

# OTAY RANCH VILLAGE 3

## *Chula Vista General Plan Amendment Report*

March 2021

**PREPARED FOR:**

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Adopted \_\_\_\_\_  
By Resolution No. \_\_\_\_\_

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## **I. Introduction**

The Village 3 portion of Otay Ranch (“Project Area”) was originally entitled when the Otay Ranch General Development Plan (GDP)/Otay Subregional Plan (SRP) was adopted by the Chula Vista City Council and San Diego County Board of Supervisors in 1993. The GDP designated the Village 3 area as “Industrial,” while the SRP designated Village 3 as a residential village. Village 3 was subsequently included within the boundaries of the Villages 2, 3 and a Portion of Village 4 SPA Plan, approved by the Chula Vista City Council in 2006. Village 3 was approved with an “Industrial” land use designation in 2006. On December 2, 2014, as part of the University Village entitlements, the CVGP land use designations in Village 3 were modified. While the area adjacent to the Otay Landfill remained “Industrial,” the land use designations for the Village 3 area east and south of Heritage Road were modified to include a mixed-use village, comprised of single family residential, multi-family residential, mixed use residential, mixed use commercial, office and other village-serving uses. However, the 2014 entitlements excluded a portion of Village 3 south of Main Street; therefore the property remain designated “Industrial.” Entitlements approved in 2014 included a CVGP amendment, GDP amendment, Village 3 North and a Portion of Village 4 SPA Plan and Tentative Map (CVT #13-02).

The Chula Vista City Council approved amendments to the CVGP, GDP, Village 3 North and a Portion of Village 4 SPA Plan, a rezone and a new Tentative Map (CVT 16-03) on December 6, 2016.

On May 29, 2020, HomeFed Village III Master, LLC/FlatRock Land Company, LLC (HomeFed) filed an application with the City of Chula Vista that proposes revisions to the Village 3 land plan. The land use changes include expanding the Village 3 North and a Portion of Village 3 Specific Planning Area (SPA) Plan boundary to include the approximately 54-acre portion of Village 3 south of Main Street (FlatRock Parcel), changing land uses within Village 3 from “Professional & Office” to Residential High, “Research & Limited Industrial” to “Residential Medium-High” and “Residential Medium” to “Residential Medium-High” and transferring 41 “Town Center” multi-family residential units from Village 9 to Village 3. With the addition of the FlatRock, Parcel, the SPA Plan would include the entire Village 3 area as defined in the Otay Ranch General Development Plan, and the SPA Plan would no longer refer to “Village 3 North,” but would refer to “Village 3” as this village is defined in the Otay Ranch GDP.

Amendments to the Chula Vista General Plan, Otay Ranch General Development Plan, the Village 3 North and a Portion of Village 4 SPA Plan, the Village 9 SPA Plan and the Village 9 Tentative Map are necessary to implement the proposed changes. Tentative maps for the updated residential parcels are also necessary to implement the proposed changes. The proposed changes would increase the total residential unit count in Village 3 from 1,597 units to 1,638 units and reduce the total residential unit count in Village 9 from 4,000 units to 3,959 units.

The portion of Village 3 property subject to the proposed amendment is limited to three parcels (R-6, R-19 and R-20) that were historically utilized for dry farming activities. The current sites

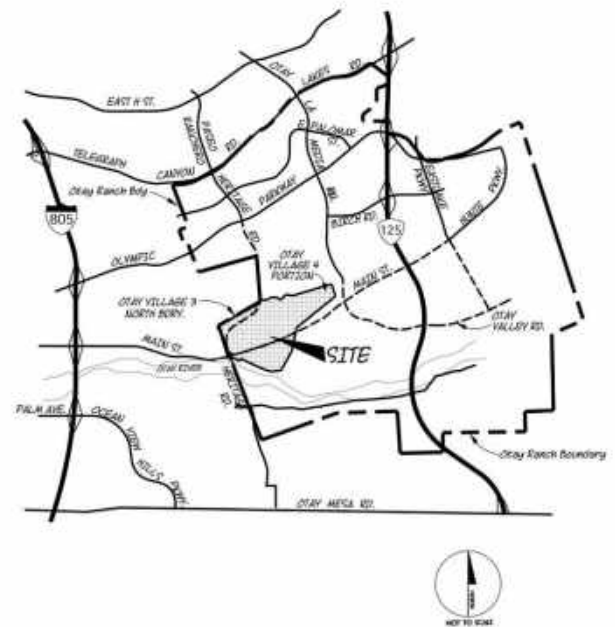
designated “Professional & Office” and “Residential Medium-High” (R-19 and R-6 respectively) are graded and vacant. The FlatRock Parcel (R-20) is designated Research & Limited Industrial and is undeveloped, with the exception of an existing on-site water quality basin. The balance of Village 3 is built-out with the exception of several industrial sites located adjacent to Heritage Road.

## II. Existing Site Conditions

The Project Area is located in the southwestern portion of the Otay Valley Parcel of Otay Ranch – within the CVGP, Otay Ranch Subarea – Western District. The Project Area is within the municipal boundaries of the City of Chula Vista. Village 3 is comprised of approximately 463 acres. The current CVGP designates Village 3 a mixed use village containing Medium and Medium-High Residential, Research & Limited Industrial, Professional & Office and a village core comprised of Mixed Use Residential, a neighborhood park and elementary school site. The Project Area is zoned Planned Community (PC) with the zoning districts established in the Village 3 North and a Portion of Village 4 Planned Community District Regulations.

Surrounding land uses include Village 2 and the Otay Landfill to the north, Light Industrial land uses to the west, the Otay River Valley to the south and the Wolf Canyon open space preserve to the east. The Project Area landform consists of large mesas north of the Otay River Valley and Wolf Canyon. The southern and eastern edges of Village 3 consist of undulating slopes of Wolf Canyon and the Otay River Valley.

Access to the Project Area is provided via existing Heritage Road, a six-lane prime arterial which was extended south from Olympic Parkway through Village 3 with development of Village 3 land uses. The future extension of Main Street east from its current terminus at Heritage Road is planned to serve the development areas south of Main Street. Regional access is provided via I-805 to the west and SR-125 to the east. (See Vicinity Map below) Access, surrounding land use designations and adopted and proposed Village 3 land use designations are depicted on the “Adopted General Plan Land Use Diagram” and “Proposed General Plan Land Use Diagram” provided below.



Vicinity Map

### **III. Proposed Amendments and Project Proposal**

HomeFed proposes to amend very limited portions of the CVGP to facilitate implementation of an improved and enhanced development plan for Otay Ranch Village 3. Village 3 is fully developed, with the exception of the three parcels subject to this proposed CVGP Amendment and several industrial parcel adjacent to Heritage Road. The portion of Village 3 included in the proposed project includes approximately 8.3 acres of High Residential, 16.5 acres of Medium-High Residential, 2.4 acres of Open Space, 35.1 acres of MSCP Open Space and 3.0 acres of Circulation (Main Street). The proposed amendments to CVGP land use designations are outlined below.

#### **A. Proposed Amendments**

This proposal includes amendments to the General Plan Land Use Diagram (Figure 5-12, Page LUT-47) to reflect the proposed Village 3 land use changes, including the following:

- Update the CVGP Land Use Maps and tables to change the land uses for R-6 from Low-Medium Residential to Medium-High Residential; R-19 from Professional & Office to Medium-High Residential and R-20 from Limited Industrial to Medium-High Residential.

#### **B. Project/Proposal**

The Village 3 Site Utilization Plan would include 769 single-family detached dwelling units, 597 multi-family dwelling units and 272 multi-family units in a mixed use setting, for a total of 1,638 dwelling units. Other land uses within Village 3 include Light Industrial, elementary school, neighborhood park, Open Space and Preserve Open Space.

Non-residential land uses include a 29.3 acres of Light Industrial uses that may include manufacturing, storage and wholesale trades, services, commercial/retail, high-technology, bio-technical, bio-medical and public and semi-public uses, a 10,000 square foot building constructed for a qualified CPF user, 20,000 square feet of retail commercial space, a public school, a public neighborhood park, a portion of the Otay Ranch North Community Park (Village 4), several private recreation sites and MSCP Preserve Open Space areas. Uses described above are consistent with the proposed CVGP land uses designations.

A comparison between the approved Village 3 land uses and the 2021 Proposed Plan are depicted below:

**Table 1 – Comparison of Land Uses: 2016 SPA/2006 FlatRock Parcel Entitlements vs. 2021 Proposed Project**

Land Use	2016 SPA Land Uses/2006 FlatRock		2021 Proposed Project Land Uses		Approved vs. Proposed Land Uses	
	Acres	Units	Acres	Units	Acres	Units
<b><i>Village 3 North/Port 4:</i></b>						
Medium Residential	107.5	1,002	102.1	769	-5.4	-233
Medium High Residential	13.5	317	29.2	257	+15.7	-60
High Residential	0	0	8.3	224	+8.3	+224
Mixed Use Residential	9.0	278	9.0	272	0	-6
Professional & Office Commercial	8.3	0	0	0	-8.3	0
Community Purpose Facility	2.7		2.7		0	
Industrial	29.3	0	29.3	0	0	0
Park	25.9	0	25.9	0	0	
School	8.3		8.3			
Open Space Preserve	157.2	0	157.2	0	0	0
Open Space	40.1		32.2		0	
Circulation	18.0	0	18.0	0	0	0
<b>Subtotal</b>	<b>436.0</b>	<b>1,597</b>	<b>436.0</b>	<b>1,522</b>	<b>0</b>	<b>-75</b>
<b><i>FlatRock Parcel:</i></b>						
Industrial	11.3	0			-11.3	0
Medium-High Residential		0	10.1	116	+10.1	+116
Open Space Preserve	29.8	0	29.8	0	0	0
Open Space	4.5	0	5.7	0	+1.2	0
Circulation	3.0		3.0		+3.0	
<b>Subtotal</b>	<b>48.6</b>		<b>48.6</b>	<b>116</b>	<b>0</b>	<b>+116</b>
<b>TOTAL</b>	<b>484.6<sup>1</sup></b>	<b>1,597</b>	<b>484.6</b>	<b>1,638</b>	<b>0</b>	<b>+41</b>

### C. Development Schedule

Village 3 is built-out, with the exception of the three residential neighborhoods (R-6, R-19 and R-20) and several industrial parcels adjacent to Heritage Road. The balance of Village 3 development is anticipated to be completed within a 2-year period.

### D. Fiscal Impact Analysis Update

Pursuant to the requirements in CVMC 19.09.040, Threshold Standards for City Facilities, H. Fiscal, HomeFed prepared an updated fiscal analysis for the Proposed Project (Village 3 Fiscal Impact Analysis Summary Report, DPFG, 2021 – See Attachment A). The fiscal update model assumed full build out of all 1,638 residential and commercial and industrial land uses. The results generated from the fiscal model meet the requirements of CVMC 19.09.040 and demonstrate that the 2021 SPA Plan

<sup>1</sup> Acreage rounded to nearest 1/10<sup>th</sup> acre; therefore, total may vary based on rounding.



will generate a net annual fiscal surplus in years 1 – 20 ranging from \$602,744 to \$1,208,682 per year and a cumulative net fiscal surplus over the first 20 years of approximately \$17,427,955.

### **E. Other Village 3 Entitlements**

Along with this proposed CVGP Amendment, Home Fed is also concurrently processing the following entitlements and agreements:

- Otay Ranch GDP Amendment;
- Village 3 North and a Portion of Village 4 SPA Plan Amendment (PC District Regulations, Village Design Plan, Supplemental Public Facilities Finance Plan, Affordable Housing Program;
- Rezone
- Tentative Maps;
- Development Agreement(s) Amendment
- Village 3 Core Master Precise Plan Amendment

## **IV. Land Use Considerations**

HomeFed is proposing minor land use changes to Village 3 that will create new rental and homeownership opportunities within Village 3 which increase the population and support village serving and regional serving businesses. The revised land use plan provides three new residential neighborhoods, creating an opportunity for first time home buyers, move-up home buyers and renters to live in Village 3.

The Village 3 land use plan establishes a pedestrian network that features the Chula Vista Regional Trail, segments of the Chula Vista Greenbelt Trail and internal network including Village Pathway connections, enhanced Promenade Trails, a centrally located paseo and the Village Trail. This extensive pedestrian network provides pleasant and convenient walking routes to and through the village core and provides connections to the City's regional trail network. The proposed High-Density Residential area (R-19) is planned within the Village 3 core area, with connections to the Chula Vista Regional Trail along Main Street and the Village Pathway along Paseo Cultura. The two Medium-High Residential areas are located south of Main Street and connect to Village 3 along the Chula Vista Regional Trail along Main Street and Heritage Road. A planned Village Trail Connection located north of Main Street in the southeast portion of Village 3 provides a direct connection to Village 3 from the R-6 and R-20 neighborhoods. A Future connection to the Chula Vista Greenbelt Trail is located within the Otay River Valley is planned from the Chula Vista Regional Trail along Main Street.

A planned Bus Rapid Transit and local bus stops at the corner of Heritage Road and Main Street are within ½ mile of the R-20 and R-6 neighborhoods; while the R-19 neighborhood is within a ¼ mile of the planned local bus stop located adjacent the Village 3 core area.

The proposed Village 3 plan remains compatible with adjacent land uses, while creating a unique theme and experience for Village 3 residents and visitors. The architectural theme for Village 3 is inspired by the historical agrarian use of the Otay Ranch property and focuses on Transitional Spanish, Farmhouse and Ranch styles. The landscape concept further implements this theme.

## **V. Economic Considerations**

HomeFed has entered into two Development Agreements (amendments) with the City. HomeFed proposes to provide the City with a \$4,000,000 financial contribution to be used by the City to facilitate the creation of high-quality jobs and economic growth within the SR-125 corridor by attracting industries and businesses that contribute diversification and stabilization to the local economy. A key aspect of facilitate such economic growth within the SR-125 corridor is the development of sites within the University Innovation District that can accommodate high technology and large manufacturing businesses or academic, institutional, and innovation-related businesses.

Pursuant to the requirements in CVMC 19.09.040, Threshold Standards for City Facilities, H. Fiscal, HomeFed prepared an updated fiscal analysis for the Proposed Project (Village 3 Fiscal Impact Analysis Summary Report, DPFG, 2021 – See Attachment A). The fiscal update model assumed full build out of all 1,638 residential and commercial and industrial land uses. The results generated from the fiscal model meet the requirements of CVMC 19.09.040 and demonstrate that the 2021 SPA Plan will generate a net annual fiscal surplus in years 1 – 20 ranging from \$602,744 to \$1,208,682 per year and a cumulative net fiscal surplus over the first 20 years of approximately \$17,427,955.

## **VI. Environmental Considerations**

Technical analyses were prepared to evaluate the potential impacts of the Proposed Project on air quality, green house gases, noise, cultural resources, biological resources, traffic and geology. The analyses support a determination that approval and implementation of the proposed modifications to Village Three would not result in any additional significant environmental effects beyond those previously analyzed under the Final Environmental Impact Report for the 2014 project.

## **VII. Housing Development Considerations**

The Village 3 project is subject to the City of Chula Vista inclusionary affordable housing requirements. As discussed above, the total authorized units within Village 3 would increase to 1,638 units. A portion of the Village 3 affordable housing obligation has been satisfied within Village 3 and Village 8 West. The remaining obligation is calculated based on the incremental increase in authorized units per the recorded agreements. As described in the Village 3 and a Portion of Village 4 Affordable Housing Program (2020), the remaining Village 3 affordable housing obligation would be up to 19 low income units and 19 moderate income units. HomeFed will be required to enter to an amended *Balanced Communities Affordable Housing Agreement (Otay Ranch Village 3)* to address this remaining Village 3 affordable housing obligation prior to issuance of a final map for Parcels R-6, R-19 or R-20, whichever map comes first.

