



THE CITY OF SAN DIEGO
MANAGER'S REPORT

DATE ISSUED: March 24, 2004 REPORT NO. 04-064

ATTENTION: City Council, Agenda of March 30, 2004

SUBJECT: **MISSION VILLAGE - PROJECT NO. 6547. PROCESS 4
(OLD CODE)**

REFERENCES: Planning Commission Public Hearings - February 7, 2002, February 21, 2002, and April 4, 2002 (Report No. P-02-043), May 2, 2002, July 18, 2002, July 25, 2002, November 21, 2002, and January 15, 2004 (Report No. P03-359). Unocal Gas Station Conditional Use Permit 87-0297 (Attachment 18).

OWNER/
APPLICANT: Mission Village Properties, L.P. (Attachment 29)

SUMMARY

Issue(s) - Should the City Council deny the appeal of the Mission Village Project which requests a denial of the Tentative Parcel Map and Planned Commercial Development Permit to develop a 160-unit apartment complex with 15,000 square-feet of retail in two phases and an amendment to Conditional Use Permit 87-0297 to add an expiration date to the operation of the existing gas station?

Staff Recommendations:

1. CERTIFY Negative Declaration 6547.
2. DENY the appeal and APPROVE Planned Commercial Development (PCD) Permit 57551 and Tentative Parcel Map 57552.

The PCD Permit would permit the construction of 15,000-square-feet of retail uses in two phases with 160 apartments. Phase One would consist of the construction of 156 apartments in five buildings with one building containing both apartments and 8,000 square-feet of ground floor retail space fronting Ruffin Road.

Phase Two consists of the redevelopment of the existing 4,954-square-foot gas station site with apartments and 7,000 square feet of ground floor retail space.

3. APPROVE Permit 57553 to amend Conditional Use Permit 87-0297 to add an expiration date to the operation of the existing gas station.

Planning Commission Recommendation – At the January 15, 2004 public hearing the Planning Commission voted (6:0:0) to add two permit conditions (Attachment 20). The first is a requirement that the ground floor portion of Building 2 (5,600-square feet), fronting Gramercy Drive, be developed for commercial use for two years from the issuance of the Certificate of Occupancy at which time it may then be used for residential purposes. And, the second, that the Applicant enter into a secured agreement, acceptable to the City of San Diego, for \$500,000.00 as assurance for the redevelopment of the gas station. The Commission did not support staff’s recommendation to condition the permit to require that “the certificate of occupancy for the last residential building not be issued until the certificate of occupancy is issued for the 7,000-square floor retail development (redevelopment of the gas station). See the “Discussion” section for details.

Community Planning Group Recommendations - On November 21, 2002, the Serra Mesa Planning Group reviewed two conceptual plans and voted 7:3:0 in support of Plan A, with provision that an ironclad assurance be put into place to assure that the gas station site becomes retail (Attachment 10). On September 18, 2003, the Serra Mesa Planning Group, upon review of a further refined Plan A voted 9:1:0 to reject the proposed Mission Village Project (Attachment 11).

Environmental Impact - Negative Declaration 6547 has been prepared for this project in accordance with State California Environmental Quality Act guidelines.

Fiscal Impact - All costs associated with the processing of this project are paid from a deposit account maintained by the applicant.

Code Enforcement Impact - None with this action.

Housing Impact Statement – The project is proposing 160 multi-family rental units for the site which currently contains no housing. The Serra Mesa Community Plan designates the site Neighborhood Commercial, but also allows residential use at a density of 29 dwelling units per acre. This density could yield a maximum of 264 units at build-out on the site. The project contains a mix of commercial uses and multi-family so the total number of residential units proposed is 104 less than the maximum allowed under the Serra Mesa Community Plan and zone. The applicant will be paying an in lieu fee for the affordable inclusionary housing requirements.

BACKGROUND

The Mission Village site is 9.1 acres located at the northwest corner of Gramercy Drive and Ruffin Road within the Serra Mesa Community Planning area (Attachment 1). The site is designated in the Serra Mesa Community Plan as Neighborhood Commercial with a residential density of 29 dwelling units per acre (Attachment 2). The site is zoned CA (Area Shopping Center) from the Old Code and allows R-1500 residential density. The CA Zone allows a broad range of commercial land uses as well as residential development at a density of 29 units per acre (Attachment 3).

