



City of Chula Vista

Staff Report

File#: 16-0490, **Item#:** 13.

CONSIDERATION OF APPROVING THE DESIGN REVIEW APPLICATION FOR THE ASSOCIATED MILLENIA RETAIL CENTER PROJECT BY SUDBERRY DEVELOPMENT AND AMENDING THE EASTERN URBAN CENTER SECTIONAL PLANNING AREA PLAN TO CHANGE THE AVERAGE BUILDING HEIGHT REQUIREMENT IN A PORTION OF DISTRICT 1

- A. RESOLUTION NO. 2016-262 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING A DESIGN REVIEW PERMIT (DR16-0003) TO CONSTRUCT A 130,801 SQUARE FOOT RETAIL CENTER WITH 585 PARKING SPACES ON 12.5 ACRES WITHIN THE MILLENIA MASTER PLANNED COMMUNITY
- B. ORDINANCE OF THE CITY OF CHULA VISTA APPROVING AMENDMENTS TO THE EASTERN URBAN CENTER SECTIONAL PLANNING AREA (SPA) PLAN TO CHANGE THE BUILDING HEIGHT REQUIREMENTS WITHIN A PORTION OF DISTRICT 1 (MPA16-0003) (FIRST READING)

RECOMMENDED ACTION

Council conduct the public hearing, adopt the resolution and place the ordinance on first reading.

SUMMARY

The Millenia project (formerly known as the Eastern Urban Center) includes approximately 207 acres of land owned by SLF IV/Millenia, LLC (Applicant). Millenia is located along the SR 125 tollway between Birch Road and the future Hunte Parkway/Main Street extension (Attachment 1), and is approved for approximately 3.5 million square feet of non-residential uses, and 2,983 multi-family housing units.

The approved Eastern Urban Center (EUC) SPA Plan currently requires development within the Gateway Mixed Use Commercial District 1 (Gateway District 1) to have a minimum average building height of 40 feet or 3-stories within a designated portion of this District. The Applicant has submitted a Major Project Application (MPA) to amend the SPA Plan to relocate the boundary between two building height categories within District 1 to reduce the required building height to conform to the footprint of the Retail Center proposed by Sudberry Properties.

In addition to a MPA, a Design Review Permit (DR) is required for the proposed Sudberry Retail Center. The project is subject to the consolidated permit processing provisions pursuant to Chula Vista Municipal Code (CVMC) Section 19.14.050.C. Under the consolidated review process, the City Council is reviewing and acting on the SPA plan amendment, and the Design Review.

ENVIRONMENTAL REVIEW

Environmental Notice

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The Director of Development Services has reviewed the proposed project for compliance with the California Environmental Quality Act (CEQA) and has determined that the proposed project was adequately covered in previously adopted Final Second Tier Environmental Impact Report (EIR-07-01); thus, no further environmental review is required.

Environmental Determination

The Director of Development Services has reviewed the proposed project for compliance with the California Environmental Quality Act (CEQA) and has determined that the proposed project was adequately covered in previously adopted Final Second Tier Environmental Impact Report (EIR-07-01); thus, no further environmental review is required.

BOARD/COMMISSION RECOMMENDATION

Per Government Code section 65453, the proposed SPA amendment requires a recommendation of the Planning Commission prior to the review by the City Council. The Planning Commission adopted Resolution MPA16-0003 (Attachment 2) on November 9, 2016 recommending the approval of the SPA amendment to allow the change of height requirements in a portion of District 1. Vote was 5-0 with Commissioners Calvo and Nava absent.

DISCUSSION

SPA Amendment

The adopted SPA Plan, approved on September 15, 2009, establishes the vision for Millenia, and defines the land use character and mix, design criteria, transportation system, and public infrastructure requirements for the project. The SPA Plan proposes a flexible regulatory framework that provides for a variety of possible land use scenarios for each district and is intended to allow the project to respond to market cycles.

Millenia is divided into 10 Community Districts, and the SPA contains a Table of Requirements for each district that identifies the dominant land use, number of dwelling units, non-residential square footage permitted (office and retail), building setbacks, and other requirements and development standards.

