



CITY COUNCIL AGENDA STATEMENT



February 25, 2020

File ID: 20-0067

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA DIRECTING STAFF TO INITIATE AMENDING THE FORM BASED CODES OF THE SECTIONAL PLANNING AREA PLANS FOR OTAY RANCH VILLAGE 9, VILLAGE 10, AND THE UNIVERSITY AND INNOVATION DISTRICT TO CREATE A UNIVERSITY AND INNOVATION DISTRICT OVERLAY ZONE TO PROMOTE THE ESTABLISHMENT OF AN EDUCATIONAL USER IN CHULA VISTA AND TO DEVELOP A PARTNERSHIP AGREEMENT WITH HOMEFED CORPORATION TO FACILITATE THE DEVELOPMENT OF THE UNIVERSITY AND INNOVATION DISTRICT

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

The adopted University Innovation (UI) District Sectional Planning Area (SPA) Plan currently allows for approximately 10 million square-foot of University and Innovation District uses to ultimately serve 20,000 students within City-owned property.

This action allows staff to initiate the process of creating a University Innovation Overlay Zone (UI Overlay Zone) to increase opportunity to attract educational users to the City of Chula Vista. The UI Overlay Zone would be applicable to the SPA Plan areas of Otay Ranch Village 9, Village 10, and the University Innovation District -- an area of approximately 560 developable acres across 807.5 gross acres. It would expand the area available for establishment of academic and innovation users, currently limited to the UI District SPA Plan area.

This new regulatory tool would enable flexible redistribution of currently approved land uses based on existing entitled development capacities, while meeting all open space and off-site preservation commitments and mitigations. The increased area available for establishment of educational and innovation uses would incentivize establishment of educational user(s) in the area by allowing development based on user-identified preferred location and space needs anywhere within the three SPA Plan areas. The UI Overlay Zone would promote rapid response to potential users through a partnership between the City and HomeFed Corporation (the owners of Villages 9 and 10), and it would include a built-in review process to enable streamlined approvals to get university users established efficiently. Development would be consistent with the adopted vision; land use character and mix; transects; and open space and mitigation requirements of the underlying three SPA plans.

ENVIRONMENTAL REVIEW

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is

required. Notwithstanding the foregoing, the initiation of creating a UI Overlay Zone is also exempt from the California Environmental Quality Act (CEQA) based on State Guidelines Section 15061 (b)(3), which states that the activity is covered by the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

The initiation of creating a UI Overlay Zone will not result in any physical development in and of itself, and thus will not have an impact on the environment. Further, preparation of the specific UI Overlay Zone, SPA Amendments and UI Overlay Zone ordinance will require environmental review.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

On November 8, 2019 the University Subcommittee of the City Council heard a staff report on a conceptual proposal to allow flexibility in land use distribution on properties within Otay Ranch Village 9, Village 10 and the University and Innovation District. The Subcommittee provided guidance on the proposal with clear direction to not create a regulatory tool that dictated where a University user should go, but rather leave flexibility for that to be determined by the University user(s).

DISCUSSION

Location, Existing Site Characteristics and Ownership

Furthering the implementation of Chula Vista's long standing General Plan goal of establishing an educational and innovation hub in Chula Vista, the UID SPA plan was adopted by City Council in November 2018. The plan addressed 383.3 acres of land owned by the City, entitling approximately 278 acres of developable land intended for co-location of academic institutions and innovation users that can promote education and employment in Chula Vista. The UI District is split between two sites; the Main Campus property (378.6 acres) and the Lake Property (5.2 acres) The UI Overlay Zone would combine the Main Campus property with the full acreages of Village 9 (273.1 acres) and Village 10 (150.7) for a total of 802.3 gross acres and approximately 515.5 developable acres (see Attachment 1 – Locator Map).

The UI District Main Campus Property is located southeast and west of the intersection of Hunte Parkway and Eastlake Parkway and north of the Otay River Valley (Assessor's Parcel Nos 643-070-16, 644-080-09, 15, 16, 18 & 23 and a portion of 644-070-10). The Main Campus site includes High Tech K-12 schools and is immediately west of the San Diego Gas and Electric substation. The UI District Lake Property is located just south of the Chula Vista Elite Athlete Training Center, east of Salt Creek and the Otay Ranch Preserve, and west of the Lower Otay Lakes Reservoir (Assessor's Parcel No. 643-040-06). The Lake Property is accessible via Wueste Road and is within the Eastlake III General Development Plan. The Lake Property is also vacant. Both UI District sites are owned by the City of Chula Vista. The Lake Property is being excluded from the UI Overlay Zone due to its location and environmental constraints.