Surrounding land uses include condominiums to the north and west, William Howard Taft Middle School to the south, and a combination of commercial/retail shops and residential uses to the east (Attachment 4). The predominant surrounding development is two story buildings. The existing office building on-site is two stories in height. The existing residential buildings to the north and west immediately adjacent to the site are also two stories (Attachment 5). The Serra Mesa Shopping Center is located approximately one-half mile to the west of the site and includes buildings that are two stories (Attachment 6). Residential buildings of three stories in height are located adjacent to this commercial center (Attachment 7).

The site was previously developed with 77,715 square-feet of commercial uses including a variety of shops, stores, restaurants, offices. Currently operating on the site is a Unocal gas station and 32,124-square feet, two-story office building (Attachment 8).

On December 20, 2001, City staff issued a demolition permit, based upon the project contractor's permit application which did not disclose a Planned Development Permit and Tentative Parcel Map were in process for the site. The Land Development Code, Section 129.0108, allows issuance of a demolition permit only after all required approvals, including any required development permits, have been obtained.

Due to the pending approval of the Planned Commercial Development Permit and Tentative Parcel Map, the demolition permit was rescinded. City staff issued a "Stop Work Notice" to the contractor on February 8, 2002. The contractor failed to cease work and was issued a second "Stop Work Notice" on February 11, 2002. However, because of issues raised by neighbors regarding the safety of the site due to the demolition that had already occurred a permit was issued to allow for the removal of the remaining ground debris. Since the proper permit was issued in error, no fines were assessed for the demolition work.

Planning Commission Public Hearings

This item was before the Planning Commission on February 7, 2002, February 21, 2002, April 4, 2002, May 2, 2002, July 18, 2002, July 25, 2002, November 21, 2002, and January 15, 2004. At the May 2, 2002, hearing the Commission directed the applicant to redesign the project incorporating concepts of the Transit Oriented Development (TOD) Guidelines of the City.

Specifically, the concepts of pedestrian circulation, screening parking from the public right of way, street edge effect, integration of commercial uses and public space, and to work with the Serra Mesa Community Planning Group.

Subsequent to the May 2, 2002 hearing, the item was continued until July 18, 2002, and again on May 2, July 18, July 25 and November 21, 2002. At the November 21, 2002, hearing the applicant requested an indefinite continuance and it was approved. Since the May 2, 2002 hearing the applicant hired a new architect to redesign the project to address the issues identified by the Planning Commission and to meet with the Serra Mesa Planning Group to develop the redesign of the project.

Redesign

When the architects Fehlman LaBarre were first hired, there was an initial meeting on June 11, 2002, with a subcommittee of the Serra Mesa Planning Group to start with a blank slate and to hear the desires of the community (Attachment 9). At the meeting some sketches were prepared and discussed with the subcommittee. Subsequently, the architect returned to the subcommittee with a Site Plan which became referred to as Plan A. The subcommittee had also expressed reservations about the redevelopment of the gas station and asked the architect to explore an alternative Site Plan with the premise that the gas station would remain in its current location indefinitely. This Site Plan was prepared and became known as Plan B. The subcommittee reviewed both plans on July 16, September 10 and 19, 2002.

On November 21, 2002, the architect made a presentation of the two plans to the Serra Mesa Planning Group. The Planning Group voted 7:3:0, *“to support Plan A in concept with the provision that ironclad legal assurances are put into place to assure that the gas station site becomes retail.”* (Attachment 10).

Project Description

The proposed project is a refinement of the concept for Plan A. Since the May 2, 2002 public hearing, the project has been redesigned to provide 15,000 square feet of retail use where 11,900-square feet were previously proposed (Attachment 12). With this redesign a deviation to the 50% ground floor commercial retail space requirement of the Planned Commercial Development (PCD) Ordinance is no longer necessary. The project now provides 51% of the ground floor as commercial (Attachment 13). The redesigned project also proposes to reduce the number of multi-family units previously proposed from 184 to 160 and has eliminated all four-story buildings.

The proposed development consists of seven buildings to be constructed in two phases (Attachment 13). Phase One would consist of the construction of 156 residential units which would be split amongst five buildings ranging in size between 9 units and 34 units. Of these five buildings, four would include only residential space while Building 1 would contain both residential and 8,000 square-feet of ground floor retail space fronting Ruffin Road. The five buildings would not exceed three-stories in height. Buildings 1 and 7 will be 32-feet; Building 2

will be 28-feet- 34-feet in height; Buildings 3, 4 and 5 will be 39-feet in height; and Building 6 will be 18-feet -34-feet in height (Attachment 14). The existing office building is two-and-one-half stories above grade and is approximately 30-feet in height.