The Millenia Form Based Code (FBC) includes several Regulating Plans/maps which serve to define the structure and form of the Millenia project. These maps include the Site Utilization Plan which defines land use and intensity, the Dominant Land Use Map which identifies the dominant land use for each district, and the Minimum Average Building Heights (MAH) plan which identifies average building heights throughout the project. Exhibit III-29 of the FBC (Attachment 3, Page 3) shows that there are four distinct minimum average building heights within Millenia. Two of these, MH-1 (one-story minimum average height), and MH-3 (three-story minimum average height) are contained within the Gateway District 1. Attachment 3, page 1, shows the existing configuration of the boundary between these two MAH areas.

The current boundary line between the MH-1 and MH-3 building height categories contained in Gateway District 1 was set based on conceptual level planning rather than land use district boundaries, tentative, or final mapping. The previous development concept for District 1 anticipated that one-story retail buildings would be constructed in the northern portion of both Lots 2 and 3, and

that a three-story hotel would be constructed to the south. However, when the site was more recently plotted out, the four-story Ayers Hotel was approved further to the south in District 1, leaving room for an expanded retail commercial project to be proposed north of the hotel.

Sudberry Development has submitted plans to develop a retail commercial project which extends further to the south on Lot 2 than the original conceptual retail buildings, and replaces the “conceptually located” three-story hotel there. The proposal is to adjust the boundary of the MH-1 and MH-3 building height categories to conform to the proposed Sudberry retail project (see Attachment 3, page 2).

The proposal would expand the portion of Lot 2 which is subject to the one story minimum height. While the Sudberry retail project spans Lots 2 and 3, this amendment only applies to the portion of the proposed project on Lot 2. The portion of the project on Lot 3 fully complies with the height regulations found in the SPA Plan.

With a proposed building height of 37 feet, the actual building height will be closer to the existing average building height requirement of 40 feet (required by the MH3 average building height) than the minimum average building height of 25 feet (required by the MH1 average building height).

The size of the retail project on Lot 2 is driving the need to expand the boundary of the MH-1 boundary. The size of the project is based on the square footage of leasable space which is needed to create a viable mix of tenants and, more importantly, to ensure an economically feasible development project which can be financed and constructed. While the same square footage of leasable space could be created by adding stories, that approach would both increase the projects costs, and reduce its revenues due to the challenges of leasing space above the ground floor in any retail project. Sudberry Properties has confirmed that this approach would render the project infeasible. In addition, “boutique” retail, financial, and food establishments are being proposed within Lot 3 of the District.

Other projects in Millenia have either conformed with the minimum average heights in the plan, or, in the case of both the Ayres Hotel and the Alexan Apartments by Trammell Crow exceeded the minimum average heights.

Millenia Retail Center by Sudberry Development

The Applicant is proposing a 130,801 square foot retail shopping center on two lots in the Millenia Master Plan Community, which are both located along the Birch Road frontage of the Millenia site.

Lot 2 is 9.8 acres in size and is proposed to be developed with 105,534 square feet of retail space and 455 parking spaces. Lot 3 is 2.6 acres in size and is proposed to be developed with 25,267 square feet of retail space and 130 parking spaces. (Attachment 5, Project Site Summary, page 2)

Compliance with the EUC Form Based Code

The following Project data shows the development regulations along with the applicant’s proposal to meet said requirements:

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Assessor's Parcel Number: 643-060-52 & 53
Current Zoning: District 1
General Plan Designation: EUC
Lot Area: 12.5 acres
Parking required: 583 spaces
Parking proposed: 585 spaces

Setbacks required:

0-10 feet along Millenia Avenue, Orion Avenue and Birch Road.

Setbacks proposed:

- The building setbacks from Millenia Avenue and Birch Road vary from 1' at the closest point, increasing to a maximum setback of approximately 80 feet from the property line. This is due to the project's location along four- and six-lane major roads (Birch Road and Millenia Avenue) that require auto-oriented visibility and access. This is a permitted setback exception in the Millenia SPA plan Section 03.11.003 (b). In addition, the larger setbacks along Birch Road on Lot 2 are partially attributable to a large existing slope which is located between the development pad and the street.
- No buildings are located along the Orion Avenue frontage.