## **VIII. Infrastructure Considerations**

The 2014 Village 3 North and a Portion of Village 4 SPA includes a Public Facility Finance Plan (PFFP) that outlines the infrastructure, services and facilities needed to serve Village 3, consistent with the City's Growth Management Program. The Supplemental PFFP (2020) addresses traffic, police, fire and emergency medical services, schools, libraries, parks, trails and open space, water, sewer, drainage, air quality, civic center corporation and other public facilities to ensure the proposed Village 3 Plan provides the infrastructure necessary to serve the Project Area.

## **IX. Public Benefit Consideration**

The community focus on wellness and outdoor activities will enhance the quality of life of future residents. The creation of a vibrant village core containing village-serving commercial/retail uses, along with the provision of sites for businesses within Village 3 creates a synergy of land uses and a dynamic environment where residents may live, recreate and work. The proposed Village 3 changes will positively impact community character by creating a unique architectural and aesthetic theme that will be consistent with the unique to Village 3 built environment.

In addition, the Proposed Project includes amendments to two Development Agreements with the purpose of documenting the agreement between the City of Chula Vista and HomeFed. The City seeks to facilitate the creation of high-quality jobs and economic growth within the SR-126 corridor by attracting industries and business that contribute to diversification and stabilization of the local economy. A key aspect of facilitating such economic growth within the SR-125 corridor is the development of sites within the University Innovation District that can accommodate high technology and large manufacturing business or academic, institutional and innovation related businesses (Qualified UID Uses). HomeFed has agreed to provide a \$4,000,000 financial contribution to the City to be used toward creating and attracting Qualified UID Uses. This contribution will advance City interests and create a public benefit by attracting high-quality job producing businesses and educational anchor institutions to the City of Chula Vista.

## **X. Annexation**

No annexations actions are planned for Village 3.

## **XI. List of Proposed General Plan Amendments**

With the proposed amendments, the Village 3 project will remain consistent with the Chula Vista General Plan land use, transportation, economic development, housing, public facilities and services, environmental and growth management objectives and policies. This section provides a list of proposed amendments by CVGP page number. Adopted and Proposed diagrams, exhibits and tables are provided below.

### **Chapter 4 – Land Use Plan**

#### **1. Page LUT-47, Figure 5: General Plan Land Use Diagram**

Update Figure 5 to depict the following changes:

- a. Convert an office site designated Professional & Office Commercial to a Residential High land use designation;
- b. Convert the area south of Main Street designated Research & Limited Industrial to a Residential Medium-High land use designation;
- c. Convert the area south of Main Street designated Residential Medium to Residential Medium High.

#### **2. Page LUT-59, Table 5-6: General Plan Land Use Distribution in 2030 (Acres)**

Update the land use designations within the “East Chula Vista Subareas” to reflect the proposed Village 3 land use distribution.

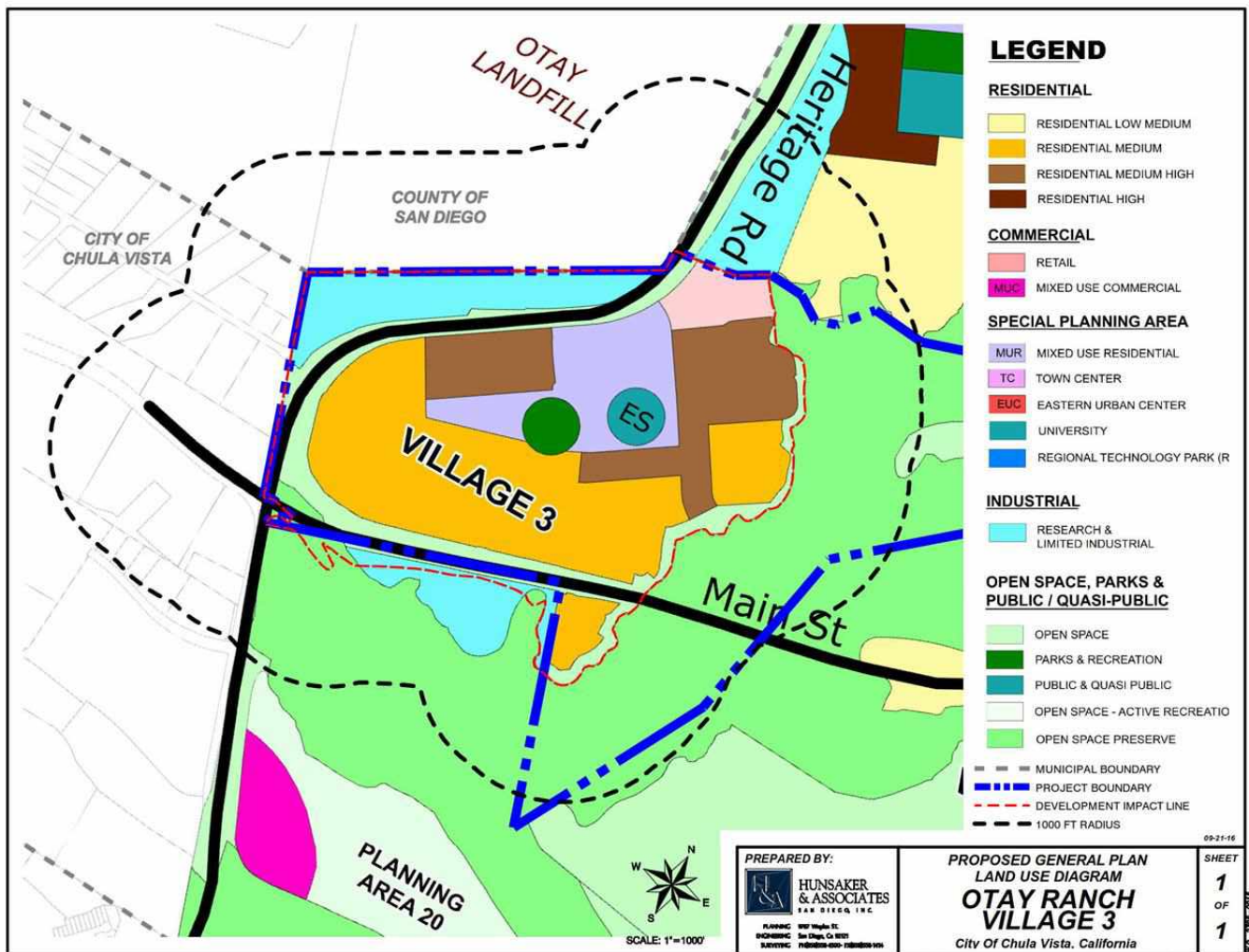
3. Page LUT-60, Table 5-7: General Plan Land Use in 2030

Update dwelling units within the Residential Medium, Medium-High and High General Plan Land Use Designations, Update the acreage within the Professional & Admin., Research & Limited Industrial and Open Space to reflect the proposed Village 3 Project.

4. Page LUT-253, Figure 5-43: Otay Ranch Subarea – Western District

Update the diagram to reflect the proposed General Plan Land Use Designations within Village 3.

**ADOPTED VILLAGE 3 - GENERAL PLAN LAND USE DIAGRAM, FIGURE 5-12 (PAGE LUT-47)**



**PROPOSED VILLAGE 3 - GENERAL PLAN LAND USE DIAGRAM, FIGURE 5-12 (PAGE LUT-47)**



**ADOPTED – GENERAL PLAN LAND USE DISTRIBUTION IN 2030 (ACRES)**  
**TABLE 5-6, (PAGE LUT-59)**

General Plan Land Use Designation	Total General Plan Area	Bayfront	Northwest	Southwest	East		
					East Chula Vista Subareas	Unincorporated Sweetwater Subareas	Unincorporated Otay Ranch Subareas
Residential							
Low	6,977	-	64	-	1,560	2,453	2,900
Low Medium	8,010	-	1,354	1,401	4,737	307	211
Medium	1,604	-	187	288	1,025	32	72
Medium High	665	-	143	113	312	-	97
High	525	-	124	253	148	-	-
Urban Core	84	-	84	-	-	-	-
Bayfront High	14	14	-	-	-	-	-
Commercial							
Retail	826	-	115	202	477	32	-
Visitor	148	135	11	2	-	-	-
Professional & Admin.	160	13	61	7	67	12	-
Mixed Use							
Mixed Use Residential	933	-	174	98	611	-	50
Mixed Use Commercial	135	25	37	58	15	-	-
Mixed Use Transit Focus Area	122	-	83	39	-	-	-
Industrial							
Limited Industrial	1,885	62	116	384	1,107	-	216
Regional Technology Park	85	-	-	-	85	-	-
General Industrial	175	175	-	-	-	-	-
Public, Quasi Public and Open Space							
Public, Quasi Public	2,901	55	225	321	1,880	381	39
Parks and Recreation	978	74	73	106	606	88	31
Open Space	7,305	100	215	617	3,578	1,101	1,694
Open Space Preserve	16,926	362	18	97	4,582	1,997	9,870
Open Space - Active Recreation	375	8	44	-	323	-	-
Water	2,672	1,498	-	-	-	9	1,165
Special Planning Area							
Eastern Urban Center	266	-	-	-	266	-	
Resort	230	-	-	-		-	230
Town Center	85	-	-	-	85	-	
Other <sup>2</sup>	4,606	99	866	829	2,343	408	61
Total Acres	58,692	2,620	3,994	4,815	23,807	6,820	16,636

**PROPOSED – GENERAL PLAN LAND USE DISTRIBUTION IN 2030 (ACRES)****TABLE 5-6, (PAGE LUT-59) – Proposed Changes Shown in Red**

General Plan Land Use Designation	Total General Plan Area	Bayfront	Northwest	Southwest	East		
					East Chula Vista Subareas	Unincorporated Sweetwater Subareas	Unincorporated Otay Ranch Subareas
Residential							
Low	6,977	-	64	-	1,560	2,453	2,900
Low Medium	8,010	-	1,354	1,401	4,737	307	211
Medium	1,599	-	187	288	1,020	32	72
Medium High	676	-	143	113	323	-	97
High	533	-	124	253	156	-	-
Urban Core	84	-	84	-	-	-	-
Bayfront High	14	14	-	-	-	-	-
Commercial							
Retail	826	-	115	202	477	32	-
Visitor	148	135	11	2	-	-	-
Professional & Admin.	152	13	61	7	59	12	-
Mixed Use							
Mixed Use Residential	933	-	174	98	611	-	50
Mixed Use Commercial	135	25	37	58	15	-	-
Mixed Use Transit Focus Area	122	-	83	39	-	-	-
Industrial							
Limited Industrial	1,875	62	116	384	1,096	-	216
Regional Technology Park	85	-	-	-	85	-	-
General Industrial	175	175	-	-	-	-	-
Public, Quasi Public and Open Space							
Public, Quasi Public	2,901	55	225	321	1,880	381	39
Parks and Recreation	978	74	73	106	606	88	31
Open Space	7,306	100	215	617	3,579	1,101	1,694
Open Space Preserve	16,926	362	18	97	4,582	1,997	9,870
Open Space - Active Recreation	375	8	44	-	323	-	-
Water	2,672	1,498	-	-	-	9	1,165
Special Planning Area							
Eastern Urban Center	266	-	-	-	266	-	
Resort	230	-	-	-		-	230
Town Center	85	-	-	-	85	-	
Other <sup>2</sup>	4,609	99	866	829	2,346	408	61
Total Acres	58,692	2,620	3,994	4,815	23,807	6,820	16,636

**ADOPTED – GENERAL PLAN LAND USE IN 2030****TABLE 5-7, PAGE LUT-60**

General Plan Land Use Designation	2030 Acres	2030 Dwelling Units
<b>RESIDENTIAL</b>		
Low	6,977	8,232
Low Medium	8,010	41,286
Medium	1,604	16,159
Medium High	665	10,314
High	525	15,382
Urban Core	84	3,830
<u>Bayfront High</u>	14	1,500
<b>COMMERCIAL</b>		
Retail	826	
Visitor	148	
Professional & Office	160	
<b>MIXED USE</b>		
Mixed Use Residential	933	17,639
Mixed Use Commercial	135	
Mixed Use Transit Focus Area	122	3,782
<b>INDUSTRIAL</b>		
Limited Industrial	1,885	
Regional Technology Park	85	
General Industrial	175	
<b>PUBLIC, QUASI PUBLIC AND OPEN SPACE</b>		
Public/Quasi-Public	2,901	
Parks and Recreation	978	
Open Space	7,305	
Open Space Preserve	16,926	
Open Space - Active Recreation	375	
Water	2,672	
<b>SPECIAL PLANNING AREA</b>		
Eastern Urban Center	266	4,905
Resort	230	-
Town Center	85	1,929
<b>OTHER*</b>	4,606	
<b>TOTAL</b>	<b>58,692</b>	<b>124,958</b>