Phase One also incorporates the construction of covered and non-covered surface parking, a pool area, courtyard, and a clubhouse consisting of a community gathering room, exercise room, conference room, leasing office and lobby.

The proposal for Phase Two consists of the redevelopment of the existing 4,954-square-foot gas station site into four, one-bedroom, residential units and 7,000 square feet of ground floor retail space in two buildings. The exterior elevation plan indicates the buildings would be constructed in an Arts and Crafts style.

Tentative Parcel Map

The proposed Tentative Parcel Map would allow for the division of the 9.1-acre project site from two lots into four lots, one occupied by the existing office building and the other three to accommodate the proposed development (Attachment 15).

Planned Commercial Development Ordinance

The CA Zone permits residential development at R-1500. Pursuant to the CA Zone (old code, Attachment 3) Section 101.0428.D.5, “...*whenever the residential density of a project is in excess of 70 percent of the total gross square footage of the structures (s) on the lot or premises a Planned Development Permit shall be required*”. The residential component of the project is 81 percent (205,635-square feet, residential use) of the total gross square footage of all structures on site. The project also includes 32,124-square feet of office and 15,000-square feet of office.

The PCD Ordinance requires a minimum of 50 percent of all gross ground floor or principal pedestrian level area shall be utilized for retail commercial and personal services (Attachment 16). Principal pedestrian level area was used and is defined as that portion of a building located closest to the public right of way or oriented toward pedestrians. For this project the principal pedestrian level area is 29,700-square feet. The project is proposing 15,000-square feet for retail commercial and personal services which equal 51 percent.

The project meets all of the requirements of the PCD Ordinance except for setbacks. Residential development within the CA Zone is required to meet the development regulations of the R-1500 Zone (Attachment 19). The front yard setback along Gramercy Drive is required to be minimum 15-feet along 50 percent of lineal footage of the yard and a 20-foot standard front yard setback for the remaining 50 percent of the lineal footage of that yard. Building 6, fronting Gramercy Drive, observes an 8-foot setback where a minimum yard setback is required to be 15-feet along 50 percent of lineal footage of the yard and a 20-foot standard front yard setback for the

remaining 50 percent of the lineal footage of that yard. The street yard setback along Ruffin Road is required to be minimum 5-feet along 50 percent of lineal footage of the yard and a 10-

foot standard side yard setback for the remaining 50 percent of the lineal footage of that yard. Building 1 observes a 4-foot, 9-inch setback where a minimum setback of 5-feet along 50 percent of lineal footage of the yard and a 10-foot standard side yard setback for the remaining 50 percent of the lineal footage of that yard is required.

Staff supports the reduced setbacks because they will provide a street presence for the commercial retail and residential unit and fosters an urban village atmosphere which would not be possible if strict adherence to the setback regulations of the CA and R-1500 Zone were followed (Attachment 17).

Gas Station CUP Amendment

The Mission Village Unocal Gas Station has a 20-year lease which is set to expire on February 28, 2007. The lessee has the right to seek a lease extension of an additional five years. The redevelopment of the gas station site with 7,000-square feet of retail, in two buildings, will be assured through a condition of approval of the proposed Planned Commercial Development Permit. Unocal Gas Station Conditional Use Permit 87-0297 (Attachment 18) is being amended to include an expiration of February 28, 2012, with no option for an extension of time (Attachment 19).

In response to the Planning Group's vote for an ironclad assurance that the gas station be redeveloped with retail in Phase Two, the permit has been conditioned to require that the certificate of occupancy for the last residential building not be issued until the Unocal gas station is redeveloped with 7,000-square floor of retail (Attachment 27).

Traffic

The project consists of a mixed-use development consisting of 160-apartment rental units, retail commercial space and an existing office building. The existing office building, gas station and auto repair facility generate 1,855 average daily vehicle trips, whereas the proposed Mission Village project would generate a total of 2,275 trips.

The existing street system and intersection at Ruffin Road and Gramercy Drive operate at acceptable levels of service. The additional traffic generated by the proposed development would change the street segment level slightly. The project traffic added to existing traffic would result in acceptable levels of service of "A" during the AM peak and "C" during the PM peak at the intersection of Ruffin Road and Gramercy Drive.

