



STAFF REPORT

June 14, 2023

File Number 0800-10; 0850-20

SUBJECT

PL22-0134/PL22-0154 – ASH STREET TENTATIVE SUBDIVISION MAP AND ANNEXATION/REORGANIZATIONS

DEPARTMENT

Development Services Department, Planning Division

RECOMMENDATION

Request the City Council adopt Resolution No. 2023-70, approving a Tentative Subdivision Map and Annexation/Reorganization for a 20-unit residential subdivision located at 0 Ash Street (APN: 224-130-10-00) ("Project"). Ancillary to the Project, a property at 508 Stanley Avenue would also be annexed into the City of Escondido. The request also includes the adoption of a Final Mitigated Negative Declaration prepared for the Project pursuant to the California Environmental Quality Act (CEQA).

Staff Recommendation: Approval (Development Services Department: Andrew Firestone, Director of Development Services)

Presenter: Ivan Flores, Associate Planner

PLANNING COMMISSION RECOMMENDATION

The Planning Commission considered the Project at its May 23, 2023 meeting, and the staff report has been included as Attachment "1." The Planning Commission voted 6 – 0 recommending approval of the Project to City Council with modified conditions of approval (See Attachment "2"). Furthermore, the Planning Commission's recommendation of approval was contingent on requiring the applicant to pay the North Broadway Deficiency Area (NBDA) fee; additional information, and analysis are provided below.

PROJECT DESCRIPTION

Escondido North, LLC ("Applicant") applied for a Tentative Subdivision Map and Annexation for a 20-unit residential subdivision (Planning Case No. PL22-0134/PL22-0154). The subdivision would consist of 20 lots for residential purposes (19 market rate and 1 affordable) and 2 letter lots for open space, and biofiltration system. 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.

A complete project description can be found on the May 23, 2023, Planning Commission staff report (Attachment "1").



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PREVIOUS ACTION

On July 20, 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.

LOCATION

The Project is located in the northern portion of the City of Escondido and is bounded by Stanley Avenue to the north, Ash Street to the east, and Lehner Avenue to the southern. The Project site is addressed at 0 Ash Street (APN:224-130-10-00).

ANALYSIS

The Project is located within the Suburban (S) General Plan Land Use designation and Single Family Residential (R-1-10; 10,000 sq. ft. minimum lot size) zoning district. The parcel was pre-zoned R-1-10 during a previous annexation effort; however, the annexation was not finalized. The Project proposes parcels which are smaller than those typically allowed in the subject zone. Because the Project includes a density bonus request, the lot sizes 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."

NORTH BROADWAY DEFICIENCY AREA (NBDA)

On May 18, 2023, City staff received a request by the applicant to remove and/or modify conditions of approval associated with the project. Staff and the Planning Commission agreed to modify a number of conditions, including a fee related to the North Broadway Deficiency Area. The applicant will be responsible for payment of the fee which amounts to \$12,500 per lot in the new development.

The NBDA was established in May 1994 (Ordinance No. 94-16; "Growth Management Ordinance") to facilitate development in an area of the City that lacked the necessary infrastructure, such as sewer and water to service the area. The City has collected fees from applicants as the area has been developed and traditionally was done through a Development Agreement; however, in this case, staff is recommending to collect the fee via a condition of approval. The fee reflects previous payments made by surrounding developments.

During the May 23, 2023, Planning Commission meeting the applicant's lawyer made public comment regarding the legality of the NBDA, and its application to this Project. While staff agrees that the Project currently is not within the NBDA area, the Project will be within the geographic area upon annexation into the City (see Attachment 3). The City's policy and past practice for surrounding developments (Lexington and Pradera) have been payment of the NBDA fee upon annexation into the City's jurisdiction. As shown on page 2 of Attachment 3, the surrounding developments were required to pay the fee upon annexation due their contribution to deficiencies identified in the Growth Management Ordinance.



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At the time of the adoption of the NBDA area, the affected parcels were only City parcels; however, subsequent annexations have been required to pay the fee. Staff and the Planning Commission recommend approval of the Project with the condition that the Project pays the fee as has been the practice.

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.

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 "F" to draft City Council Resolution No. 2023-70 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



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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 20-unit Project is estimated at \$11,504. 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.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) applies to proposed projects initiated by, funded by, or requiring discretionary approvals from state or local government agencies. CEQA Guidelines Section 15367 states that a lead agency, in this case, the City of Escondido, is the agency that has the principal responsibility for carrying out or approving a project and is responsible for compliance with CEQA. As lead agency, the City must complete an environmental review to determine if implementation of the Project would result in significant adverse environmental impacts. In compliance with CEQA, an Initial Study ("IS") was prepared to assist in making that determination. Based on the nature and scope of the Project and the evaluation contained in the IS environmental checklist, the City has concluded that a Mitigated Negative Declaration ("MND") is the appropriate level of analysis for the Project.

As provided in CEQA Statute Section 21064.5, and stated in CEQA Guidelines section 15070, an MND can be prepared when "(a) the initial study shows that there is not substantial evidence, in light of the whole record before the agency, that the project may have a significant effect on the environment, or (b) the initial study identifies potentially significant effects, but (1) revisions in the project plans or proposals made by, or agreed to by the applicant before a proposed mitigated negative declaration and initial study are released for public review would avoid the effects or mitigate the effects to a point where clearly no significant effects would occur; and (2) there is no substantial evidence, in light of the whole record before the agency, that the project as revised may have a significant effect on the environment." The MND prepared for the Project identified potentially significant impacts in the areas of Air Quality, Biological Resources, Cultural Resources, Geology and Soils, Noise, and Tribal Cultural Resources. However, through the incorporation of mitigation measures, the impacts can be reduced to a less-than-significant level.

A Draft IS/MND was released for a 20-day public review period from March 30, 2023, to April 19, 2023. Two comment letters were received and identified the inclusion of an affordable unit as an area of concern. 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 "C" to Resolution No. 2023-70.



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CONCLUSION

The Project proposes a residential subdivision that is compatible with the surrounding uses and makes efficient use of the Property. Additionally, the Project would include much-needed affordable housing and provide opportunities for home-ownership in a suburban setting where such housing is not typically available. Because the Project must be reviewed and processed consistent with the 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 1 affordable housing unit will assist the City in meeting the housing goals established by the Regional Housing Needs Allocation. The project is consistent with the provisions of Article 67 of the Escondido Zoning Code and State Density Bonus law.

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. 2023-70
- b. Resolution No. 2023-70, Exhibit A - F

ATTACHMENTS

- a. Attachment "1" – May 25, 2023 Planning Commission Staff Report
- b. Attachment "2" – May 25, 2023 Planning Commission Memo from Staff
- c. Attachment "3" – North Broadway Deficiency Area Boundary