\* Streets, freeways, utility rights-of-ways

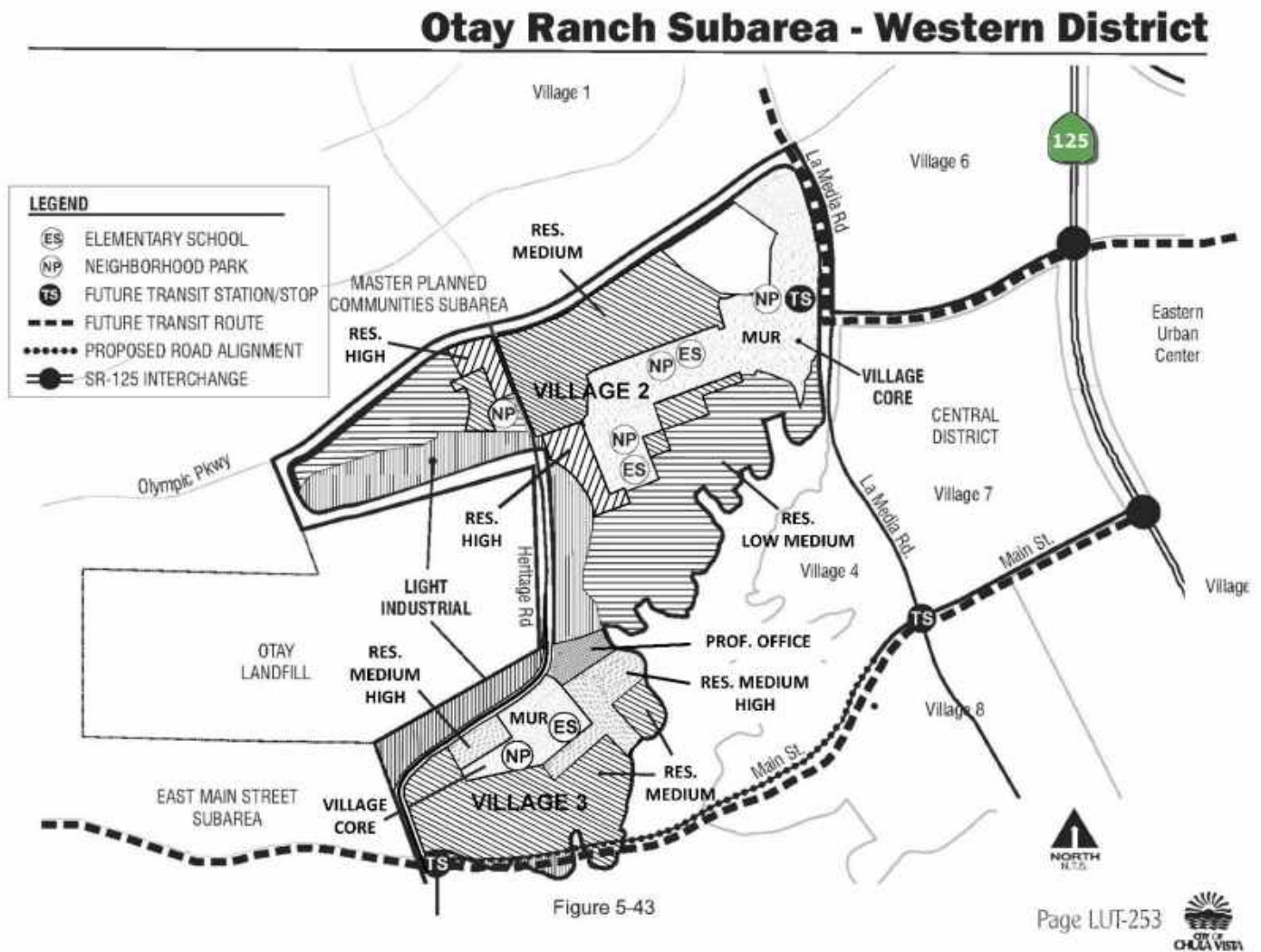


**PROPOSED – GENERAL PLAN LAND USE IN 2030****TABLE 5-7, PAGE LUT-60 – Proposed Changes Shown in Red**

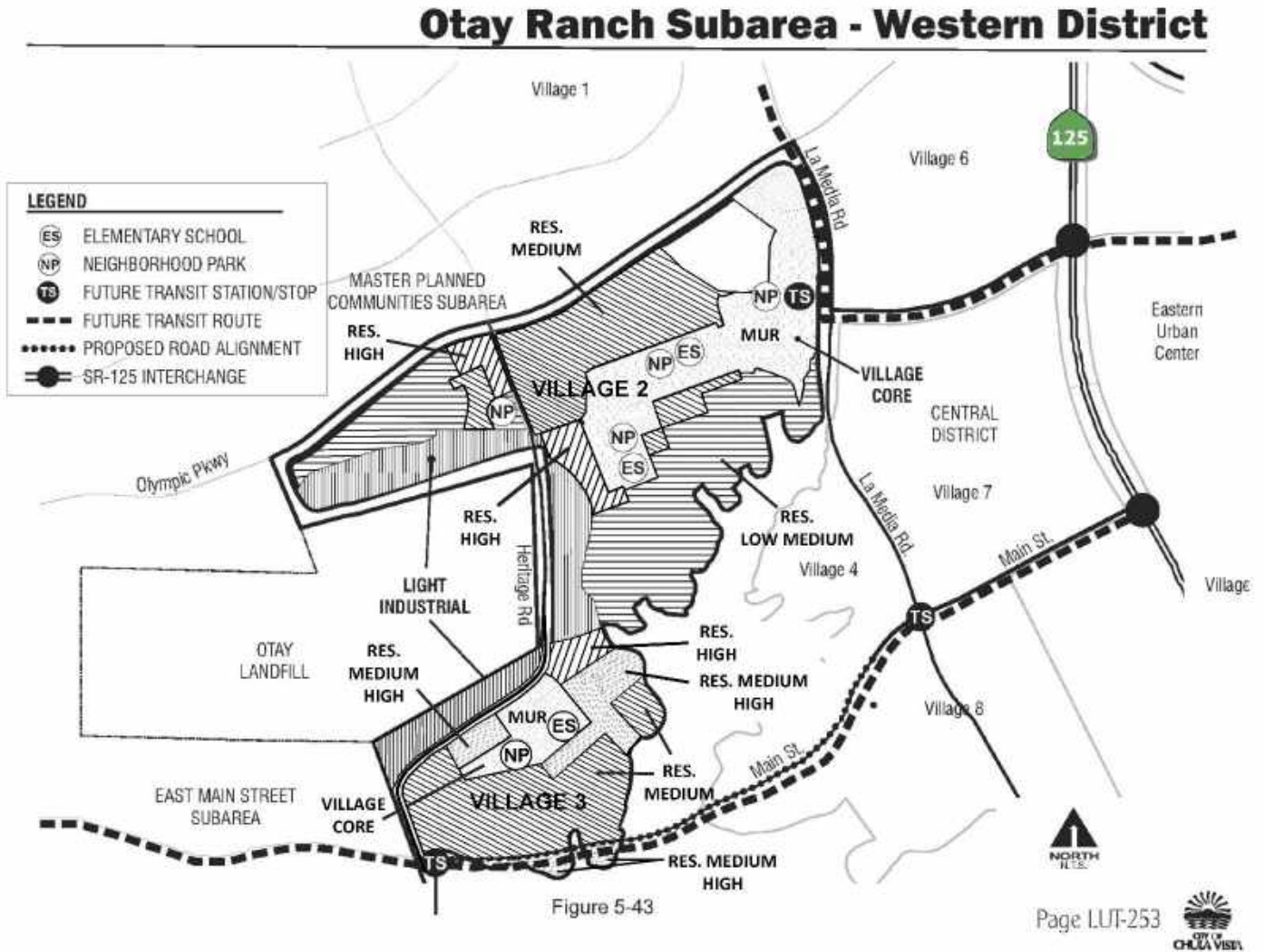
General Plan Land Use Designation	2030 Acres	2030 Dwelling Units
<b>RESIDENTIAL</b>		
Low	6,977	8,232
Low Medium	8,010	41,286
Medium	1,599	15,926
Medium High	676	10,370
High	533	15,606
Urban Core	84	3,830
<u>Bayfront High</u>	14	1,500
<b>COMMERCIAL</b>		50
Retail	826	
Visitor	148	
Professional & Office	160	
<b>MIXED USE</b>		
Mixed Use Residential	933	17,633
Mixed Use Commercial	135	
Mixed Use Transit Focus Area	122	3,782
<b>INDUSTRIAL</b>		
Limited Industrial	1,875	
Regional Technology Park	85	
General Industrial	175	
<b>PUBLIC, QUASI PUBLIC AND OPEN SPACE</b>		
Public/Quasi-Public	2,901	
Parks and Recreation	978	
Open Space	7,306	
Open Space Preserve	16,926	
Open Space - Active Recreation	375	
Water	2,672	
<b>SPECIAL PLANNING AREA</b>		
Eastern Urban Center	266	4,864
Resort	230	-
Town Center	85	1,929
<b>OTHER*</b>	4,609	
<b>TOTAL</b>	<b>58,692</b>	<b>124,958</b>

\* Streets, freeways, utility rights-of-ways

**ADOPTED – OTAY RANCH SUBAREA – WESTERN DISTRICT**  
**FIGURE 5-43, PAGE LUT-253**



**PROPOSED – OTAY RANCH SUBAREA – WESTERN DISTRICT**  
**FIGURE 5-43, PAGE LUT-253**



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ATTACHMENT A

OTAY RANCH VILLAGE 3 AND A PORTION OF VILLAGE 4 SPA  
PLAN AMENDMENT

GENERAL PLAN CONSISTENCY ANALYSIS

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## Village 3 SPA Amendment – Chula Vista General Plan Consistency Analysis

GENERAL PLAN ELEMENT OBJECTIVE/POLICY		SPA AMENDMENT CONSISTENCY RESPONSE
<b>LAND USE AND TRANSPORTATION</b>		
<b>Objective LUT 1 - Provide a balance of residential and non-residential development throughout the City that achieves a vibrant development pattern, enhances the character of the City, and meets the present and future needs of all residents and businesses.</b>		
<b>LUT 1.1</b>	Ensure that land uses develop in accordance with the Land Use Diagram and Zoning Code in an effort to attain land use compatibility.	<p>The Chula Vista General Plan designates the portions of Village 3 Residential Medium, Research &amp; Limited Industrial and Professional &amp; Office. Upon approval of proposed amendments to the Village 3 SPA Plan and PC District Regulations the project land uses would be in accordance with the amended General Plan Land Use Diagram.</p> <p>The City of Chula Vista contracted with HR&amp;A Advisors, Inc. to prepare an analysis of the potential implications of the proposed rezoning (Otay Ranch Village 3 Market Analysis of Industrial and Office Uses (HR&amp;A Advisors, Inc. March 2021) (“Market Analysis”), provided as an attachment to this report).</p> <p>The Market Analysis estimated that the City would need approximately 118 to 239 acres of industrially zoned land to meet the calculated demand for 1.9 million to 3.8 million square feet of industrial space in Chula Vista by 2050. The Market Analysis concluded that, if the proposed project is approved, between 190 and 311 net acres of land zoned for industrial use are likely to remain within Chula Vista.</p> <p>The Market Analysis estimated that there is a demand for 1.4M to 2.3M square feet of new office space in Chula Vista by 2050, requiring 94 to 145 acres of land. Chula Vista currently has enough land to accommodate the projected office demand with a surplus of 381 to 653 acres of vacant of office-accommodating land remaining after 2050, using a conservative assumption of the future office development density.</p> <p>The current proposal for residential residential use is compatible with the existing Village 3 residential development south of Main Street and within the Village 3 core area.</p>
<b>LUT 1.2</b>	Coordinate planning and redevelopment activities and resources to balance land uses, amenities, and civic facilities in order to sustain or improve the quality of life.	Village 3 provides a balance of land uses, amenities and civic land uses, include 20,000 square feet of neighborhood-serving commercial/retail uses, 29.3 acres of industrial uses, a 10,000 square foot Community Purpose Facility building, a public elementary school, a public neighborhood park, trails, private creation facilities, 187 acres of MSCP Preserve Open Space.
<b>LUT 1.4</b>	Seek to achieve an improved balance between jobs and housing in Chula Vista.	The project provides housing in close proximity to the major employment centers in Chula Vista, Otay Mesa and

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		downtown San Diego. In addition, Village 3 includes 29.3 acres of industrial uses, 20,000 square feet of commercial/retail space, a 10,000 square foot CPF building and a public elementary school, designed to serve the 1,638 residential homes within Village 3.
<b>LUT 1.5</b>	Endeavor to create a mixture of employment opportunities for citizens' at all economic levels.	As provided for in the Development Agreements (DA) between the Applicant and the City of Chula Vista the Applicant would provide \$4M to be used by the City to facilitate the creation of high quality jobs within the SR-125 corridor or a commercial/academic building that can facilitate either an academic or private-sector market-rate project to advance the vision of the University Innovation District Master Plan which will create high value jobs for all income levels. In addition, Village 3 includes a mix of job-producing land uses, including 29.3 acres of industrial uses, 20,000 square feet of commercial/retail space, a 10,000 square foot CPF building and a public elementary school.
<b>LUT 1.6</b>	Attract and maintain land uses that generate revenue for the City of Chula Vista, while maintaining a balance of other community needs, such as housing, jobs, open space, and public facilities.	<p>The Village 3 Fiscal Impact Analysis prepared for the Project (Village 3 Amendment – Fiscal Impact Analysis, DPFG, December, 2020 – See Attachment A) demonstrates that the Project complies with LUT 1.6 and CVMC Section 19.09.040.H.3 in that it produces net positive revenue to the City of Chula Vista over the 20-year timeframe. The fiscal update model assumed full build out of all 1,638 residential and commercial and industrial land uses. The results generated from the fiscal model meet the requirements of CVMC 19.09.040 and estimate that the Proposed Project will generate a net annual fiscal surplus in years 1 – 20 ranging from \$602,744 to \$1,208,682 per year and a cumulative net fiscal surplus over the first 20 years of approximately \$17,427,955.</p> <p>Along with providing 1,638 residential homes, the project provides job producing land uses including industrial, commercial CPF and a public school and the preservation of 187 acres of land designated as part of the City's MSCP Preserve.</p> <p>The Development Agreements provide the City with an opportunity to facilitate economic growth by the Applicant providing \$4.0 million to support funding for the development of University Innovation District (UID) qualified uses which would provide a catalyst for development that could generate high-quality jobs in locations currently suitable for construction.</p> <p>Also see Response to LUT 1.1 above.</p>
<b>LUT 1.7</b>	Provide high-quality public facilities, services, and other amenities within close proximity to residents.	Village 3 provides high quality public facilities and services within close proximity to residents, including a public neighborhood park, public elementary school, private recreation and open space areas. Village 3 includes a network of pedestrian facilities including the Village Pathway within the Village Core, a paseo connecting single



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		<p>family neighborhoods to the park and school, the village trail, the Chula Vista Regional Trail along Heritage Road and Main Street and portions of the Chula Vista Greenbelt Trail within the Otay River Valley.</p> <p>In addition, the project includes a portion of the Otay Ranch North Community Park, intended to serve Village 3 residents and other villages in Otay Ranch.</p>
<b>LUT 1.8</b>	Pursue higher density residential categories and retail demand that are not being met within the City.	<p>The Project's residential land uses are in the "High" and "Medium-High" residential category consistent with this objective. Consistent with the Chula Vista General Plan, Village 3 includes a 20,000 square foot retail/commercial center (constructed with leasing underway) as part of the Mixed Use project located within the Village 3 core area.</p> <p>In addition to the completed residential homes within Village 3, the project would provide a total of 418 rental and for-sale multi-family homes to provide much needed housing and help meet the City's housing demands identified in the SANDAG Housing Needs Assessment Report. In addition, through payment of the \$4M provided for in the Development Agreements, the project provides economic stimulus funding that benefits the entire City of Chula Vista.</p>
<b>LUT 1.9</b>	Provide opportunities for development of housing that respond to diverse community needs in terms of density, size, location, and cost.	The Project provides for-sale housing to meet the needs of a diverse community. Densities range from 10.6 to 27.0 units per acre and products provide a range of bedroom typologies for singles, couples, and families. Some homes may have private rear yards, while the highest density are planned as rental apartments with on-site amenities. Product types are focused on providing attainable housing as well as meeting the need for move-up home buyers. Though the Project will not include any additional on-site affordable housing, it will enter into an amended Chula Vista Balanced Affordable Housing Agreement in conformance with the City's Balanced Community Affordable Housing policy.
<b>LUT 1.10</b>	Maintain an adequate supply of land designated and zoned for residential use at appropriate densities to meet housing needs, consistent with the objective of maintaining a balance of land uses.	The Project supports the creation of new housing as articulated in the Housing Element. The Project will provide a total of 418 housing units for the current and future residents of Chula Vista which, combined with the provisions in the Development Agreement financial stimulus, enhances the jobs/housing balance in the City of Chula Vista.
<b>LUT 1.13</b>	Maintain neighborhood and community shopping centers of sizes and at locations that offer both choice and convenience for shoppers and residents, while sustaining a strong retail base for the City.	<p>Village 3 includes 29.3 acres of industrial uses, 20,000 square feet of commercial/retail space, a 10,000 square foot CPF building and a public elementary school, designed to serve the 1,638 residential homes within Village 3 and adjacent villages.</p> <p>There were no other retail uses anticipated in the Chula Vista General Plan within Village 3; however there are plans for additional commercial and retail uses within Village 2 which will be convenient to Village 3 residents.. The project will not impact the availability or sustainability</p>