Parking

At build out the mixed use residential/commercial development would require a minimum 373

automobile parking spaces including eight accessible spaces, 12 motorcycle spaces and 69 bicycle spaces. Applying the Shared Parking Requirements of the Municipal Code Section 101.0830, as updated in the City's Traffic Impact Study Manual (July, 1998) the minimum vehicular parking required would be 305 spaces. The project is providing 328 spaces.

DISCUSSION

Planning Commission's Action

At the January 15, 2004 public hearing, the Planning Commission voted (6:0:0) to support staff's recommendation with the addition of two conditions to the proposed permit (Attachment 20). The first was to add a requirement that the ground floor portion of Building 2, fronting Gramercy Drive, be developed for commercial use for two years from the issuance of the Certificate of Occupancy at which time it may then be used for residential purposes. The second condition was that the Applicant enter into a secured agreement, acceptable to the City of San Diego, for \$500,000 as assurance for the redevelopment of the gas station. The details of which were to be worked out with the City Attorney.

Applicant's Response to Planning Commission's Action

Since the Planning Commission meeting of January 15, 2004 the applicant has considered the impacts to provide 5,600-square feet of "flex space" in Building 2. They have decided not to incorporate the flex space for the following reasons (Attachment 21).

Parking – The 5,600 square feet of flex space will require approximately fifteen additional parking spaces beyond what the current proposal provides for. They believe they have no excess parking spaces to accommodate the addition.

Staff would like to note, that the additional fifteen parking spaces for the flex space could be accommodated through shared parking with the existing office building, rather than through the loss of residential units.

No Definition of "Flex Space" – The San Diego Municipal Code does not discuss "flex space". Consequently, they have an ambiguity that complicated design, implementation, enforcement, and conversion.

Loss of Housing – If flex space is required, the requisite space would displace five proposed apartments in Building 2. In addition, they believe required parking could only be accommodated by elimination additional units to make the land area available for the parking. They estimate five additional units would be lost to accommodate the land area sufficient for the required parking for a total of ten residential units lost.

Not Economically Feasible - The applicant and market experts have repeatedly asserted the proposed 15, 000 square feet of commercial space is speculative and a significant risk for the property owner given the numerous shopping alternatives within the immediate trade area

including Wal-Mart, Vons, Costco and other major tenants located in numerous shopping center also containing a variety of retail shopping and restaurants needs. They believe an additional 5,600 square foot experiment is a significant cost expenditure that is unjustified in the market place. They state that the loss of residential units only further undermines the project feasibility.

Appeal

The Serra Mesa Community Planning Group appealed the Planning Commission's action. (Attachment 22). The following identifies the reasons for the appeal (in bold) with staff's responses (non-bold).

Factual Errors

1. The application was filed in 1999. The revised Serra Mesa Community Plan dated May 16, 2000 was used. The Traffic Impact Study used for determining parking requirements was never adopted by the City Council. Old codes are being used for other aspects of the project, e.g. landscaping. The Community Plan and other regulations that were applicable in 1999 should have been used. Old and new code was used selectively.

Old and new codes have not been used selectively. The CA, PCD and R-1500 regulations are all pre-Land Development Code regulations. In regard to the Municipal Code, projects that were deemed complete prior to the adoption of the Land Development Code on January 1, 2000 are subject to the "old code". This project was deemed complete on December 16, 1999. The Traffic Impact Study Manual used for determining parking requirements contained an iteration of the shared parking procedures more current than the "old Code" and not as current as those in the "new Code." These shared parking procedures were being used in 1999 when the project application was deemed complete. In terms of Community Plans, projects are reviewed against the most current plan, regardless of the submittal or deemed complete date.

2. The staff report indicates that this project meets the commercial element of the Serra Mesa Community Plan. However, the Community Plan reads, "The Mission Village Shopping Center should be designated as a neighborhood shopping center." Conformance with this proposed project would require an amended plan.

When staff conducts project review for any proposed project the entire community plan is considered. Citing a community plan sentence out of context is not recommended as it may miss the spirit and intent of a community plan. Because this project is addressed by many community plan recommendations, there is additional language that also discusses this site as from pages 10 and 11 of the community plan. The evaluation of all the recommendations was considered in

order to make the staff recommendation supporting this project. For example, the site is cited in the Neighborhood Commercial section to have a residential density of 29 dwelling units per acre.