Building Height required:

- MH1-minimum average building height of 1 story or 25 foot high minimum, and a building height range of 1-7 stories
- MH3-minimum average building height of 3 stories or 40 feet, and a building height range of 1-7 stories.

Building Height proposed:

One story (minimum of 25 feet in height).

The EUC FBC identifies Dominant Land Use categories for each of its Districts. The dominant land use for District 1 is Business/Retail. Sections 02.01.003 thru 02.01.005 (Attachment 3, EUC FBC Gateway Mixed Use Commercial District, pages II-4 - II-5) describe overall site planning, architectural and landscaping principles that ensure projects within this District utilize design strategies that will:

- *Incorporate a central entry plaza or feature as the place-making focal point of the district; orient buildings to define this space.*
- *Use architectural treatment of the facades, as well as landscaping to visually screen and further reduce the visual impact of the parking lots and / or structures.*
- *Coordinate vehicular and pedestrian connection to the Business District.*
- *Screen parking structures and/or lots. This should be done through proper orientation of*

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buildings especially along Street “A” (Millenia Avenue) as well as Birch Road. However, landscape screening or other methods may be used.

- *Include pedestrian connections that link urban parks and paths.*
- *Ensure limited access to Birch Road.*
- *The alignment of the jogging path shall be determined during the Design Review and the comprehensive block planning process. It may weave into the development rather than a continuous frontage along SR-125.*
- *Design high-quality buildings to highlight the gateway and announce the district from SR125 and Birch Road, giving particular attention to providing iconic architecture.*
- *Introduce “Iconic Architecture” at the intersection with Birch Road to mark this as a special entry portal.*
- *Put active uses on corners to attract customers and to create excitement.*
- *Provide canopy shade trees in public / outdoor spaces and places to sit in the sun or shade.*

Outlined below is a discussion as to how the proposed project conforms to the development standards and applicable guidelines.

Site Planning

The project consists of eight buildings (A-H) on Lot 2 and four buildings (K-L) on Lot 3. A highly amenitized central plaza space has been designed along Millenia Avenue, just south of Birch Road between Buildings E and F which includes several seating areas, an outdoor fireplace, and raised planters with canopy trees. In addition, outdoor seating areas have been provided at the corner of Birch and Millenia which will provide activity at the primary gateway entrance to Millenia. Other focal areas and outdoor seating are provided in the retail area on Lot 3 at the entrance to the private section of Metro Avenue (Millenia’s “Main Street”). All of these activity areas are either integral to, or framed by, the adjacent buildings (Attachment 5, Project Plans pages 14 - 18, and 43)

Access to Lot 2 is via two signalized driveways on Millenia Avenue - one at Artisan Street and the second a joint driveway at Stylus Street which is shared with the approved Ayres Hotel to the south. It should be noted that the design of this driveway, including the plantings, lighting and other elements, has been coordinated with the hotel developer to ensure consistency of design

Access to lot 3 is via unsignalized access points on both Millenia Avenue and Orion Street, as well as, a planned right-in/right-out access driveway from Birch Road. This access point was approved as part of the Millenia SPA Plan and Tentative Map and serves as the northerly extension of Metro Avenue to Birch Road. The key design elements for this driveway are being coordinated between the

retail project and the Alexan apartment project to the south to ensure design continuity and to create a strong sense of arrival (Project Plans pages 2 - 5, and 45).

The primary pedestrian routes to the project will be via sidewalks along Birch Road, Millenia and Orion Avenues, and along the driveway linking Birch Road to Artisan Street. The project will also include a segment of the Millenia jogging path which is to be located directly behind the sidewalk along Millenia Avenue, between Birch Road and Stylus Street. This jogging trail is intended to serve as an independent recreational amenity linking the Gateway Mixed Use Commercial, Business and Southwestern Neighborhood Districts to the Regional Trail and to Millenia planned parks. The jogging path is a separate legal lot from the retail parcel, but will be constructed as part of the project and maintained by the Millenia Community Association (Project Plans pages 19, 20, and 23).