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		of existing retail shopping centers. In fact, the increased population resulting from the Project will increase use of the existing Village 3 and future Village 2 retail uses, thereby enhancing the viability neighborhood shopping centers.
<b>LUT 1.15</b>	Allow office uses that are associated with complementary commercial service businesses in commercial service areas.	The Applicant's contribution of \$4M to the City of Chula Vista provides a financial stimulus which will increase the ability of the City to assist and attract employers to grow their operations in the City of Chula Vista thus resulting in varied office and commercial uses and future job creation. These public benefits will advance the interests and meet the needs of Chula Vista's residents and visitors to a significantly greater extent than the vacant land under the current entitlements and absent the provisions in the Development Agreements.
<b>LUT 1.17</b>	Encourage the development of cultural and performing arts nodes in different areas throughout the City, each with a specific non-competing focus, such as viewing performances or works of art, and learning about, creating, or purchasing art.	Construction and dedication of the Village 3 neighborhood park and dedication of a portion of the Otay Ranch Community Park will provide opportunities for the City to support programming within the City's public park system to encourage a diversity of uses, which may include art shows and cultural festivals.
<b>Objective LUT 3 - Direct the urban design and form of new development and redevelopment in a manner that blends with and enhances Chula Vista's character and qualities, both physical and social.</b>		
<b>LUT 3.1</b>	Adopt urban design guidelines and/or other development regulations for all Districts or Focused Areas of Change as presented in Sections LUT 8.0 - 10.0 of the Land Use and Transportation Element, as necessary, to ensure that new development or redevelopment recognizes and enhances the character and identity of adjacent areas, consistent with this General Plan's Vision.	The Village 3 SPA Plan Amendment includes Planned Community District Regulations and the Village 3 Design Plan includes Landscape and Design Guidelines to ensure new development recognizes and enhances the character and identity of adjacent areas. The architectural theme for the Project is a consistent with the Village 3 existing agrarian architecture. In addition, the proposed Planned Community District Regulations and design guidelines and will be appropriately implemented to ensure the proposed residential neighborhood establish a unique sense of place, while connecting to the larger Village 3 developed community.
<b>LUT 3.2</b>	Any such urban design guidelines and/or other development regulations shall be consistent with other, related policies and provisions in this General Plan, including Sections 7.3 through 7.6.	The Village 3 SPA Plan Amendment includes Planned Community District Regulations as well as the Village 3 Design Plan Landscape and Design Guidelines consistent with the policies and provisions of the General Plan.
<b>Objective LUT 5 - Designate opportunities for mixed use areas with higher density housing that is near shopping, jobs, and transit in appropriate locations throughout the City.</b>		
<b>LUT 5.1</b>	Promote mixed use development, where appropriate, to ensure a pedestrian-friendly environment that has opportunities for housing; jobs; childcare; shopping; entertainment; parks; and recreation in close proximity to one another.	Consistent with General Plan Policy LUT 5.1, Village 3 contains a small mixed use center comprised of 272 rental homes, 20,000 square feet of commercial retail space and a 10,000 square foot CPF building, providing opportunities for shopping, entertainment, jobs, childcare and entertainment. In addition, the village core includes 392 multi-family and courtyard homes, an elementary school site, a public park and a private recreation center, providing recreational opportunities within ¼ mile of all Village 3 residents. The Project would add 224 multi-family homes to the village core area, within walking distance of Village

GENERAL PLAN ELEMENT OBJECTIVE/POLICY		SPA AMENDMENT CONSISTENCY RESPONSE
		3 amenities. The project also includes 194 multi-family homes south of Main Street. Access to Village 3 amenities is provided via the Chula Vista Regional Trail along Main Street and Heritage Road, and the Village Trail at the southeast corner of Village 3. See Exhibit 1, Aerial Context Exhibit.
<b>LUT 5.2</b>	Encourage new development that is organized around compact, walkable, mixed use neighborhoods and districts in order to conserve open space resources, minimize infrastructure costs, and reduce reliance on the automobile.	<p>Consistent with the General Plan and Chula Vista MSCP Subarea Plan, the project includes 187 acres of land designated for preservation as part of the MSCP Plan. The development area is clustered within Village 3, surrounding a compact, walkable, mixed use village core. Consistent with the Otay Ranch GDP and the Village 3 SPA Plan, infrastructure impacts have been reduced to the greatest extent possible to minimize impacts to adjacent open space resources. The project would be served from existing and planned extensions of Chula Vista circulation element roadways and infrastructure.</p> <p>The project is served by a planned local bus stop along Heritage Road, adjacent to the Village 3 core area and local bus and future Bus Rapid Transit stops at the corner of Heritage Road and Main Street. Pedestrian access to the planned transit facilities is provided via the Chula Vista Regional Trail along Heritage Road and Main Street. The mixed use arrangement of Village 3 land uses and the integrated system of pedestrian paths and trails connects the residential neighborhoods to the village core along the Village Pathway, a paseo and promenade streets.</p>
<b>LUT 5.3</b>	Authorize and encourage mixed use development in focus areas, including high-density residential housing, neighborhood-serving commercial, and office uses.	<p>Consistent with General Plan Policy LUT 5.3, Village 3 contains a mixed use center comprised of 272 higher density rental apartment homes, 20,000 square feet of commercial retail space and a 10,000 square foot CPF building, providing opportunities for shopping, entertainment, jobs, childcare and entertainment. In addition, the village core includes 392 multi-family and courtyard homes, an elementary school site, a public park and a private recreation center, providing recreational opportunities within ¼ mile of all Village 3 residents. The Project would add 224 multi-family homes to the village core area, within walking distance of Village 3 amenities. The project also includes 194 multi-family homes within two neighborhoods south of Main Street. Access to Village 3 amenities from these neighborhoods is provided via the Chula Vista Regional Trail along Main Street and Heritage Road, and the Village Trail at the southeast corner of Village 3.</p> <p>The Applicant's contribution of the \$4M to the City will increase the ability of the City to assist and attract employers to grow their operations in the City of Chula Vista thus resulting in varied office and commercial uses and future job creation. These public benefits will advance the interests and meet the needs of Chula Vista's residents and visitors to a significantly greater extent than the vacant</p>

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		land under the current entitlements and absent the Development Agreements.
<b>LUT 5.4</b>	Develop the following areas as mixed use centers: Urban Core; Palomar Trolley Station; EUC; and Otay Ranch Village Cores and Town Centers.	See response to LUT 5.3 above.
<b>LUT 5.11</b>	Endeavor to reduce the number of peak hour automobile trips by supporting increased services near workplaces.	See response to LUT 5.3 above.
<b>LUT 5.13</b>	Higher density residential and mixed use residential/commercial development should be designed to: create a pleasant walking environment to encourage pedestrian activity; maximize transit usage; provide opportunities for residents to conduct routine errands close to their residence; integrate with surrounding uses to become a part of the neighborhood rather than an isolated project; use architectural elements or themes from the surrounding neighborhood; and provide appropriate transition between land use designations to minimize neighbor compatibility conflicts	<p>The Project would add high density 224 High Residential multi-family homes within the village core area, within walking distance of Village 3 amenities, near the planned transit stop along Heritage Road, and connected to the Village Pathway, Regional Trail and perimeter Village Trail. Consistent with the architectural guidelines in the Village Design Plan and the Master Precise Plan, the R-19 neighborhood's architectural design will be compatible with the surrounding neighborhoods. The additional residential neighborhood in the Village 3 Core is within walking distance of retail/commercial uses providing opportunities for residents to conduct routine errands close to home, These additional residents may also make the retail/commercial uses more viable.</p> <p>The Project also includes 194 Medium-High Residential multi-family homes within two neighborhoods south of Main Street. Access to Village 3 amenities from these neighborhoods is provided via the Chula Vista Regional Trail along Main Street and Heritage Road, and the Village Trail at the southeast corner of Village 3. See Figure 1, Context Aerial, for pedestrian routes and distances between residential neighborhoods a R-6 and R-20 and the Village Core and transit stops.</p> <p>The addition of more residential land uses within Village 3 south provide more homes close to the planned transit stop at Heritage Road and Main Street, potentially expanding transit use along this route. With the neighborhood school planned adjacent to the retail/commercial area, residents have the opportunity to conduct routine errands during school drop off and pick up times. Consistent with the Village Design Plan architectural guidelines, the R-6 and R-20 architectural styles will be compatible with the existing Village 3 residential and community amenity architectural style.</p> <p>See response to LUT 5.3 above.</p>
<b>Objective LUT 6 - Ensure adjacent land uses are compatible with one another.</b>		
<b>LUT 6.1</b>	Ensure, through adherence to design guidelines and zoning standards, that the design review process guarantees excellence in design and that new construction and alterations to	The Village 3 SPA Plan Amendment includes Planned Community District Regulations and the Village 3 Design Plan which includes Landscape and Residential Design Guidelines to ensure new development recognizes and

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	existing buildings are compatible with the best character elements of the area.	enhances the character and identity of adjacent areas. All residential development is subject to the City's Design Review process.
<b>LUT 6.2</b>	Require that proposed development plans and projects consider and minimize project impacts upon surrounding neighborhoods.	The project includes PC District Regulations and Landscape and Residential Design Guidelines are provided in the Village 3 Design Plan. These regulations and guidelines ensure the project is compatible with surrounding neighborhoods. The project includes a 20' landscape buffer along Main Street/Heritage Road. In addition, the proposed residential neighborhoods are setback from the adjacent MSCP Preserve area as they provide a 100' Preserve Edge which provides a buffer between residential and preserve uses.
<b>LUT 6.3</b>	Require that the design of new residential, commercial, or public developments is sensitive to the character of existing neighborhoods through consideration of access, compatible building design and massing, and building height transitions, while maintaining the goals and values set forth in the General Plan. Within transit focus areas, design provisions should include requirements for a minimum building step back of 15 feet for every 35 feet in height, for edges abutting residential uses.	Two of the sites (R-6 and R-19) included within the project are graded, while the third site (R-20) is partially developed with a water quality basin serving existing Village 3 development areas. Access to the project is provided via existing and planned extensions of City of Chula Vista circulation roadways and infrastructure. The project includes PC District Regulations and Landscape and Residential Design Guidelines to ensure the project is compatible with existing Village 3 development. Because of its location, the setback requirements provided in LUT 6.3 are not applicable to the project.
<b>Objective LUT 7 - Appropriate transitions should be provided between land uses.</b>		
<b>LUT 7.2</b>	Require new or expanded uses to provide mitigation or buffers between existing uses where significant adverse impacts could occur.	See Response to LUT 6.2 above.
<b>LUT 7.4</b>	Require landscape and/or open space buffers to maintain a naturalized or softer edge for proposed private development directly adjacent to natural and public open space areas.	The project a 100' Preserve Edge to buffer development from the adjacent MSCP Preserve areas, while maintaining a softer edge between the land uses.
<b>Objective – LUT 8</b>	Strengthen and sustain Chula Vista's image as a unique place by maintaining, enhancing, and creating physical features that distinguish Chula Vista's neighborhoods, communities, and public spaces, and enhance its image as a pedestrian-oriented and livable community.	
<b>LUT 8.1</b>	Develop a program to enhance the identity of special districts and neighborhoods to create variety and interest in the built environment, including such items as signage, monuments, landscaping, and street improvements.	The project would be subject to the Village 3 SPA Plan Amendment Planned Community District Regulations as well as Landscape and Residential Design Guidelines in the Village 3 Design Plan which provide guidance for the development of high-quality architecture, landscape, and street improvements. The project would also comply with the approved Village 3 Planned Sign Program, where applicable.
<b>LUT 8.2</b>	Emphasize certain land uses and activities, such as cultural arts; entertainment; specialty retail; or commercial recreation, to enhance or create the identity of specialized districts or Focus Areas in the City.	Village 3 includes a mix of specialty commercial and public amenities that create opportunities for a diversity of uses, which may include art shows and cultural festivals as well as commercial recreation opportunities.
<b>LUT 8.3</b>	Ensure that buildings are appropriate to their context and designed to be compatible with	The Village 3 SPA Amendment includes residential architectural guidelines. The project will be designed

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	surrounding uses and enhance the desired character of their District.	consistent with the established agrarian architectural theme within Village 3. All residential development within the project is subject to the City's Design Review process.
<b>LUT 8.4</b>	Encourage and require, where feasible, the incorporation of publicly accessible urban open spaces, including: parks; courtyards; water features; gardens; passageways; paseos; and plazas, into public improvements and private projects.	Village 3 includes a public park and private recreation and open space system that provide Village 3 residents with a variety of recreation opportunities. The mixed use project located within the Village 3 core area provides gathering space and a wide landscape median designed to accommodate farmers markets, art displays and other events. In addition, the project includes a portion of the Otay Ranch North Community Park (Village 4) which will provide opportunities for publicly accessible open space, recreation and gathering spaces.
<b>LUT 8.5</b>	<p>Prepare urban design guidelines that help to create pedestrian-oriented development by providing:</p> <ul style="list-style-type: none"> <li>• Varied and articulated building facades;</li> <li>• Visual (first floor clear glass windows) and physical access for pedestrians;</li> <li>• Pedestrian circulation among parcels; uses; transit stops; and public or publicly accessible spaces;</li> <li>• Human scale design elements;</li> <li>• Ground floor residential and commercial entries that face and engage the street; and</li> <li>• Pedestrian-oriented streetscape amenities.</li> </ul>	<p>Village 3 is designed and constructed as a pedestrian oriented community and meets the guidelines provided in LUT 8.5. Development within the village core area is subject to the Village 3 Master Precise Plan (amended) as well as the overall Village 3 Design Plan. In addition, the SPA Plan amendment includes landscape guidelines and establishes an agrarian architectural theme to be implemented within the project.</p> <p>The Village 3 mixed-use development was designed and constructed consistent with the guidelines in LUT 8.5.</p>
<b>LUT 8.6</b>	Develop a master plan for artwork in public places that would identify the types of art desired and establish appropriate settings for the display of art, including within public rights-of-way and landscape medians.	LUT 8.6 is a City-wide objective; however, by constructing and developing the neighborhood park within Village 3 and providing public gathering space within the mixed use project, Village 3 supports programming and activities which may include public art displays.
<b>LUT 8.7</b>	Ensure that vacant parcels and parcels with unsightly storage uses, such as auto salvage yards, are appropriately screened from the street to reduce their negative visual effects.	The approved Village 3 land use plan and the proposed project are buffered from existing unsightly land uses by the Village 3 industrial development area (29.3 acres).
<b>Objective LUT 10 - Create attractive street environments that complement private and public properties, create attractive public rights-of-way, and provide visual interest for residents and visitors.</b>		
<b>LUT 10.2</b>	Landscape designs and standards shall include a coordinated street furniture palette, including waste containers and benches, to be implemented throughout the community at appropriate locations.	The Village 3 Master Precise Plan provides landscape design standards, which include street furnishings and fixtures implemented within the Village 3 core area. The project will comply with the Master Precise Plan as amended.
<b>LUT 10.3</b>	Provide well-designed, comfortable bus stops throughout the City.	Per Village 3 conditions of approval, the Applicant provided the City with funding for planned bus and transit stops and shelters which will be constructed by the City when local bus service is available along established and planned routes.
<b>LUT 10.4</b>	Prior to the approval of projects that include walls that back onto roadways, the city shall require that the design achieves a uniform appearance from the street. The walls shall be	The Village 3 Design Plan provides approved fence and wall designs and materials. In addition, the approved Village 3 Landscape Master Plan includes a Fence and Wall