When the Plan is considered in total staff was able to make the findings to support a retail

development of 15,000-square feet with 32,125-square feet of existing office and 160 multi-family apartments at a density of 17.6 dwelling units per acre.

3. The staff report stated that” The project provides 51% ground floor commercial where 50% is required by the PCD Ordinance”. The project is only providing 25% gross ground floor area, which requires a deviation. The applicant is using Principal Pedestrian Level Area (PPLA) to determine the amount of commercial needed to comply with the PCD criteria. There is no definition of PPLA in the Municipal Code or any examples of projects that use PPLA.

The PCD Ordinance, Section 101.0910.E.13., requires a minimum of 50 percent of all gross ground floor or principal pedestrian level area shall be utilized for retail commercial and personal services. Previous submittals provided less than 50 percent of all principal pedestrian level area.

Principal pedestrian level area was used and is defined as that portion of a building located closest to the public right of way or oriented toward pedestrians. For this project the principal pedestrian level area is 29,700-square feet (Attachment 23). The project proposes 15,000-square feet for retail commercial and personal services which equals 51 percent.

4. The Serra Mesa Planning Group provided substantial comments on the inadequacy of the Revised Negative Declaration 6547, dated November 3, 2003. There are significant impacts related to: size of the retail area to meet City guidelines for a neighborhood shopping center, change in character of the area, setbacks, availability of a meeting room, and the intent of the Community Plan.

Size of the retail area to meet City guidelines for a neighborhood shopping center

The Progress Guide and General Plan outlines commercial standards for neighborhood shopping. It includes a parking requirement of 3:1 and is intended “*to provide a wide range of necessity goods and personal and repair services...*” The total site area recommended for neighborhood shopping, including the parking area, is 1-10 acres. The site is 9.1-acres and therefore follows the Progress Guide and General Plan’s recommendations for a neighborhood shopping center.

Change in character of the area

The Negative Declaration states that, “*the proposed development is not considered to be substantially out of character with the existing mix of land uses and development in the immediate surrounding area.*” Specifically, the project has been designed to be sensitive to the character of the area by proposing a transition from the street to the rear of the project with a one

story building on the corner of Ruffin Road and Gramercy Drive, and then, two story mixed-use buildings, and finally three story residential buildings. The three-story residential buildings will be setback approximately 70-feet from the adjacent property line and the tallest building

proposed is 39-feet in height. Given this design the proposed Mission Village project is consistent with the character of the surrounding area which is predominantly two-stories. Specifically, the existing residential buildings to the north and west immediately adjacent to the site are two stories.

The Serra Mesa Shopping Center located approximately one-half mile to the west of the site includes two story buildings. Residential buildings three stories in height are located also adjacent to the Serra Mesa Shopping Center. The existing office building, on the Mission Village site, is two-and-one-half stories above grade and approximately 30-feet in height.

The intent of the overall proposed site design is to establish a village atmosphere by locating commercial retail buildings adjacent to public sidewalks. The setback for properties along Ruffin Road and Gramercy is ten-feet. The applicant is requesting a reduction from the required setback of five-feet for Building 1 along Ruffin Road. This is to provide cafe seating within the remaining 16-feet between the building and the curb. Staff supports this reduction because it will provide a street presence for the commercial retail and residential unit and fosters an urban village atmosphere.

Setbacks

Residential development within the CA Zone is required to meet the development regulations of the R-1500 Zone. The front yard setback along Gramercy Drive is required to be a minimum 15-foot along 50 percent of lineal footage of the yard and a 20-foot standard front yard setback for the remaining 50 percent of the lineal footage of that yard.

Building 6, fronting Gramercy Drive, observes an 8-foot setback where a minimum yard setback is required to be 15-feet along 50 percent of lineal footage of the yard and a 20-foot standard front yard setback for the remaining 50 percent of the lineal footage of that yard.

The street yard setback along Ruffin Road is required to be a minimum 5-feet along 50 percent of lineal footage of the yard and a 10-foot standard side yard setback for the remaining 50 percent of the lineal footage of that yard.

Building 1 observes a 4-foot, 9-inch setback where a minimum setback of 5-feet along 50 percent of lineal footage of the yard and a 10-foot standard side yard setback for the remaining 50 percent of the lineal footage of that yard is required.