Architecture

The dominant architectural style is “contemporary” (Project Plans pages 33-36, and 42-46). Building exteriors are expressed as multiple planes rather than a single surface, and horizontal and vertical architectural elements create dramatic displays of light and shadow and opportunities for dramatic night lighting of the building. Neutral, earth-tone colors have been chosen which helps to focus attention on the proportions and rhythms incorporated throughout the project design.

The major tenant buildings provide variation in the wall planes, and the roofline is varied in height and punctuated by various architectural features which provide a unique identity for each of the major tenant spaces. Materials are also varied including stucco, glass, manufactured stone, metal canopies, wood and siding. The applicant is also incorporating wall plane changes, vertical articulation of the roofline and materials changes along the backs of the buildings facing SR125.

The buildings on lot 3 are smaller tenant spaces and are designed with a significant degree of vertical and horizontal articulation which provides a pleasing visual rhythm to the buildings.

Iconic building elements are located in several locations in the proposed project including buildings “D” (extensive use of glass in a wrap-around configuration on the building) and “F” (52’ tall tower element) on Lot 2 and buildings “M” and “N” on Lot 3 (tower and cupola elements). Notwithstanding the other iconic elements provided within the project, the primary focus is on Building D on Lot 2 due to its prominent location.

The composition of form, scale and materials being used on Building D will create an iconic statement. The proposed building is 37’ high and the entire north-east corner is clad in a glass wall approximately 30’ in height with the top half frosted and the bottom half clear. During the daytime, this will be quite dynamic while at nighttime it will glow from interior lighting. Lastly, this glass wall is capped by a sloping, cantilevered structure, clad in Alaskan cedar wood that extends 10’ horizontally past the glass wall. At night, a recessed slot at the junction of the wood and the glass wall, will house LED lighting which will illuminate the underside of the wood structure (Project Plans, page 42).

While elevations have been provided for the majority of the buildings, buildings “G” and “H” on lot 2 and “K” and “L” on lot 3 only have footprints on the site plan because these do not have specific target tenants identified at this point in time, and rather than providing a detailed design (which would

likely have to be modified in the future to respond to specific needs of the tenant), the applicant has provided design/architectural criteria (a.k.a. "kit of parts") which would guide the future design of these buildings (Project Plans, page 36). These criteria use various elements of the architecture of the other buildings, i.e., materials, basic forms and shapes, use of corner elements, and establish those features as required elements in any future building design. These buildings would require an administrative design review approval.

Landscape Guidelines

The planting palette is a blend of mediterranean and southwestern low water- use plants combined with varied hardscape elements which include permeable pavers and a variety of concrete finishes and scoring patterns to accentuate key features such as plazas, outdoor activity areas, and pedestrian paths. The proposed plantings also frame the outdoor gathering spaces creating intimate spaces at human scale. The irrigation system is water efficient to ensure the project is sustainable and meets current water efficiency guidelines. The irrigation system will be fully programmable and seasonally adjustable (Project Landscape Plans, pages 13 - 20).

Screen plantings of larger shrubs provide a visual buffer and foundation planting between the proposed parking lots, drive-thrus, and buildings. Strategically located tree plantings are used to soften the view of the buildings from the adjacent toll road on the west.

The project is also proposing water quality treatment in accordance with City and regional requirements through the use of biofiltration swales and permeable pavers integrated in the design, as well as a structural treatment facility for Lot 2 which is located on the Birch Road frontage. This facility has been designed into the existing landscaped slope area and features the use of attractive walls and buffer landscaping to ensure it integrates into the overall project design.

The outdoor lighting concept includes parking lot and driveway lighting to meet safety needs, as well as, architectural lighting which will highlight the primary architectural features of the building. Lighting standards design and layout along the joint driveway has been coordinated with the Ayres Hotel Project which shares that joint access point.

Parking

The applicant has provided a parking study for the project to assess the compatibility with the adopted Millenia parking ratios, which are found in both the Millenia SPA plan and those in the Parking Management Plan (Attachment 4). A parking ratio of 4.3 parking spaces has been utilized in order to accommodate the entire community shopping center including its proposed restaurant uses. The parking study concludes that a total of 583 parking spaces would be required at peak weekend times (after taking into account future reductions as described in the paragraph below). A total of 585 parking spaces are provided including 11 on- street spaces.