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	uniform in height, use of materials, and color, but also incorporate elements, such as pilasters, that add visual interest.	Plan prepared consistent with City policies. The LMP would be amended to address the project.
<b>LUT 10.5</b>	Require under grounding of utilities on private property and develop a priority based program of utility under grounding along public rights-of-way.	All new utilities will be undergrounded, consistent with this objective, except as required by utility providers. However, the Applicant will coordinate with the City and utility providers to place above-ground appurtenances in the least intrusive locations.
<b>LUT 10.6</b>	Study the locational requirements of utility, traffic control, and other cabinets and hardware located in the public rights-of-way to determine alternative locations for these items in less obtrusive areas of the street environment.	The location of utility facilities in the public realm is designed to minimize intrusion into the street environment and avoid conflicts with entry monuments and landscaping, to the greatest extent feasible. Entry monuments proposed for the project would be subject to the Village 3 Planned Sign Program. See response to LUT 10.5 regarding coordinating utility appurtenance locations.
<b>Objective LUT 11 - Ensure that buildings and related site improvements for public and private development are well-designed and compatible with surrounding properties and districts.</b>		
<b>LUT 11.1</b>	Promote development that creates and enhances positive spatial attributes of major public streets, open spaces, cityscape, mountain and bay sight lines, and important gateways into the City.	The project maintains and is sensitive to the design elements of Main Street and Heritage Road through the provisions of 20-foot landscape buffers adjacent to the development areas. In addition, the 100-foot Preserve Edge is provided adjacent to MSCP Preserve areas to buffer development from the adjacent Preserve.
<b>LUT 11.2</b>	Promote and place a high priority on quality architecture, landscape, and site design to enhance the image of Chula Vista, and create a vital and attractive environment for businesses, residents, and visitors.	The Village 3 SPA Plan Amendment and Planned Community District Regulations as well as Landscape and Residential Design Guidelines in the Village 3 Design Plan and Village 3 Master Precise Plan (amended) provide guidance for the development of high-quality architecture, landscape, and street improvements.
<b>LUT 11.4</b>	Actively promote architectural and design excellence in buildings, open space, and urban design.	Architecture will be consistent with the existing Village 3 agrarian architectural theme and will include a variety of distinct and unique combinations of elevations and colors designed by respected and creative architects and design professionals.
<b>LUT 11.5</b>	Require a design review process for all public and private discretionary projects (which includes architectural, site plan, landscape and signage design) to review and evaluate projects prior to issuance of building permits to determine their compliance with the objectives and specific requirements of the City's Design Manual, General Plan, and appropriate zone or Area Development Plans.	The project is subject to the City's Design Review process.
<b>Objective LUT 16 - Integrate land use and transportation planning and related facilities.</b>		
<b>LUT 16.1</b>	Promote the development of well-planned communities that will tend to be self-supportive and, thus, reduce the length of vehicular trips, reduce dependency on the automobile, and encourage the use of other modes of travel.	Consistent with General Plan Policy LUT 16.1, Village 3 contains a mixed use center comprised of 272 higher density rental apartment homes, 20,000 square feet of commercial retail space and a 10,000 square foot CPF building, providing opportunities for shopping, entertainment, jobs, childcare and entertainment to Village 3 residents. In addition, the village core includes 392 multi-family and courtyard homes, an elementary school site, a public park and a private recreation center, providing recreational opportunities within ¼ mile of all Village 3

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		<p>residents. The Project would add 224 multi-family homes to the village core area, within walking distance of Village 3 amenities. The project also includes 194 multi-family homes south of Main Street. Access to Village 3 amenities is provided via the Chula Vista Regional Trail along Main Street and Heritage Road, and the Village Trail at the southeast corner of Village 3.</p> <p>Transit stops and planned adjacent to the Village 3 core area and at the intersection of Main Street and Heritage Road, providing Village 3 residents and employees access to public transportation.</p>
<b>LUT 16.2</b>	Ensure that new development and community activity centers have adequate transportation and pedestrian facilities.	See response to LUT 16.1
<b>LUT 16.3</b>	Provide direct and convenient access to public transit stops within residential, commercial, and industrial areas.	The project includes the Chula Vista Regional Trail and bike lanes along Heritage Road and Main Street as well as the MTS transit stop located on Heritage Road adjacent to the Village Core and at the intersection of Heritage Road and Main Street. (Refer to Exhibit 1, Aerial Context Exhibit).
<b>Objective LUT 17 - Plan and coordinate development to be compatible and supportive of planned transit.</b>		
<b>LUT 17.1</b>	Designate sufficient land at appropriate densities to support planned transit and require that development be transit-oriented, as appropriate to its proximity to transit facilities.	The project is not a transit-oriented development. However, the Metropolitan Transit System has included planned local bus stops and bus rapid transit stops serving Village 3.
<b>LUT 17.4</b>	Require developers to consult and coordinate with SANDAG and the City to ensure that development is compatible with and supports the planned implementation of public transit.	The Applicant coordinated with SANDAG and the City to provide for planned future local bus and bus rapid transit stops within Village 3.
<b>Objective LUT 18 - Reduce traffic demand through Transportation Demand Management (TDM) strategies, increased use of transit, bicycles, walking, and other trip reduction measures.</b>		
<b>LUT 18.1</b>	Support and encourage the use of public transit.	<p>See response to LUT 17.1 and LUT 17.4 above.</p> <p>The project also provides direct connections to the Chula Vista Regional Trail and bike lanes along Heritage Road and Main Street.</p>
<b>LUT 18.2</b>	Provide an efficient and effective paratransit service for elderly and handicapped persons unable to use conventional transit service.	This is the responsibility of MTS, the public transit service provider. See Exhibit 1, Aerial Context Exhibit for planned locations of MTS local bus and BRT stops.
<b>LUT 18.3</b>	Provide and enhance all feasible alternatives to the automobile, such as bicycling and walking, and encourage public transit ridership on existing and future transit routes.	<p>The project is located to take advantage of transit, walking and cycling to reduce vehicular trips. The internal public streets are designed to provide an enhanced pedestrian experience along the entry, promenade and residential streets where landscape parkways separate the pedestrian from the parking/travel lanes. In addition, the project provides direct connections to the Chula Vista Regional Trail and bike lanes along Heritage Road and Main Street.</p> <p>The MTS local bus stop is planned adjacent to the village core on Heritage Road and local bus and BRT stops are planned at the intersection of Heritage Road and Main Street (Refer to Exhibit 1, Aerial Context Exhibit).</p>



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<b>LUT 18.4</b>	Use master planning techniques in new development and redevelopment projects to enable effective use of public transit.	<p>The project provides direct connections to the Chula Vista Regional Trail and bike lanes along Heritage Road and Main Street. Fully signalized intersections are located along Main Street and Heritage Road to enable safe pedestrian crossings.</p> <p>Also see response to LUT 18.3 above.</p>
<b>LUT 18.5</b>	Implement TDM strategies, such as carpooling, vanpooling, and flexible work hours that encourage alternatives to driving alone during peak periods.	<p>The University Villages Traffic Impact Analysis prepared in conjunction with the Final EIR included a Transportation Demand Management Program that included the following measures (FEIR, 5.3 Transportation, Circulation, and Access (Pages 5.3-175 to 175).</p> <p>The Project Applicant shall incorporate the following measures as part of the project design and development, consistent with the identified triggers, to the satisfaction of the Development Services Director:</p> <ul style="list-style-type: none"> <li>• Implement pedestrian circulation improvements to improve the internal pedestrian circulation and encourage the usage of public transportation (concurrent with the approval of improvement plans for each village).</li> <li>• Implement bicycle circulation improvements to improve internal bicycle circulation and encourage the use of bicycles (concurrent with the approval of improvement plans for each village).</li> <li>• Participate in car sharing and bike sharing programs through HOA noticing, should such programs become available.</li> <li>• Promote Carpool/Vanpool programs by providing preferential parking for carpools and vanpools (concurrent with the approval of site plans for each village core).</li> <li>• Promote available websites providing transportation options for residents and businesses (concurrent with issuance of certificate of occupancy).</li> <li>• Create and distribute “new resident” information packet addressing alternative modes of transportation (concurrent with issuance of certificate of occupancy).</li> <li>• Promote programs to encourage workplace peak hour trip reduction, including staggered work hours, regional ride-matching services, and telecommuting (concurrent with issuance of certificate of occupancy).</li> <li>• Orient buildings to the main street or activity area, such that they are not separated from the street by back parking areas or fences, thereby encouraging pedestrian traffic (concurrent with approval of site plans for each village core).</li> <li>• Where transit is available on-site, participate in providing the necessary transit facilities, such as bus pads, shelters, signs, lighting and trash receptacles</li> </ul>

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		<p>(concurrent with the approval of improvement plans for each village).</p> <ul style="list-style-type: none"> <li>Coordinate with MTS as to the future siting of transit stops/stations within the project site (concurrent with the approval of approval plans and/or site plans for each village).</li> </ul> <p>TDM measures described in bullets 1, 2, 8, 9 and 10 were implemented as part of the Village 3 design and development across the entire Village 3 site. TDM measure (bullet 3) may be implemented if a car or bike share program becomes available in the future. TDM measures described in bullets 4 and 7 to be implemented within the Escaya Business Park and measures described in bullets 5 and 6 are implemented through the Master HOA Community Management firm through email blasts and the Escaya resident Ap. When transit service is available, all residents will be notified through the HOA communication tools.</p>
<b>LUT 18.6</b>	Encourage employer-based TDM strategies, such as: employee transportation allowances; preferential parking for rideshare vehicles; workplace-based carpool programs; and shuttle services.	See response to LUT 18.5 above.
<b>LUT 18.7</b>	Support the location of private “telework” centers.	See response to LUT 18.5 above.
<b>LUT 18.8</b>	Encourage establishment of park-and-ride facilities near or at transit stations, as appropriate to the area's character and surrounding land uses.	See response to LUT 18.5 above
<b>Objective LUT 20 - Make transit-friendly roads a top consideration in land use and development design.</b>		
<b>LUT 20.1</b>	Incorporate transit-friendly and pedestrian-friendly elements into roadway design standards, such as signal priority for transit and adequate sidewalk widths for pedestrians.	MTS has planned local bus and BRT routes planned within Heritage Road and Main Street. The roadways are designed consistent with City of Chula Vista standards and can accommodate local transit service. In addition, the project includes a network of internal sidewalks, pathways and a pedestrian paseo that connects to the Chula Vista Regional Trail and bike lanes located adjacent to Heritage Road and Main Street.
<b>Objective LUT 23 - Promote the use of non-polluting and renewable alternatives for mobility through a system of bicycle and pedestrian paths and trails that are safe, attractive and convenient forms of transportation.</b>		
<b>LUT 23.1</b>	Encourage the use of bicycles and walking as alternatives to driving	The project provides a pedestrian network that provides multiple connections to Chula Vista Regional Trail and bike lanes along Heritage Road and Main Street. In addition, industrial and commercial land uses are required to provide bicycle facilities consistent with CalGreen standards. See response to LUT-18.3 above.
<b>LUT 23.2</b>	Foster the development of a system of inter-connecting bicycle routes throughout the City and region.	The project provides a system of pedestrian walkways and paseos connecting to the Chula Vista Regional Trail and bike lanes along Heritage Road and Main Street, which connects to the City’s network of bike lanes.
<b>LUT 23.3</b>	Preserve, restore, or provide the opportunity for a cyclist to ride a bicycle to virtually any	See reponse to LUT 23.2 above

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	chosen destination, in order to make the bicycle a viable transportation alternative.	
<b>LUT 23.4</b>	Link major residential areas with principal trip destinations, such as schools; parks; community centers; and shopping centers.	<p>Village 3 incorporates an internal network of streets, walkways, pathways, a paseo and trails which provide multiple routes to the Village 3 core area where residential can access the elementary school, public park, private recreation center as well as the commercial/retail center and CPF use. In addition, the internal network connects to the Chula Vista Regional Trail along Heritage Road and Main Street, providing linkages to other residential and public uses surrounding the project.</p> <p>See Figure 1, Aerial Context for details regarding pedestrian/bicycle routes connecting the residential neighborhoods south of Main Street to the village core (elementary school, neighborhood park, community recreation area, mixed use retail/commercial uses).</p>
<b>LUT 23.5</b>	Provide linkages between bicycle facilities that utilize circulation element alignments and open space corridors.	The project connects to the Class 2 bike lanes along Heritage Road and Main Street. The project also includes portions of the Chula Vista Greenbelt Trail located in the Otay River Valley. Linkages from Village 3 to the Greenbelt Trail are also planned.
<b>LUT 23.6</b>	In addition to using open space corridors, off-street bicycle trails should use flood control and utility easements. The trails shall be designed to minimize interaction with automobile cross traffic.	The Project does not include any of the features described in LUT 23.6. However, the Project provides access to the bike lanes along Heritage Road and Main Street that are designated “Cycle Track (Class IV)” in the City’s Active Transportation Plan. This Plan includes both on- and off-street trails.
<b>LUT 23.7</b>	Provide bicycle support facilities at all major bicycle usage locations.	The Project does not include a “major bicycle usage location;” however, the Project will include bicycle storage at the business park and commercial/retail uses. All homes within the Project will include 2-car garages which could also be utilized by homeowners for bicycle storage.
<b>LUT 23.10</b>	Promote the system of trails envisioned within the Chula Vista Greenbelt.	The project portions of the Chula Vista Greenbelt Trail system located within the Otay River Valley.
<b>LUT 23.11</b>	Implement recommendations of the City’s Bikeway Master Plan and Greenbelt Master Plan.	See response to LUT 23.6 above regarding the City’s Active Transportation Plan. The Project connections to the existing Chula Vista Regional Trail, as recommended by the City’s Greenbelt Master Plan and includes portions of the Chula Vista Greenbelt Trail within the Otay River Valley. These facilities link the Project to the City-wide system of trails and bike facilities.
<b>LUT 23.12</b>	Provide opportunities for use of personal mobility devices.	The walkways and paseo planned within the Project are adequately sized to accommodate personal mobility devices.
<b>LUT 23.13</b>	New overpasses and interchanges should be designed to accommodate bicycles and pedestrians.	No new overpasses, interchanges or pedestrian bridges are planned for the project. However, the Project will contribute its fair share through the payment of the Eastern TDIF to fund transportation facilities included in the TDIF program, which may include both pedestrian and bicycle facilities.
<b>LUT 23.14</b>	Require new development projects to provide internal bikeway systems with connections to the citywide bicycle networks.	Bicycles share the travel lanes with automobiles on the internal streets (Class 3 Bike Routes), which have very low traffic volumes. Class 2 Bike Lanes are provided along

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		Heritage Road and Main Street, which are included in the City's Planned Bicycle Network as depicted in the Chula Vista Active Transportation Plan.
<b>Objective LUT 61 - Create balanced communities that can provide a high quality of life for residents.</b>		
<b>LUT 61.1</b>	Adhere to the regulations established in existing GDPs and SPAs.	<p>The project includes a proposal to amend both the Otay Ranch GDP and the Village 3 North and a Portion of Village 3 SPA Plan to address the proposed land use changes for three parcels. Therefore, the project is not currently consistent with the regulations established in the existing GDPs and SPAs. Upon project approval by the City Council, the project would adhere to the amended GDP and SPA and meet the intent of LUT 61.1.</p> <p>The Applicant entered into amended Development Agreements which provide the City with an opportunity to facilitate economic growth by the Applicant providing \$4.0M to be utilized by the City to support the development of UID Qualified Uses. This funding provides a catalyst for development that could generate high-quality jobs in locations currently suitable for construction.</p>
<b>LUT 61.2</b>	Future SPAs shall focus on creating a vibrant sense of community, a vigorous economy, and a healthy environment.	<p>Village 3 is designed (and constructed) to create a vibrant sense of community and healthy environment. The community includes a village core comprised of multi-family residential homes, a mixed use project with 20,000 square feet of neighborhood-serving commercial/retail uses, a 10,000 square foot CPF building, a private recreation facility, a neighborhood park and elementary school. The private recreation facility and community activities are focused on wellness and healthy lifestyles. Village 3 includes an integrated system of trails and pathways that will connect to the City's trail network and the community is located adjacent to hundreds of acres of preserved open space.</p> <p>The Village 3 Fiscal Impact Analysis prepared for the Project (Village 3 Amendment – Fiscal Impact Analysis, DPFG, October 5, 2020 – See Attachment A) demonstrates that the Project complies with LUT 1.6 and CVMC Section 19.09.040.H.3 in that it produces net positive revenue to the City of Chula Vista over the 20-year timeframe. The fiscal update model assumed full build out of all 1,638 residential and commercial and industrial land uses, requirements of CVMC 19.09.040 and estimate that the Proposed Project will generate a net annual fiscal surplus in years 1 – 20 ranging from \$602,744 to \$1,208,682 per year and a cumulative net fiscal surplus over the first 20 years of approximately \$17,427,955.</p> <p>This fiscal surplus supports ongoing funding for municipal services, ensuring a safe and healthy community. The additional residents generated from the Project will support local business and invigorate the local economy.</p> <p>Also see Response to LUT 1.1 above.</p>