Staff supports the reduced setbacks because they will provide a street presence for the commercial retail and residential unit and fosters an urban village atmosphere.

Availability of a meeting room

A meeting room is located within the activities center of the management leasing building

directly adjacent to the public plaza and is suited for public gatherings in the room or outside in the plaza and will be available for the summer months (Attachment 24).

Intent of the Community Plan

The site is designated in the Serra Mesa Community Plan as Neighborhood Commercial with a residential density of 29 dwelling units per acre. The site is zoned CA. The project is proposing a retail development of 15,000-square feet with 32,125-square feet of existing office and 160 multi-family apartments at a density of 17.6 dwelling units per acre.

Findings Not Supported – The approval was not supported by the Planned Commercial Development Permit findings for the following reasons.

1. PCD Finding #1 states that, “the proposed use will fulfill a community need and will not adversely affect the City's Progress Guide and General Plan or the adopted Community Plan. The proposed project, however, will adversely affect the adopted Serra Mesa Community Plan. The Community Plan in effect in 1999 states that “The Village atmosphere of the Mission Village Center should be maintained by encouraging adjacent supportive housing. The density should not exceed 29 units per net acre. This phrase “29 units per net acre” pertains to density on the adjacent property.

The Serra Mesa Community Plan, on page 11, states that “*The village atmosphere of the Mission Village Center should be maintained. The density should not exceed 29 units per net acre.*”(Attachment 25) Based on this language the project will not adversely affect the Progress Guide and General Plan or the Serra Mesa Community Plan. The citation from the Community Plan regarding the 29 units per net acre, as read in the currently adopted plan applies to this site.

2. PCD Finding #1 also states that the project will fulfill a community need “by providing an affordable housing type (apartments).” Actually, the applicant has chosen to pay fees in lieu of affordable housing. Therefore, the PCD statement is incorrect.

The project is proposing to provide apartments as the product type on site which is considered to be affordable housing. The proposed project complies with the adopted affordable housing requirements by proposing to pay fees in lieu of providing affordable inclusionary housing units (as defined by the Affordable Housing Ordinance) on site.

3. PCD Finding # 3 incorrectly states that “the proposed use will fully comply with the relevant regulations of the Municipal Code in effect for this site.” Yet in direct contradiction of this statement, the following discussion clearly states that the minimum setback requirements along Gramercy Drive and Ruffin Road are not being met.

This statement is correct and the findings have been revised (Attachment 26).

To further compound the error, the Planning Commission failed to adopt findings as required by the Municipal Code, Section 101.0910.M (Deviations from Minimum

Standards). According to Section 101.0910.M deviations may only be approved when there is evidence presented at the public hearing that all of the following facts exist:

The findings have been revised to include the deviations from minimum standards for setbacks (Attachment 26).

a. Because of special circumstances applicable to the property, including but not limited to size, shape, topography, location or surroundings, the strict application of the requirements deprives such property of privileges enjoyed by other property in the vicinity under identical zone classification:

Residential development within the CA Zone is required to meet the development regulations of the R-1500 Zone. The front yard setback along Gramercy Drive is required to be a minimum 15-foot along 50 percent of lineal footage of the yard and a 20-foot standard front yard setback for the remaining 50 percent of the lineal footage of that yard.

Staff supports the deviations to the setbacks because they provide a street presence for the commercial retail and residential units which would not be met if strict adherence to the CA and R-1500 Zones were followed.

b. Any deviation granted will assure that the adjustment thereby authorized does not constitute a grant of special privileges inconsistent with the limitation upon other properties in the vicinity and zone in which property is situated because of the conditions imposed.

A deviation to setback requirements does not grant the property any special privilege compared to other CA zoned properties.

c. The granting of the deviation does not adversely affect the Progress Guide and General Plan for the City of San Diego, or any adopted community or precise plan of the City, or the adopted plan of any other appropriate governmental agency.

The requested deviations do not adversely affect the Progress Guide and General Plan or the Serra Mesa Community Plan because the setback deviations will enable the commercial retail and residential units to have a street presence which would not be possible if strict adherence to the CA and R-1500 Zones setback regulations were followed.

Conflicts – The project conflicts with the Serra Mesa Community Plan; the definition of a Planned Commercial Development Permit (PCD); and the parking codes.