Village 9 is located at the southerly edge of the Otay Valley Parcel of Otay Ranch. Village 9 is located just east of State Route 125 (SR-125) and Village 8 East near the intersection of Eastlake Parkway and Hunte Parkway. Village 9 is surrounded by Millenia (formerly the Eastern Urban Center or EUC) to the north, the planned UID to the east, and the Multiple Species Conservation Program (MSCP) Open Space Preserve to the south. Village 9 currently consists of vacant, undeveloped land. Village 9 is owned by HomeFed Corporation.

Otay Ranch Village 10 is located south of Hunte Parkway and the UID, west of Salt Creek Canyon and north of the Otay River Valley. Existing development in the vicinity of Village 10 includes Otay Ranch Village 11 to the north. Village 10 is also owned by HomeFed.

Background

The City of Chula Vista adopted the UI District SPA Plan (UI SPA) on November 13, 2018 by Resolution No. 2018-223 and Ordinance 344. This action entitled an approximately 10 million square-foot University and Innovation District that will ultimately serve 20,000 students on approximately 383 acres within the Otay Ranch and Eastlake III communities. The UI SPA defined: the vision; land use character and mix; design criteria; pedestrian, bike and vehicular circulation systems; and the infrastructure requirements to attract a university and innovation user campus or collection of campuses in Chula Vista. The location of the UI District was established based on City of Chula Vista land ownership.

The UI SPA included a “Flex District Overlay” designation (Attachment 3) intended to allow a ‘permeable’ edge for development, enabling uses and development forms to occur across boundaries where it makes the most sense to adapt to the user and market demands. The “Flex District Overlay” applied to limited portions of the UI District, Village 9, and Village 10. Under this approved concept the City of Chula Vista and adjacent property owners can voluntarily locate UI District uses in Village 9 or 10, and supportive town center and residential uses in the UI District property.

Proposed Overlay Zone Description

The UI Overlay Zone would expand the existing vision and framework set forward by the UI SPA, including the approved “Flex District Overlay” designation, to a larger geography that allows for flexible redistribution of university, innovation, supportive commercial and market residential uses. (see Attachment 2 – Conceptual University Innovation Overlay Zone Area).

The location of the existing UI District provides a vision, regulatory approach, and maximum capacities for attracting educational users. Village 9 and Village 10 were planned to provide university supportive uses and residential housing for the UI District. Village 9 separates the City-owned UI District land from SR-125 and Millenia urban center and provides limited interface with planned Bus Rapid Transit (BRT) routes to a university user and major transportation routes. The limited applicability of the existing “Flex District Overlay” designation provides for some market-responsive flexibility; however, it does not provide the level of flexibility warranted to address the expressed interests of potential university and innovation users.

In discussions with a variety of universities, the above stated factors have been identified as challenges to locating an educational department or campus in the UI District. Relocation of the university innovation area closer to the intersection of Hunte Parkway and SR-125 has been noted as being better suited to contemporary university and innovation needs. The proposed UI Overlay Zone would support establishment of university and innovation uses by enabling development opportunities customized to the user’s needs and preferences.

The proposed UI Overlay Zone would expand the existing approved “Flex Overlay District” concept across Village 9, Village 10, and the UI District for increased responsiveness to university users while maintaining the existing entitled maximum capacities and meeting open space and preserve commitments.

The UI Overlay Zone will guide physical development within its boundaries. It is not an implementation plan, and adoption of the zone does not constitute a commitment to any specific project, construction schedule, or funding priority. Rather, the UI Overlay Zone would provide for an alternative to the existing, previously permitted transects as established by the adopted SPA plans to better accommodate university facilities should the property owners wish to exercise the provisions of the UI Overlay Zone. Underlying SPA Plan approvals will remain in place should the UI Overlay Zone not be utilized.

The UI Overlay Zone would enable a university user to have the flexibility to determine the appropriate location, size, and configuration for their needs within a development framework that creates an active, urban innovation environment. This approach would also increase the attractiveness of Chula Vista as a university location by allowing the City to be responsive to user needs and eliminating the regulatory hurdles of re-planning or re-entitlement. This regulatory approach would allow for and facilitate:

1. Near-term phased installation of needed infrastructure
2. Ability to rapidly develop buildings that can be occupied by university/innovation users
3. User-determined location and size
4. Near-term completion of direct access to SR-125
5. Ability for university users to more fully benefit from early southward extension of BRT services

The UI Overlay Zone would be facilitated through a development partnership between the City of Chula Vista and HomeFed. One hurdle potential users see in locating in southeast Chula Vista is the time required to get the infrastructure and building improvements in place for occupancy. The UI Overlay Zone and partnership would streamline the future plan review process and enable the City to quickly respond to interested university and innovation users.