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<b>LUT 61.3</b>	Require all future community identification signs and monuments to recognize communities as part of the City of Chula Vista.	All signs and monuments within the project must comply with the approved Village 3 Planned Sign Program.
<b>Objective LUT 62 - Require development to consider and plan for careful use of natural and man-made resources and services, and maximize opportunities for conservation while minimizing waste.</b>		
<b>LUT 62.1</b>	Require developments within the East Planning Area to provide resource management plans for water; air quality; recycling; solid waste management; and energy.	The Project includes approximately 187 acres designated MSCP Open Space Preserve in the City's MSCP Plan. The Village 3 development area is consistent with the Chula Vista General Plan, Otay Ranch General Development and Resource Management Plan. The project is required to comply with the requirements included in the air quality improvement plan, water conservation plan and energy conservation plan prepared for the project. In addition, the project will comply with all City of Chula Vista conservation recycling and waste management requirements.
<b>Objective LUT 63 - Provide efficient multi-modal access and connections to and between activity centers.</b>		
<b>LUT 63.1</b>	Provide roads, transit service, bike routes, and pedestrian pathways that connect activity centers to their surrounding neighborhoods, adjacent villages, and each other, such that access is safe and convenient for residents and visitors.	The project is consistent with the Chula Vista General Plan and Otay Ranch GDP policies, as it provides connections to existing roads, bike lanes and trails. See Exhibit 1, Aerial Context Exhibit for the distance to surrounding public parks, public schools, retail centers, bus stops and adjacent neighborhoods.
<b>Objective LUT 69 - Create and maintain unique, stable, and well-designed communities that are master planned to guide development activities</b>		
<b>LUT 69.1</b>	The policies and regulations within GDP and SPA Plans that are specific to each community shall continue to guide the completion of development activities	Village 3 Planned Community Regulations and design guidelines will guide development quality and character.
<b>Objective LUT 73 - Promote alternative modes of transportation, which are intended to encourage a healthy lifestyle and reduce reliance on the automobile, and support the viability of transit through land use distribution and design.</b>		
<b>LUT 73.1</b>	Provide for walking and biking on streets designed to link neighborhoods, activity centers, and community destinations.	<p>The project provides an internal network of pedestrian walkways and paseos and also connects to the existing Chula Vista Regional Trail and bike lanes along Heritage Road and Main Street.</p> <p>See Exhibit 1, Aerial Context Exhibit for the relationships between the Project and surrounding neighborhoods, activity centers and destinations.</p>
<b>Objective LUT 74 - Accommodate land uses that diversify the economic base within Otay Ranch and the surrounding south San Diego County region.</b>		
<b>LUT 74.1</b>	Provide sufficient land and infrastructure to accommodate commercial and industrial uses.	<p>The Market Analysis estimated that the City would need approximately 118 to 239 acres of industrially zoned land to meet the calculated demand for 1.9 million to 3.8 million square feet of industrial space in Chula Vista by 2050. The Market Analysis concluded that, if the proposed project is approved, between 190 and 311 net acres of land zoned for industrial use are likely to remain within Chula Vista.</p> <p>The Market Analysis estimated that there is a demand for 1.4M to 2.3M square feet of new office space in Chula Vista by 2050, requiring 94 to 145 acres of land. Chula Vista currently has enough land to accommodate the projected</p>

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		<p>office demand with a surplus of 381 to 653 acres of vacant of office-accommodating land remaining after 2050, using a conservative assumption of the future office development density.</p> <p>The University Innovation District/Regional Technology Park SPA Plan provides for development of approximately 10.1M square feet of university and regional technologies uses, while the Eastern Urban Center SPA Plan provides for development of approximately 3.8M sf of commercial/mixed use development on 75.9 acres.</p> <p>The City is interested in facilitating the creation of high-quality jobs and economic growth within the City by providing opportunities that target and attract industries and businesses that contribute to diversification and stabilization of the local economy. Facilitating such economic growth by encouraging the development of spaces that can be used by high technology and manufacturing businesses within the SR-125 corridor or academic, institutional, and innovation-related businesses within the University Innovation District is a potential solution. The construction of such spaces would provide a catalyst for development that could generate high-quality jobs in locations currently suitable for construction.</p> <p>The Applicant entered into amended Development Agreements with the City which provides an opportunity to facilitate economic growth by providing \$4M to be used by the City to develop academic, institutional, and innovation-related businesses within the University Innovation District.</p> <p>Also see Response to LUT 1.1 above.</p>
<b>LUT 74.2</b>	Promote additional business and higher paid employment opportunities for residents of Chula Vista.	<p>The Applicant entered into amended Development Agreements with the City which provides an opportunity to facilitate economic growth by providing \$4M to be used by the City to develop academic, institutional, and innovation-related businesses within the University Innovation District. The public benefits derived from implementation of the Development Agreements will advance the interests and meet the needs of Chula Vista's residents and visitors to a significantly greater extent than the vacant land under the current entitlements and absent the Development Agreements.</p> <p>The City will promote the creation of additional and higher paid employment opportunities for residents of Chula Vista consistent with General Plan Policy LUT 74.2</p>
<b>Objective LUT 79 - Establish appropriate land uses adjacent to the Otay Landfill and Wolf Canyon that reflect the unique land use and landform characteristics of these areas.</b>		
<b>LUT 79.5</b>	Limit land uses adjacent to Otay Landfill to open space and limited industrial uses or business parks.	The project includes a proposal to rezone a site currently designated "Professional & Office" located proximate to the Otay Landfill. The Applicant's consultant, Dudek, prepared the "Health Risk Assessment Report for the Otay

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	<p>Ranch Village 3 North Project, City of Chula Vista, October 2020” (HRA). The purpose of HRA was to determine the potential cancer risk and non-cancer health impacts to future sensitive residential receptors within the project due to toxic air contaminant emissions generated by operation of the Otay Landfill (Landfill). Air dispersion modeling and health risk calculations were conducted using the American Meteorological Society/Environmental Protection Agency Regulatory Model (AERMOD) Version 19191 and the Hotspots Analysis and Reporting Program Version 2 (HARP2). The HRA was performed to estimate the Maximum Individual Cancer Risk, the Chronic Hazard Index and the Acute Hazard Index for the residential receptors as a result of emissions impacts from Otay Landfill operations.</p> <p>The Landfill-generated TAC emissions are estimated to result in a potential risk at the maximally exposed residential receptor of 7.19 in 1 million (below the CEQA threshold of 10 in 1 million), potential chronic health risk of 0.097, and potential acute health risk of 0.055. Furthermore, following closure of the Landfill in 2030, the cancer risk impact, chronic health risk and acute health risk from Landfill fugitive and flare emissions would be reduced to 4.00 in 1 million.</p> <p>The HRA concluded that “potential health risk at future residential receptors from the Landfill would result in potential cancer health risk less than the applicable San Diego Air Pollution Control District (SDAPCD) threshold. Chronic health risk and acute health risk from the Landfill would not exceed the applicable SDAPCD thresholds. Further, following closure of the Otay Landfill in 2030, the cancer risk impact for the Landfill would be reduced to 6.61 in 1 million and the chronic health risk and acute health risk would also be further reduced.”</p> <p>In addition, on April 26, 2020, the Otay Landfill submitted an application (proposed Otay Landfill Compostable Materials Handling Facility, Permit #37-AA-0984) for the addition of up to 200 tons per day of agricultural and food waste at the organics composting operation within the existing footprint of the Otay Landfill, which represents a 2.5% increase in volume allowed to be processed onsite. Based upon the applicant’s environmental analysis (CEQA Addendum #2, dated September 12, 2019, PDS2019-MUP-76-046W2M3; ER76-18-026B; and CEQA document, dated October 29, 2020 SCH#96091009-6) there is a decrease in TAC emissions, specifically ammonia emissions, and no change in vehicular emissions; therefore, the proposed composting operation would most likely reduce health risk impacts as compared to the existing operation. Furthermore, the composting technology would</p>

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		<p>implement a Covered Aeriated Static Pile composting system with a GORE™ Cover. The composting technology would reduce volatile organic compound and ammonia emissions by 80% or more and divert methane-forming organics away from landfill disposal. In addition, the composting operation would divert up to 100 tons per day of oxidation of organic matter away from landfill disposal, resulting in lower TAC emissions and odors generated onsite as compared to the existing operation.</p> <p>Also see Response to LUT 1.1 above</p>
<b>Objective LUT 92 - Establish a high-quality business park that is oriented to accommodates high technology businesses conducting research and light industrial/manufacturing activities that provide job opportunities for residents of Otay Ranch, Chula Vista, and the greater south San Diego County region.</b>		
<b>LUT 92.1</b>	Promote research and development uses associated with light manufacturing businesses by adopting GDP and SPA level policies and Planned Community District regulations that provide regulations and standards that encourage the locating of high technology uses and industries.	See Responses to LUT 1.1 and LUT-74.1 above.
<b>LUT 92.3</b>	Allow ancillary professional office and limited service businesses as secondary uses where such uses are necessary to support the primary research and development and light manufacturing uses. These secondary uses should not compete with the EUC and adjoining areas that are intended as the preferred location for these support uses.	See Responses to LUT 1.1 and LUT-74.1 above.
<b>Objective LUT 93 - Provide opportunities to develop new research institutions, industries, and businesses that capitalize upon the intellectual capital and research activities of the university.</b>		
<b>LUT 93.1</b>	Proactively attract the development of incubator industries and research institutions that may be induced by the presence of a university campus.	See Responses to LUT 1.1 and LUT-74 above.
<b>ECONOMIC DEVELOPMENT</b>		
<b>Objective ED 1 - Provide a diverse economic base for the City of Chula Vista.</b>		
<b>ED 1.2</b>	Provide sufficient tracts of land at a variety of sizes available for industrial and commercial uses in order to provide a stable economic base.	<p>The Market Analysis estimated that the City would need approximately 118 to 239 acres of industrially zoned land to meet the calculated demand for 1.9 million to 3.8 million square feet of industrial space in Chula Vista by 2050. The Market Analysis concluded that, if the proposed project is approved, between 190 and 311 net acres of land zoned for industrial use are likely to remain within Chula Vista.</p> <p>The Market Analysis estimated that there is a demand for 1.4M to 2.3M square feet of new office space in Chula Vista by 2050, requiring 94 to 145 acres of land. Chula Vista currently has enough land to accommodate the projected office demand with a surplus of 381 to 653 acres of vacant of office-accommodating land remaining after 2050, using</p>



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		<p>a conservative assumption of the future office development density.</p> <p>The University Innovation District/Regional Technology Park SPA Plan provides for development of approximately 10.1M square feet of university and regional technologies uses, while the Eastern Urban Center SPA Plan provides for development of approximately 3.8M sf of commercial/mixed use development on 75.9 acres.</p> <p>The City is interested in facilitating the creation of high-quality jobs and economic growth within the City by providing opportunities that target and attract industries and businesses that contribute to diversification and stabilization of the local economy. Facilitating such economic growth by encouraging the development of spaces that can be used by high technology and manufacturing businesses within the SR-125 corridor or academic, institutional, and innovation-related businesses within the University Innovation District is a potential solution. The construction of such spaces would provide a catalyst for development that could generate high-quality jobs in locations currently suitable for construction.</p> <p>The Applicant entered into amended Development Agreements with the City which provides an opportunity to facilitate economic growth by providing \$4M to be used by the City to develop academic, institutional, and innovation-related businesses within the University Innovation District.</p> <p>Also see Response to LUT 1.1 above.</p>
<b>ED 1.3</b>	Encourage the preservation and expansion of existing industrial uses in areas designated as industrial.	See Responses to LUT 1.1 and ED 1.2 above.
<b>ED 1.4</b>	Increase the supply of land for non-retail employment through the designation of land to accommodate a regional technology park; a future business park; industrial or business park space; and development of a university campus.	See Response to LUT 1.1 and ED 1.2 above.
<b>ED 1.5</b>	Consider fiscal impact implications of General Plan amendments that propose changes to industrial and commercial lands.	A fiscal impact analysis prepared for the project demonstrates that the project results in net positive revenue to the City's General Fund. See Responses to LUT 1.1 and ED 1.2 above.
<b>Objective ED 2 - Maintain a variety of job and housing opportunities to improve Chula Vista's jobs/housing balance.</b>		
<b>ED 2.2</b>	Facilitate increased employment densities near transit stations and routes.	Employment generating land uses are provided within the Village 3 Business Park, which provides 29.3 acres designated for Research and Limited Industrial uses. MTS has a planned local bus stop adjacent to the business park and an additional local bus stop and BRT stop at the intersection of Heritage Road and Main Street. Also see Response to LUT 1.1 above.