1. The Community Plan designates this site as a neighborhood shopping center. The City's and Development Code Trip Generation Manual indicates a shopping center has a

gross leaseable floor area of 30,000 square feet or more located on at least four acres. Making this site predominately residential, not a neighborhood shopping center requires a community plan amendment.

The site is designated in the Serra Mesa Community Plan for Neighborhood Commercial and recommends a residential density of 29 dwelling units per acre. This density could yield a maximum of 264 units at build-out on the site. The project proposes a retail development of 15,000-square feet with 32,125-square feet of existing office and 160 multi-family apartments. Due to retention of commercial uses on the site with the addition of residential density, staff recommends approval of the project without a plan amendment.

2. As described in the PCD regulations a Planned Commercial Development Permit is a predominately commercial project and residential projects are allowed when the community plan intends such use. The Serra Mesa Community Plan does not intend for this site to be a residential project.

The PCD Ordinance also intends that the PCD regulations will be utilized to guide and encourage development of medium to high-density residential projects within mixed use or predominantly commercial areas of the City where the community plan intends such use. The Serra Mesa Community Plan designated the site for Neighborhood Commercial with a residential density of 29 dwelling units per acre this project retains commercial uses while adding residential.

3. The shared parking code legally in existence in 1999 would disallow shared parking between the retail and residential due to conflict in time use.

There is nothing in the “Old Code” that would “disallow” shared parking between the retail and residential. If the “Old Code” parking accumulation tables are used, rather than the shared requirements for the 1998 Traffic Impact Study Manual, the project’s minimum parking requirement would be 351 parking spaces.

4. “At least one facility suitable for club or organizational meetings should be provided” (Serra Mesa Community Plan). This project is only offering one for three months of the year.

The Serra Mesa Community Plan on page 10 states *that “at least one facility suitable for club or organizational meetings should be provided.”* Community members stressed that there was no meeting space in the community during the summer months due to unavailability of meeting space at the schools. To address this issue, and because it is a recommendation in the Plan, the applicant proposed to provide facility space during those months when there was a need.

Citywide Significance

1. The motion passed by the Planning Commission stated that, “The applicant shall enter into a secured agreement acceptable to the City of San Diego for \$500,000 as

assurance for the redevelopment of the gas station.” As stated by City Attorney Lanzafame at the Planning Commission hearing “Giving \$500,000 to the community doesn’t secure enforcement of the term of the permit.” Allowing an applicant to provide monetary compensation to the City of San Diego in lieu of a permit condition could establish a new policy for the City for future developments.

The decision makers have the authority to grant or deny conditions and establish policy.

2. Because of the monetary fee and the temporary flex space our community could be left with 8,000 sq. ft. of retail, far short of the description of a neighborhood shopping center. This procedure circumvents the need for a community plan amendment. This could establish a precedent applied to the redevelopment of other neighborhood shopping centers citywide.

At the January 15, 2004 public hearing the Planning Commission voted (6:0:0) to add two permit conditions to the project. The first is a requirement that the ground floor portion of Building 2, fronting Gramercy Drive, be developed for commercial use for two years from the issuance of the Certificate of Occupancy at which time it may then be used for residential purposes. And, the second, that the Applicant enter into a secured agreement, acceptable to the City of San Diego, for \$500,000.00 as assurance for the redevelopment of the gas station.

Based upon the Planning Commission action the project would provide 15,000 square feet of commercial space in two phases. The first phase will include 8,000 square feet of commercial space, along with the 5,600 square feet of flexible space to be used for a minimum of two years as commercial space on the ground floor facing Gramercy Drive in Building 2. The Phase Two portion of the project will include 7,000 square feet of commercial space, which is the redevelopment of the gas station.

Staff does not support the action taken by the Planning Commission, but continues to support original project because it implements the Progress Guide and General Plan’s Urban Design guidelines for site planning by providing pedestrian and bicycle access and circulation, reducing visibility to parking on public streets, clustering parking into segregated areas, street tree plantings, incorporating a sidewalk cafe, establishing an urban street wall. The project is designed to be sensitive to the surrounding neighborhood by proposing a transition from the street to the rear of the project with a one story building on the corner of Ruffin and Gramercy, and then, two story mixed-use buildings, and finally three story residential buildings.

3. A major change is made to the neighborhood character by converting a neighborhood shopping center into a predominantly residential development without a community plan amendment. The Mission Village Shopping Center is designated as a village site. The Strategic Framework recommends that community plans be amended for mixed use at designated village sites. The project is located in a central area of the community and is the only available large parcel of land. If this site is converted to primarily residential, then it can’t be reclaimed.