The UI Overlay Zone would specifically allow property transfers between existing ownerships (City of Chula Vista and HomeFed). As location(s) and acreage(s) are identified for development of a university or innovation user, a property and entitlement transfer would take place to respond to the user. This process would enable flexibility and change of transect without rezoning property; the property and entitlement transfer would identify the zoning transect(s) they were electing to use from the underlying three SPA Plans.

Development proposals under the UI Overlay Zone would be required to be consistent with the transect standards identified in the existing SPA Plans; however, the application of those transects would not be limited to the underlying SPA Plan boundaries. This process builds on the Flex Overlay Zone established by the existing UI SPA and applies the concept more broadly for better accommodation of university users.

Total Development Potential

The UI Overlay Zone will maintain the maximum development potential in the existing three underlying SPA Plans. Flexible redistribution of uses within the UI Overlay Zone would be required to identify the square footage, number of units, and use type consistent with the existing entitlements. Total development potential possible under the UI Overlay Zone is summarized in Table 1; development potential is identified by the underlying SPA Plan. All open space and mitigation commitments would be met, including the open space preserve edge.

Table 1 – Proposed UI Overlay Zone Maximum Development Potential

Total Entitlements	Gross Acres	Non-Developable Acres*	Developable Acres	Permitted Development			
				On-Site Living Units	Market-Rate Residential Units	Commercial Sq.Ft. Range	
						Low	High
UI District	378.3	144.4	234.1	1,613	2,000	-	10,003,600
Village 9	273.1	88.0	185.1	-	4,000	500,000	1,500,000
Village 10	150.7	54.4	96.3	-	1,740	-	-
UI Overlay Zone Total	802.3	286.8	515.5	1,613	7,740	500,000	11,503,600

*Non-Developable areas include community purpose facilities, potential school sites, parks, private open space, and pedestrian and vehicular circulation systems.

Review Process and Design Review

The UI Overlay Zone will include an administrative review process that:

- A. Manages the transfer of property on all projects occurring within the area
- B. Establishes a review process specific to the proposed transfer
- C. Assesses proposed projects for consistency with the establish vision and development standards of the underlying SPA Plans
- D. Sets a framework for substantial conformance determinations that allow for flexibility and responsive to the specific university need
- E. Relies on administrative permits to allow for development based on existing entitlements without iterative review
- F. Provides an appeal process and discretionary review for projects that do not meet the intent of the underlying SPAs or exceeds the thresholds for substantial conformance.

Property transfers under the UI Overlay Zone would be managed through a land transfer tracking tool for transparency and detailed accounting. Total entitled land area ownership will not change based on redistribution, and the tool will enable the partnership to quickly understand what is available for university or innovation user needs.

Circulation Network Framework

A modified vehicular circulation network would be established as part of the overlay to support a more flexible development plan. This would include a paired interchange design with frontage roads along SR-125. The improved paired interchange at Hunte Parkway and Otay Valley Road would create multiple access points for villages on both sides of SR-125 and would evenly distribute traffic throughout the network. The improved circulation system would create development areas conducive to increased flexibility for users.

Implementation through Partnership

Staff believes a successful implementation of the Overlay Zone requires a formal partnership between the City of Chula Vista and HomeFed Corporation. Staff would propose to negotiate an agreement that would identify HomeFed as the master developer for the UI Overlay Zone area so as to remove one of the biggest hurdles potential users see in locating on the UID, that being, the time and expense required to get the infrastructure and building pads in place to allow for vertical development for university or innovation users. The partnership proposed would streamline the process to reorganize the entitled use(s) to allow for the rapid response for university users and manage the transaction process. It would specifically allow property transfers between existing ownerships. As location and acreage are identified for development of

a university or innovation user, a property transfer would take place to respond to the user. This process would enable flexibility and change of transect without rezoning property. In addition, the partnership proposed would provide a mechanism to bring capital to the development of university and innovation users that would not exist outside of a partnership with the master developer.

Proposed Timeline

The timeline for the next steps is:

1. Spring/Summer 2020: draft the specific UI Overlay Zone and SPA Amendments.
2. Summer/Fall 2020: draft Overlay Zone ordinance brought forward to Planning Commission then City Council Hearings.
3. Summer/Fall 2020: Partnership agreement with Homefed
4. 2021: Phase 1 ground-breaking for a University or University catalyst user.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(7) or (8), for purposes of the Political Reform Act (Cal. Gov't Code §87100, *et seq.*).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

The processing of the UI Overlay Zone and all supporting documents are budgeted as part of the General Fund.

ONGOING FISCAL IMPACT

The cost of future processing of individual development projects in accordance with the UI Overlay Zone will be paid for by project applicants.

ATTACHMENTS

Attachment 1 – Locator Map

Attachment 2 – Conceptual University Innovation Overlay Zone Area

Attachment 3 – Existing Flex District Overlay

Staff Contact: Kelly Broughton, Development Services Director