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<b>ED 2.3</b>	Pursue a diverse supply of housing types and costs, as well as a diverse supply of jobs with varying income potential, to balance local job and housing opportunities	<p>The project provides for-sale and rental multi-family housing in a range of bedroom typologies for singles, couples and families. The <i>Balanced Communities Affordable Housing Agreement (Otay Ranch Village 3)</i> (Doc # 2016-0700046) was recorded against the entire Village 3 North area on December 21, 2016. This agreement anticipated the construction of 1,265 of the 1,597 units authorized in the 2016 Village 3 North SPA Plan and calculated the affordable housing obligation as 64 low income units and 63 moderate income units. Per the Agreement, 30 moderate income units were provided within the Village 3 Mixed-Use site, with the balance (64 low income units and 33 moderate income units) transferred to Village 8 pursuant to the <i>Affordable Housing Transfer Agreement</i> (Doc # 2016-0700047).</p> <p>As discussed above, the total authorized units within Village 3 would increase to 1,638 units and a portion of the affordable housing obligation has been satisfied within Village 3 and Village 8 West. The remaining obligation is calculated based on the incremental increase in authorized units per the recorded agreements (<math>1,638 - 1,265 = 373</math> units). The remaining Village 3 affordable housing obligation would be up to 19 low income units and 19 moderate income units. The Applicant shall be required to enter to an amended <i>Balanced Communities Affordable Housing Agreement (Otay Ranch Village 3)</i> to address this remaining Village 3 affordable housing obligation prior to issuance of a final map for Parcels R-6, R-19 or R-20, whichever map comes first.</p>
<b>Objective ED 4 - Become a center for applied technology innovation</b>		
<b>ED 4.1</b>	Publicize the economic and social benefits of industry, emphasizing the health of the Chula Vista economy, the “high-tech” dimensions of industry, and the community value of well-paying, high-benefit industrial employment.	The responsibility to meet the intent of ED 4.1 lies with the City of Chula Vista. However, the Applicant entered into amended Development Agreements with the City of Chula Vista which includes the payment of \$4M to be utilized by the City of Chula Vista to meet the intent of ED 4.1. Also, see Responses to LUT 1.1 and ED 2.1 above.
<b>ED 4.2</b>	Maintain land sufficient for the long-term location of an approximately 85-acre Regional Technology Park in eastern Chula Vista.	<p>The project does not impact the City’s ability to maintain the land designated in the University Innovation District/Regional Technology Park (UID/RTP) SPA Plan. Through provisions of the Development Agreements, the Applicant enhances the feasibility of constructing office uses within the UID/RTP.</p> <p>Also see Response to LUT 1.1 above.</p>
<b>ED 4.4</b>	Continue to recruit and promote the establishment of a university campus, as well as research and development facilities that promote technology.	As the owner of the site identified for a future University, the City may continue to recruit and promote the establishment of a university campus and regional technology park. The payment of \$4M for to the City enhances the City’s efforts. See response to ED 2.1 above.
<b>Objective ED 7 - Develop a strong land use and transportation link between the downtown urban core, bayfront, southwestern, and eastern areas of the City to support economic development throughout.</b>		

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<b>ED 7.4</b>	Develop activities in eastern Chula Vista that will attract residents citywide.	Through the payment of PAD fees, construction of the neighborhood park in Village 3 and dedication of parkland within the community park, the project creates active public areas and improvements that will attract citywide residents.
<b>ENVIRONMENTAL</b>		
<b>Objective E 1 - Conserve Chula Vista's sensitive biological resources.</b>		
<b>E 1.1</b>	Implement the Chula Vista MSCP Subarea Plan.	The Village 3 SPA Plan designates 187 acres of MSCP open space within the project site which will be conveyed to the Otay Ranch Preserve Owner/Manager for permanent preservation and management, consistent with the Chula Vista MSCP Subarea Plan.
<b>Objective E2 - Protect and improve water quality within surface water bodies and groundwater resources within and downstream of Chula Vista.</b>		
<b>E 2.4</b>	Ensure compliance with current federal and state water quality regulations, including the implementation of applicable NPDES requirements and the City's Pollution Prevention Policy.	Water quality studies prepared for the project comply with the respective City, federal and state regulations.
<b>E 2.5</b>	Encourage and facilitate construction and land development techniques that minimize water quality impacts from urban development.	The project is designed with water quality/hydro-modification basins that mitigation impacts to water quality to be less than significant.
<b>Objective E 3 - Minimize the impacts of growth and development on water supply resources through the efficient use and conservation of water by residents, businesses, and City government.</b>		
<b>E 3.2</b>	Promote the use of low water demand landscaping and drought tolerant plant materials in both existing and new development.	The project utilizes water conserving fixtures and low water/drought tolerant landscaping.
<b>E 3.3</b>	Where safe and feasible, promote and facilitate the continued use of recycled water in new developments, and explore opportunities for the use of recycled water in redevelopment projects.	The Overview of Water Service prepared for the Project analyzed the facilities required and the demand for recycled water needed to serve the Project. The report estimated that Village 3 would utilize approximately 162,918 gallon of recycled water per day to irrigate open space, open space slope, park, industrial, CPF and industrial areas. The Project design incorporates the infrastructure to serve the Project with recycled water
<b>Objective E 6 - Improve local air quality by minimizing the production and emission of air pollutants and toxic air contaminants and limit the exposure of people to such pollutants.</b>		
<b>E 6.1</b>	Encourage compact development featuring a mix of uses that locate residential areas within reasonable walking distance to jobs, services, and transit.	The Project is designed to cluster residential land uses within the development area identified in the adopted Otay Ranch GDP, meeting the intent of implementing compact development. The Village 3 Core area includes land uses that provide both jobs and services within walking distance of local residents.
<b>E 6.2</b>	Promote and facilitate transit system improvements in order to increase transit use and reduce dependency on the automobile.	The Project is served by planned local bus stops adjacent to the village core/industrial area along Heritage Road, as well as at the intersection of Main Street and Heritage Road.. The Project includes the TDM measures described in the response to LUT 18.5 above. These TDM measures are designed to increase transit use and reduce dependency on the automobile

GENERAL PLAN ELEMENT OBJECTIVE/POLICY		SPA AMENDMENT CONSISTENCY RESPONSE
<b>E 6.10</b>	The siting of new sensitive receptors within 500 feet of highways resulting from development or redevelopment projects shall require the preparation of a health risk assessment as part of the CEQA review of the project. Attendant health risks identified in the Health Risk Assessment (HRA) shall be feasibly mitigated to the maximum extent practicable, in accordance with CEQA, in order to help ensure that applicable federal and state standards are not exceeded.	The Project is not within 500 feet of a highway; therefore, a health risk assessment is not needed to assess impacts associated with a highway. However, a Health Risk Assessment was prepared for the project based on proximity to the Otay Landfill. See response to LUT 79.5 above.
<b>Objective E 7 - Promote energy conservation through the efficient use of energy and through the development of local, non-fossil fuel-based renewable sources of energy.</b>		
<b>E 7.1</b>	Promote development of regulations and building design standards that maximize energy efficiency through appropriate site and building design and through the use of energy-efficient materials, equipment, and appliances.	The project will comply with the latest Title 24 Energy requirements.
<b>Objective E 8 - Minimize the amount of solid waste generated within the General Plan area that requires landfill disposal.</b>		
<b>E 8.1</b>	Promote efforts to reduce waste, minimize the need for additional landfills, and provide economically and environmentally sound resource recovery, management, and disposal facilities.	The Project will comply with all City of Chula Recycling requirements and recycling will be incorporated into all components of the project. As discussed in the Air Quality/Green House Gas Emission Analysis and associated HRA prepared for the Project, the Otay Landfill is anticipated to close in 2030. Beyond providing for the recycling of waste to reduce waste and minimize the need for additional landfills, the Applicant is not responsible for development of economically, environmental sound resource recovery, management, and disposal facilities. This is a regional issue to be addressed by multi jurisdictions and is beyond the Applicant's control
<b>E 8.3</b>	Implement source reduction strategies, including curbside recycling, use of small collection facilities for recycling, and composting	Recycling will be incorporated into all components of the project.
<b>Objective E 10 - Protect important paleontological resources and support and encourage public education and awareness of such resources.</b>		
<b>E 10.1</b>	Continue to assess and mitigate the potential impacts of private development and public facilities and infrastructure to paleontological resources in accordance with the CEQA.	A Cultural/Paleontological Technical Memorandum was prepared for the project. The Project must comply with mitigation measures related to paleontological resources in the 2014 FEIR, in accordance with the CEQA.
<b>Objective E 14 - Minimize the risk of injury, loss of life, and property damage associated with geologic hazards.</b>		
<b>E 14.1</b>	To the maximum extent practicable, protect against injury, loss of life, and major property damage through engineering analyses of potential seismic hazards, appropriate engineering design, and the stringent enforcement of all applicable regulations and standards.	Geotechnical Update Reports were prepared for the project. The project will be designed in compliance with the latest subdivision and building codes.
<b>E 14.2</b>	Prohibit the subdivision, grading, or development of lands subject to potential geologic hazards in the absence of adequate evidence demonstrating that such development	Geotechnical Update Reports were prepared by GEOCON, Inc. for the Project and determined that the Project is not located in an area of geological hazards and is suitable for development.

GENERAL PLAN ELEMENT OBJECTIVE/POLICY		SPA AMENDMENT CONSISTENCY RESPONSE
	would not be adversely affected by such hazards and would not adversely affect surrounding properties.	
<b>E 14.3</b>	Require site-specific geotechnical investigations for proposals within areas subject to potential geologic hazards; and ensure implementation of all measures deemed necessary by the City Engineer and/or Building Official to avoid or adequately mitigate such hazards.	Geotechnical Update Reports were prepared by GEOCON, Inc. for the Project and determined that the Project is not located in an area of geological hazards and is suitable for development.
<b>Objective E 15 - Minimize the risk of injury and property damage associated with flood hazards.</b>		
<b>E 15.1</b>	Prohibit proposals to subdivide, grade, or develop lands that are subject to potential flood hazards, unless adequate evidence is provided that demonstrates that such proposals would not be adversely affected by potential flood hazards and that such proposals would not adversely affect surrounding properties. Require site-specific hydrological investigations for proposals within areas subject to potential flood hazards; and implement all measures deemed necessary by the City Engineer to avoid or adequately mitigate potential flood hazards.	The Drainage Study for Otay Ranch Village 3, Neighborhoods R-6 and R-20 was prepared by Hunsaker & Associates. The study analyzed the pre- and post-development flows and demonstrates that runoff generated by the Project will not exceed pre-project peak flow rates, and runoff velocities will be dissipated by rock rip rap at storm drain outfalls. The Project has been designed to honor pre-project watershed basins and outfall locations. Considering the limitations which result from Subdivision layout and design, minor exchanges in watershed areas occur but are minimized to the maximum extent practicable. Since the project site is located outside any FEMA floodplain zones, there is no requirement for a Letter of Map Revision. The Study shows there is no adverse impact from the proposed development after the attenuation because there is reduction in flows.
<b>Objective E19 - Maintain the ability to establish hazardous waste storage, collection, treatment, disposal, and transfer facilities to serve the needs of Chula Vista industry and businesses within appropriate locations of the City, while ensuring adequate protection of the community.</b>		
<b>E19.1</b>	<ul style="list-style-type: none"> <li>• A Health Risk Assessment as described in the Chula Vista Zoning Code</li> <li>• All facilities shall be a minimum 1,000 feet from any residential zone; residence; school; hospital; hotel; motel; or other similar land use.</li> </ul>	See response to LUT 79.5 above.
<b>Objective E 21 - Protect people from excessive noise through careful land use planning and the incorporation of appropriate mitigation techniques.</b>		
<b>E 21.1</b>	Apply the exterior land use-noise compatibility guidelines listed in Table 9-2 of this Environmental Element to new development, where applicable, and in light of project-specific considerations.	The Otay Ranch Village Three – Noise Update analysis was prepared by Dudek. The Project will implement the 2014 FEIR mitigation measures to ensure compliance with E 21.1.
<b>E 21.2</b>	Where applicable, the assessment and mitigation of interior noise levels shall adhere to the applicable requirements of the California Building Code with local amendments and other applicable established City standards.	The Project will comply with the requirements of the building code to reduce interior noise levels to 45db or lower.
<b>E 21.3</b>	Promote the use of available technologies in building construction to improve noise attenuation capacities.	The Project will comply with the requirements of the building code to reduce interior noise levels to 45db or lower.
<b>Objective E 22 - Protect the community from the effects of transportation noise.</b>		

GENERAL PLAN ELEMENT OBJECTIVE/POLICY		SPA AMENDMENT CONSISTENCY RESPONSE
<b>E 22.3</b>	Employ traffic calming measures, where appropriate, such as narrow roadways and on-street parking, in commercial and mixed use districts.	Village 3 includes traffic calming measures such as narrowed roadways, on-street parking in the mixed use parking and throughout the village core, in compliance with E 22.3.
<b>E 22.4</b>	Encourage walking; biking; carpooling; use of public transit; and other alternative modes of transportation to minimize vehicular use and associated traffic noise.	Village 3 includes an internal pedestrian network along the promenade, village entry and residential streets as well as a paseo feature which provides additional connectivity between the single family neighborhoods and the village core. The Village Pathway connects to the Chula Vista Regional Trail located along Heritage Road and Main Street. Local bus stops are planned adjacent to the mixed use village core/industrial park and at the intersection of Heritage Road and Main Street. See LUT 18.5 for TDM measures.
<b>E 22.5</b>	Require projects to construct appropriate mitigation measures in order to attenuate existing and projected traffic noise levels, in accordance with applicable standards, including the exterior land use/noise compatibility guidelines listed in Table 9-2 of this Environmental Element.	The Otay Ranch Village Three – Noise Update analysis was prepared by Dudek. The Project will implement the 2014 FEIR mitigation measures to ensure compliance with E 22.5.
<b>Objective 23 - Provide fair treatment for people of all races, cultures, and income levels with respect to development, adoption, implementation, and enforcement of environmental laws, regulations, and policies.</b>		
<b>E 23.3</b>	Do not site industrial facilities/uses that pose a significant hazard to human health & safety in proximity to schools or residential dwellings	Village 3 includes 29.3 acres of industrial uses. Permitted uses must be consistent with the adopted Village 3 PC District Regulations. The project does not propose siting additional industrial facilities/uses.
<b>E 23.4</b>	Build new schools and residential dwellings with sufficient separation and buffering from industrial facilities and uses that pose a significant hazard to human health and safety.	A Health Risk Assessment was prepared for the project to address the siting of residential dwelling near the Otay Landfill. See LUT 79.5 for a summary of the HRA analysis.
<b>GROWTH MANAGEMENT</b>		
<b>Objective GM 1 - Concurrent public facilities and services.</b>		
<b>GM 1.9</b>	Require that all major development projects prepare a PFFP that articulates infrastructure and public facilities requirements and costs and funding mechanisms.	The Village 3 Supplemental PFFP has been prepared for the project.
<b>Objective GM 2 - Provide adequate and sustainable fiscal base.</b>		
<b>GM 2.1</b>	Achieve and maintain a balance of land uses within the City that assures residential development is complemented by expanded local employment opportunities, retail and commercial services, and recreation and entertainment venues; and that the City-wide mix of land uses provides fiscal balance between those that produce revenues and those that require public expenditures.	A Fiscal Impact Analysis has been prepared which demonstrates a net positive fiscal benefit to the City's General Fund. See response to ED 1.2 that demonstrates compliance with GM 2.1.
<b>GM 2.2</b>	Require a fiscal impact analysis to be conducted for major development projects that documents the project's effects upon the City operating budget over time.	A Fiscal Impact Analysis has been prepared which demonstrates a net positive fiscal benefit to the City's General Fund. See response to ED 1.2 that demonstrates compliance with GM 2.2.
<b>Objective GM 3 - Create and preserve vital neighborhoods.</b>		