The Strategic Framework anticipated that there would be a need for community plan amendments for the areas identified as future urban and neighborhood village sites if increased density were proposed beyond that designated in the community plan. The Strategic Framework discusses this in the Action Plan. However, in this case a community plan amendment is not required for the site, since the Community Plan allows for the development of mixed-use at a density of 29 dwelling units per acre. Further, as discussed previously the project does not adversely affect the Serra Mesa Community Plan because it states that the *“atmosphere of the Mission Village Center should be maintained. The density should not exceed 29 du/ac.”*, therefore a community plan amendment is not required to develop the site with a residential component.

4. Smart Growth policies are not being implemented with this project. By eliminating retail space for goods and services, this project will increase gridlock and congestion on streets within and surrounding the Serra Mesa area.

The proposed project will include a mix of residential, commercial and office use with required parking. The Strategic Framework Element, Action Plan and Transit-Oriented Development Guidelines incorporate smart growth policies. These policies and guidelines recommend a mix of uses, projects to relate to the street, increased pedestrian and bicycle access, public open space, and public facilities, among other. Therefore, smart growth policies are being implemented for this site.

CONCLUSION

The Serra Mesa Community Plan designates the site Neighborhood Commercial. The Plan recommends that, *“The “village atmosphere” of Mission Village Center should be maintained. The density should not exceed 29 dwelling units per acre.”* (Page 11, Serra Mesa Community Plan). The proposed Mission Village project is consistent with these recommendations by integrating office, commercial retail, and residential uses at a residential density of 17.6 dwelling units per acre.

The applicant has worked to address the issues raised by the Planning Commission and to work with the Serra Mesa Planning Group. The project redesign implements the Progress Guide and General Plan’s Urban Design guidelines for site planning by providing pedestrian and bicycle access and circulation, reducing visibility to parking on public streets, clustering parking into

segregated areas, street tree plantings, incorporating a sidewalk cafe, establishing an urban street wall, as well as, reducing the number of units from 184 to 160 and eliminating the four-story buildings. The project has been redesigned to be more sensitive to the surrounding neighborhood by proposing a transition from the street to the rear of the project with a one story building on the corner of Ruffin and Gramercy, then two story mixed-use buildings, and finally three story residential buildings in the interior of the site.

Staff recommends approval of the proposed Planned Commercial Development Permit 57551 (Attachment 27), amendment to Conditional Use Permit 89-0297 (Attachment 18) and Tentative

Parcel Map 57552 (Attachment 28) subject to the terms and conditions contained in the draft permit and resolutions.

ALTERNATIVES

1. Approve, with modifications Tentative Parcel Map/Planned Commercial Development Permit.
2. Deny Tentative Parcel Map/Planned Commercial Development Permit if the findings cannot be made.
3. Approve the Planning Commission recommendation.

Respectfully submitted,

Development Services Director

Tina P. Christiansen, A.I.A.
Approved: P. Lamont Ewell
Assistant City Manager

PXG

ATTACHMENTS:

Note: Attachments 20 and 26 are available in electronic format. All other attachments are available for review in the Office of the City Clerk.

1. Project Location Map
2. Serra Mesa Community Plan Land Use Map
3. CA Zone
4. Aerial Photo
5. Adjacent Two Story Multi-Family Residential Photos
6. Serra Mesa Shopping Center Photo
7. Surrounding Development Photos
8. Original Site, Existing Office Building and Gas Station Photos
9. What The Community Wants
10. Serra Mesa Planning Group (SMPG) Vote 11/21/02
11. SMPG Vote 9/18/03
12. Site Plan/Landscape Concept Plan
13. Principal Pedestrian Level Area
14. Height/Elevations
15. Tentative Parcel Map

16. Planned Commercial Development Ordinance
17. Development Proposal
18. CUP 87-0297
19. Amendment to CUP 87-0297
20. [Planning Commission Motion and Resolution](#)
21. Applicant's Response to PC Action
22. Serra Mesa Community Planning Group Appeal
23. Pedestrian Level Retail Diagram
24. Community Meeting Room
25. Serra Mesa Community Plan Text
26. [PCD Resolution](#)
27. Draft PCD Permit
28. Tentative Parcel Map Resolution
29. Ownership Disclosure Statement
30. Project Data Sheet