The adopted parking ratios, which were approved by the City Council at their meeting of August 9, 2016, do not reflect any reduction in parking demand that could result from specific reduction measures identified in the Parking Management Plan. These include features like transit accessibility, walkability, parking optimization technologies or Transportation Demand Management programs

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which will become available in the Millenia project overall or implemented within the individual development projects.

The applicant has proposed that a reduction of 8% of the total parking demand be given for three parking reduction measures: Walkability (3%), Transit Accessibility (3%) and Bikeability (2%). Staff recommends the approval of the parking reduction measures given the extensive pedestrian system proposed by the retail project, the planned transit (including the BRT service which should be in place when this project opens in early to mid-2018), and bike lanes connecting to the project site.

Land Use Transfer

The Millenia SPA plan includes targets for both residential and commercial land use intensities for each district in Millenia, and allows those land uses to be transferred between districts via an administrative transfer process. Within District 1, the target land use intensities are 50 residential units, and 400,000 square feet of commercial. The residential buildout of this District is 89 units and the Master Developer has submitted an intensity transfer to move 39 residential units from District 8 (Southwestern Neighborhood District) to District 1. However, with the Sudberry, Ayres Hotel and Trammel Crow projects, the initial commercial buildout of this district is 227,648 square feet, which is 172,352 square feet below the target intensity.

While the Master Developer has the option of transferring that unused commercial intensity to another District, they have chosen to leave that unused commercial land use intensity within District 1 to provide an opportunity for future intensification, which is contemplated in the SPA plan. Staff believes this to be appropriate given that the Sudberry Retail project is entirely surface parked, and represents an opportunity area within Millenia which could intensify in the future if and when the market arrives which supports structured parking and a more intensive retail development on the site. As a result, staff approves the residential land use transfer described above, but will not be proposing to transfer any commercial land use out of District 1 as part of the proposed project.

CONCLUSION

The proposed retail center on lots 2 and 3 is a permitted land use in District 1 of the Millenia SPA Plan. The proposal complies with the policies, guidelines and design standards for the Millenia SPA Plan. Therefore, staff recommends the City Council approve Design Review Permit, DR16-0003, and the SPA amendment, MPA16-0003 subject to the conditions listed in the attached Ordinance.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 500 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)(11), 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.

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LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community.

The intent of this amendment is to provide support for the Millenia Retail project as it develops into a thriving and safe destination with strong connections to the surrounding communities thus enabling a healthy, strong and secure community.

CURRENT YEAR FISCAL IMPACT

All application fees and processing costs are borne by the Applicants, resulting in no net impact to the General Fund or the Development Services Fund.

ONGOING FISCAL IMPACT

Adoption of the proposed resolution and ordinance reduces the average building height requirement for a portion of Lot 2 in District 1 of Millenia and approves a design review permit for the construction of a 130,801 square-foot large-format retail center.

The original Millenia (EUC) SPA and Fiscal Impact Analysis (FIA) contemplated an intensification of non-residential uses over time. District 1 has a target buildout non-residential density of 400,000 square feet. With the approved projects to date, including the Ayres Hotel, the Trammel Crow mixed-use project, and the Sudberry project before Council tonight, initial development of the District will provide 227,648 square feet, a shortfall of 172,352 square feet from the buildout target.

The surface parking in the proposed project supplies a reasonable path to future intensification, as contemplated in the SPA and Fiscal Impact Analysis (FIA). No transfer of non-residential density to other Districts is recommended. Approval of the project is consistent with the adopted FIA, which indicates an ongoing positive fiscal impact to the City upon buildout.

An updated FIA is currently being prepared by the Applicant, and will be presented to the Council in conjunction with a future planned SPA Amendment.

ATTACHMENTS

1. Locator Map
2. Planning Commission Resolution MPA16-0003
3. EUC Form Based Code: Gateway Mixed Use Commercial District and Minimum Average Building Heights Regulating Plan (Adopted and Proposed)
4. Parking Study
5. Millenia Retail Project Plans, DR16-0003
6. Council Resolution
7. Council Ordinance

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