the mixed-use overlay of the Escondido Boulevard District. Specifically, the amendment would allow for up to 45 feet in height on the larger parcel through the expansion of the mixed-use overlay in order to accommodate the density. However, the two-story, 26-foot height limit would still apply to parcels not involved within this proposed amendment and outside of the mixed-use overlay. The amendment would require a revision to Table 5.2 (General Building Height, Setbacks and Coverage Standards) included as Attachment “3” to the Staff Report and Exhibit “B” to draft City Council Ordinance No. 2023-20.

#### **ENVIRONMENTAL REVIEW**

On March 21, 2018, the Escondido City Council adopted a Final Initial Study/Negative Declaration (IS/ND) for the South Centre City Specific Plan (City Case Nos. PHG15-0003/ENV17-0005). Section 15164 of the State CEQA Guidelines states that an Addendum to a Negative Declaration shall be prepared “if some changes or additions are necessary, but none of the conditions described in Section 15162 calling for preparation of a subsequent Negative Declaration have occurred.” The proposed project is consistent with the adopted Final IS/ND. Specifically, none of the conditions defined in Sections 15162 and 15163 of the State CEQA Guidelines that would require preparation of a subsequent or supplemental Negative Declaration have been met. As detailed in the Addendum to the Final Negative Declaration prepared for this project, included as Exhibit “D” to Draft City Council Ordinance No. 2023-20, and the project materials, the City finds that, pursuant to Section 15162, no subsequent Negative Declaration would be required. Because none of the conditions of Section 15162 of the State CEQA Guidelines occur and as the Addendum and the proposed project satisfy the requirements of Section 15168, an Addendum to the South Centre City Specific Plan Final IS/ND is the appropriate form of environmental documentation required under CEQA for the proposed project. The Final Negative Declaration, Addendum and technical studies are available for review at the following link:

<https://escondido.org/829-south-escondido-blvd-project>



# CITY *of* ESCONDIDO

## STAFF REPORT

### CONCLUSION

The proposed Project is consistent with the General Plan and the South Centre City Specific Plan, as proposed to be amended, because it encourages higher density urban residential growth within the Escondido Boulevard District. The Project would further the Land Use and Community Form goals in Chapter II of the Escondido General Plan, including those related to community character and smart growth, as well as the Housing goals in Chapter IV of the General Plan, which include planning for sustainable growth and providing housing opportunities for all income groups and household types.

All land use development applications that consist of a Plot Plan, Density Bonus and Specific Plan Amendment are subject to design review and the final decision-maker is the City Council. The proposed project is consistent with the guiding principles for the South Centre City Specific Plan (as modified by Density Bonus incentives and concessions, and waivers) identified in the Land Use and Community Form Element of the Escondido General Plan because such principles accommodate the type of high-density urban development envisioned for the area. The proposed Project also provides for a well-designed, residential development that will be beneficial to its future residents and provide visual appeal in an area that is currently undergoing significant revitalization.

The Project as proposed will not have a significant effect on the environment, as designed and conditioned. The location, size, design, and operating characteristics of the proposed Project will not be incompatible with, or will adversely affect, or will be materially detrimental to adjacent land uses. The site is suitable for the type and intensity of use or development which is proposed. Both the Planning Commission and staff recommend the City Council adopt the Addendum to the Final Negative Declaration and approve the proposed Project. The Planning Commission recommended the City Council grant the direct financial incentive to waive the City's standards community facilities district condition as well.

### ORDINANCES

- A. Ordinance No. 2023-20
- B. Ordinance No. 2023-20 Exhibit "A"
- C. Ordinance No. 2023-20 Exhibit "B"
- D. Ordinance No. 2023-20 Exhibit "C"
- E. Ordinance No. 2023-20 Exhibit "D"

### RESOLUTIONS

- A. Resolution No. 2023-171
- B. Resolution No. 2023-171
- C. Resolution No. 2023-171 Exhibit "A"
- D. Resolution No. 2023-171 Exhibit "B"
- E. Resolution No. 2023-171 Exhibit "C"
- F. Resolution No. 2023-171 Exhibit "D"





# CITY *of* ESCONDIDO

## STAFF REPORT

### ATTACHMENTS

- A. Attachment "1" – November 28, 2023 Planning Commission staff report
- B. Attachment "2" – November 28, 2023 Planning Commission written correspondence
- C. Attachment "3" - Specific Plan Amendment Exhibits