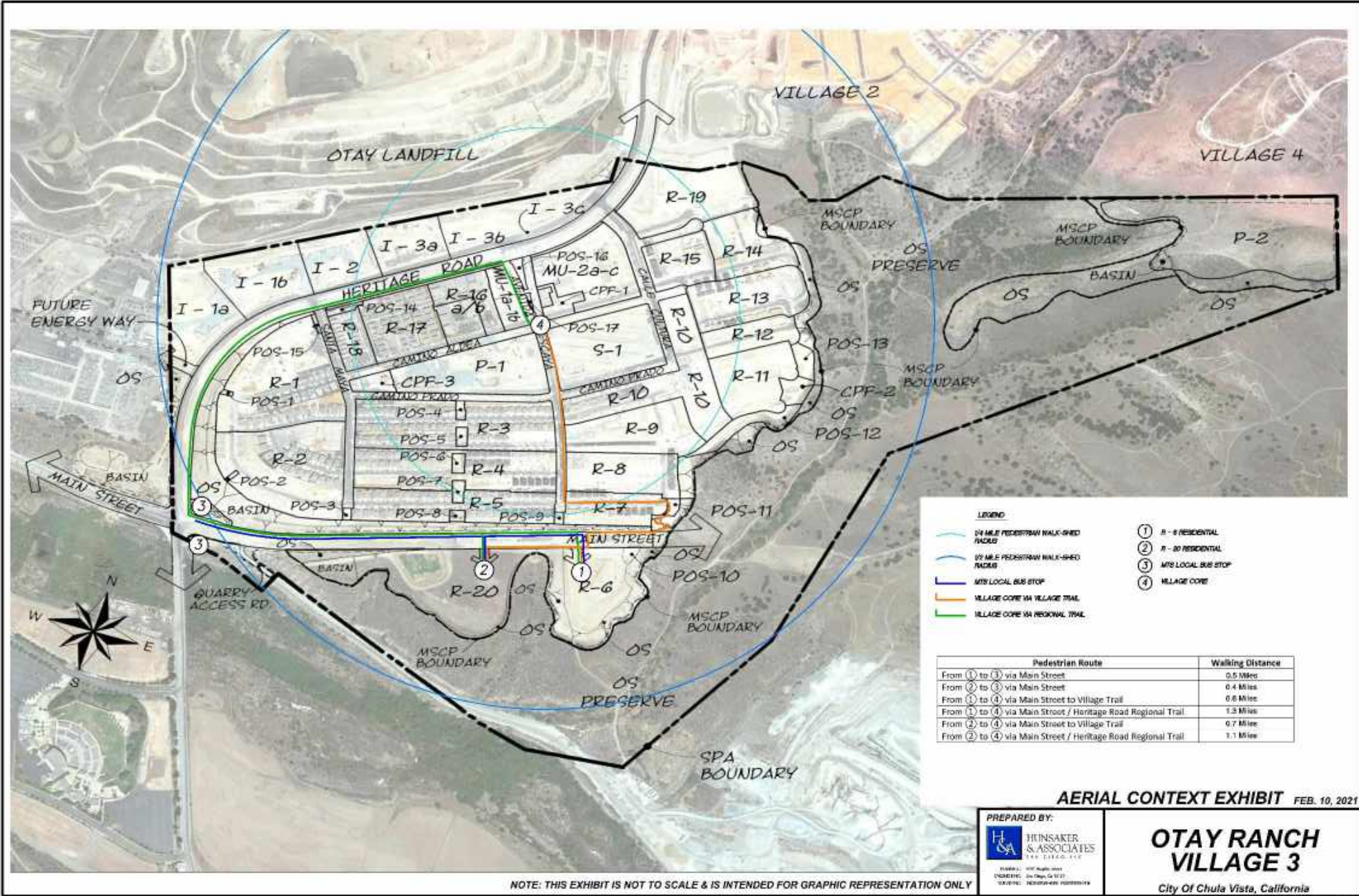
GENERAL PLAN ELEMENT OBJECTIVE/POLICY		SPA AMENDMENT CONSISTENCY RESPONSE
<b>GM 3.3</b>	Assure that all new and infill development within existing urban areas pays its proportional share of the cost for urban infrastructure and public facilities required to maintain the Threshold Standards, as adopted for its area of impact.	The project is subject to the City's Development Impact Fee Program and State requirements to fund educational facilities.
<b>GM 3.8</b>	Encourage the creation of vibrant and varied neighborhoods and a diversity of housing types, including, housing affordable to a range of income groups, consistent with housing element objectives.	The project provides for additional for-sale multi-family and rental apartment homes with Village 3. As currently authorized, Village 3 provides a mix of housing types including market rate and moderate income rental apartments, triplex and townhomes, courtyard homes and traditional single family homes, providing housing opportunities for a range of income groups, consistent with GM 3.8 and the City Housing Element objectives.
<b>HOUSING ELEMENT</b>		
<b>Objective H 2 - Promote efficient use of water and energy through adopted standards and incentive-based policies to conserve limited resources and reduce long-term operational costs of housing.</b>		
<b>H 2.1</b>	Encourage the efficient use and conservation of water by residents.	The Project will be subject to the water conservation requirements of the California Building Code and City of Chula Vista ordinances.
<b>H 2.2</b>	Promote the efficient use of energy.	The Project will be subject to the energy conservation requirements of the California Building Code and City of Chula Vista ordinances.
<b>Objective H 4 - Minimize impacts on housing choice within each of the four geographic planning areas, especially to very low-and low-income residents, that result from conversion or demolition of rental housing units.</b>		
<b>H 4.1</b>	Promote an equitable distribution of housing types (e.g., multi-family rental and owner occupied housing) based upon identified needs within the Northwest, Southwest, and East Planning Areas to provide a range of housing opportunities for all income levels.	See GM 3.8 above.
<b>Objective H 5 - Encourage the provision of a wide range of housing choices by location, type of unit, and price level, in particular the establishment of permanent affordable housing for low-and moderate-income households.</b>		
<b>H 5.1</b>	Balanced Communities-Affordable Housing: Require newly constructed residential developments to provide a portion of their development affordable to low-and moderate-income households.	The project will comply with the City's Balanced Communities Affordable Housing Policy. The Applicant will enter into a amended Balanced Community Affordable Housing Agreement with the City which will address how the Project meets its affordable housing obligation.
<b>H 5.2</b>	Encourage the development of sufficient and suitable new rental housing opportunities within each of the City's four geographic Planning Areas, particularly for very low-and low-income households.	The project will comply with the City's Balanced Communities Affordable Housing Policy. The Applicant will enter into an amended Balanced Community Affordable Housing Agreement with the City which will address how the Project meets its affordable housing obligation.
<b>Objective H 7 - Facilitate the creation, maintenance, preservation and conservation of affordable housing for lower and moderate-income households through comprehensive planning documents and processes, and the provision of financial assistance and other incentives.</b>		
<b>H 7.1</b>	Ensure Chula Vista's plans and policies addressing housing, such as the Zoning Ordinance, Sectional Planning Area Plans, and Specific Plans, encourage a variety of housing product that responds to variations in income level, the changing live/work patterns of	The Project would be part of the Village 3 SPA Plan. Village 3 provides a variety of housing types, both for sale and rental housing in a range of bedroom typologies for singles, couples and families. The Project will comply with the City's Balanced Communities Affordable Housing Policy. The Applicant will enter into an amended Balanced

GENERAL PLAN ELEMENT OBJECTIVE/POLICY		SPA AMENDMENT CONSISTENCY RESPONSE
	residents and the needs of the City's diverse population.	Community Affordable Housing Agreement with the City which will address how the Project meets its affordable housing obligation.
<b>Objective H 8 - Ensure the availability of housing opportunities to persons regardless of race, color, ancestry, national origin, religion, sex, disability, marital status, and familial status, source of income or sexual orientation.</b>		
<b>H 8.1</b>	Ensure equal housing opportunities to prevent housing discrimination in the local housing market.	The Project is committed to equal opportunity in housing.
<b>PUBLIC FACILITIES AND SERVICES</b>		
<b>Objective PFS 1 - Ensure adequate and reliable water, sewer, and drainage service and facilities.</b>		
<b>PFS 1.4</b>	For new development, require on-site detention of storm water flows such that, where practical, existing downstream structures will not be overloaded. Slow runoff and maximize on-site infiltration of runoff.	The Project has prepared hydrology studies and will implement the recommendations of the analysis to protect downstream structures and properties.
<b>Objective PFS 2 - Increase efficiencies in water use, wastewater generation and its re-use, and handling of storm water runoff throughout the City through use of alternative technologies.</b>		
<b>PFS 2.2</b>	As part of project construction and design, assure that drainage facilities in new development incorporate storm water runoff and sediment control, including state-of-the-art technologies, where appropriate.	The Project has prepared hydrology studies and will implement the recommendations of the analysis to control sediment and runoff.
<b>PFS 2.3</b>	In designing water, wastewater, and drainage facilities, limit the disruption of natural landforms and water bodies. Encourage the use of natural channels that simulate natural drainage ways while protecting property.	The Project has prepared hydrology studies and will implement the recommendations of the analysis to control sediment and runoff from the project.
<b>Objective PFS 5 - Maintain sufficient levels of fire protection, emergency medical service and police services to protect public safety and property.</b>		
<b>PFS 5.1</b>	Continue to adequately equip and staff the Fire Department to ensure that established service standards for emergency calls are met.	The Project will contribute its fair share to the City Development Impact Fee Program.
<b>PFS 5.6</b>	Encourage crime watch programs in all neighborhoods.	The Project will coordinate with the Chula Vista Police Department to implement a crime watch program.
<b>PFS 5.7</b>	Prior to approval of any discretionary projects, ensure that construction is phased with provision of police and fire protection services such that services are provided prior to or concurrent with need.	The Project is subject to the City's Growth Management Ordinance to ensure adequate City services are available to serve the development. The Applicant prepared an addendum to the Village 3 North Fire Protection Plan to evaluate fire protection services needed to serve the Project.
<b>Objective PFS 6 - Provide adequate fire and police protection services to newly developing and redeveloping areas of the City.</b>		
<b>PFS 6.1</b>	Continue to require new development and redevelopment projects to demonstrate adequate access for fire and police vehicles.	The Project has been reviewed and complies with the access requirements for police and fire services.
<b>PFS 6.2</b>	Require new development and redevelopment projects to demonstrate adequate water pressure to new buildings.	A water supply study has been reviewed and approved for adequate supply and pressure for the proposed uses.
<b>PFS 6.3</b>	Encourage CPTED techniques in new development and redevelopment projects.	The Project includes physical design to for adequate lighting, signage, and defensible space.
<b>Objective PFS 15 - Provide new park and recreation facilities for residents of new development, City-wide.</b>		



GENERAL PLAN ELEMENT OBJECTIVE/POLICY		SPA AMENDMENT CONSISTENCY RESPONSE
<b>PFS 15.1</b>	Continue to pursue a City-wide standard for the provision of developed parkland for new development projects of three acres per estimated one thousand new residents.	The project-related park requirements are met through construction and dedication of the Village 3 neighborhood park and dedication of a portion of the Otay Ranch Community Park, in compliance with PFS 15.1.
<b>Objective PFS 19 - Provide art and culture programs, childcare facilities and health and human services that enhance the quality of life in Chula Vista.</b>		
<b>PFS 19.10</b>	Continue to require community purpose facility acreage, in accordance with the Municipal Code, for the provision of childcare and other social service facilities.	The Village 3 SPA Plan designates 2.7 acres of CPF land, and the Applicant also provided a 10,000 square foot building in the Mixed Use area for a CPF user, consistent with the CPF Agreement between the Applicant and the City. The project proposes transferring 41 units from Village 9 to Village 3. The associated CPF obligation would be satisfied within Village 9, consistent with the Land Offer Agreement approved by the Chula Vista City Council.
<b>Objective PFS 20 - Develop a cultural arts center in Chula Vista.</b>		
<b>PFS 20.3</b>	Encourage the installation of art pieces in publicly owned spaces and require developers to pay fees or provide art pieces that serve to enhance an individual project and contribute to the appearance and vitality of the development.	The City does not have a current fee to support the installation of public art; however, there are public and private spaces that could provide opportunities for the installation and/or display of art within Village 3.





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ATTACHMENT B

OTAY RANCH VILLAGE 3 AND A PORTION OF VILLAGE 4  
SPA PLAN AMENDMENT

FISCAL IMPACT ANALYSIS

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## Village 3 Summary of Adjustment to CV Fiscal Impact Model – Proposed Project<sup>2</sup>

Year	1	2	3	4	5	6	7	8	9	10
Cumulative Residential AV - Inflated per CV Model	\$996,514,081	\$910,532,540	\$856,138,094	\$877,203,764	\$984,705,979	\$1,014,661,299	\$1,034,854,527	\$1,055,653,615	\$1,076,706,688	\$1,099,302,621
Revised Inflation Assuming 8 year Turnover (a)	606,514,081	612,475,019	619,950,981	679,150,609	998,733,600	1,018,707,666	1,039,081,814	1,176,963,744	1,234,637,217	1,264,872,127
Difference in Assessed Value	\$0	\$2,941,473	\$3,812,977	\$1,809,216	\$3,967,021	\$4,046,362	\$4,127,289	\$121,310,129	\$157,870,529	\$165,770,105
Total Residential Property Tax Increase Due to City	[1]	\$0	\$3,708	\$4,804	\$4,900	\$4,998	\$5,098	\$5,200	\$152,851	\$198,517
Total Residential Projected Net Revenue Before Turnover Adj.	[2]	\$602,744	\$659,517	\$664,079	\$614,487	\$582,696	\$539,906	\$514,073	\$479,427	\$497,526
Total Residential Projected Net Revenue After Turnover Adj.	= [1] + [2]	\$602,744	\$663,244	\$668,884	\$619,398	\$587,695	\$555,004	\$519,273	\$632,278	\$696,445
Commercial Projected Net Revenue		\$0	\$23,720	\$59,387	\$64,847	\$80,297	\$81,483	\$119,863	\$136,320	\$132,830
Total Project Projected Net Revenue		\$602,744	\$686,965	\$728,271	\$684,245	\$667,991	\$636,487	\$639,136	\$768,606	\$829,275
Cumulative Adjusted Net Revenue		\$602,744	\$1,289,709	\$1,997,980	\$2,682,234	\$3,350,206	\$3,986,693	\$4,625,829	\$5,388,435	\$6,217,708

Estimates:

(a) Assumes 8 year turnover with 2.00% annual escalation and 3.50% escalation when re-assessed.

### Village 3

#### Summary of Adjustment to CV Fiscal Impact Analysis Model

Total Project Net Revenue (Residential Turnover based on DFFG

Turnover Model - Assumes 3.5% Escalation in new House Pricing)

January 12, 2021

Year	11	12	13	14	15	16	17	18	19	20
Cumulative Residential AV - Inflated per CV Model	\$1,120,269,062	\$1,141,673,423	\$1,168,526,892	\$1,188,837,429	\$1,212,614,178	\$1,236,846,462	\$1,261,603,791	\$1,286,835,867	\$1,312,572,594	\$1,338,824,036
Revised Inflation Assuming 8 year Turnover (a)	1,289,351,509	1,313,140,641	1,341,443,813	1,368,272,321	1,393,637,769	1,556,678,310	1,636,018,015	1,664,541,600	1,697,832,432	1,731,799,080
Difference in Assessed Value	\$169,085,507	\$172,467,217	\$175,916,921	\$179,434,892	\$183,023,591	\$219,811,849	\$365,014,224	\$377,705,732	\$385,259,848	\$392,965,047
Total Residential Property Tax Increase Due to City	[1]	\$211,048	\$217,809	\$221,655	\$226,088	\$239,610	\$402,961	\$459,918	\$475,909	\$485,427
Total Residential Projected Net Revenue Before Turnover Adj.	[2]	\$321,879	\$510,547	\$536,329	\$560,780	\$544,189	\$547,092	\$549,410	\$551,121	\$552,484
Total Residential Projected Net Revenue After Turnover Adj.	= [1] + [2]	\$326,917	\$747,856	\$758,484	\$766,868	\$774,799	\$958,055	\$1,009,358	\$1,027,030	\$1,037,911
Commercial Projected Net Revenue		\$137,626	\$149,301	\$142,812	\$145,311	\$147,846	\$150,817	\$153,024	\$155,667	\$158,346
Total Project Projected Net Revenue		\$464,543	\$897,157	\$901,296	\$912,179	\$922,645	\$1,108,872	\$1,162,382	\$1,182,697	\$1,196,257
Cumulative Adjusted Net Revenue		\$464,543	\$8,011,691	\$9,742,987	\$10,655,166	\$11,577,811	\$12,678,269	\$13,840,645	\$15,023,342	\$16,219,279

Estimates:

(a) Assumes 8 year turnover with 2.00% annual escalation and 3.50% escalation when re-assessed.

<sup>2</sup> See Village 3 Assessed Value and Reassessment Year – Breakdown by Absorption and Med-High Density (Single Family Units) Tables Exhibit A, Page 3.



**Village 3**  
**Total Assessed Value After Turnover**  
January 12, 2021

Year	Total High Density (MF) Assessed Value After Turnover	Total Med-High Density (SF) Assessed Value After Turnover	Total Assessed Value
1	\$ 129,200,000	\$ 567,314,081	\$ 696,514,081
2	241,908,000	671,567,019	913,475,019
3	246,746,160	713,204,821	959,950,981
4	251,681,083	727,468,917	979,150,000
5	256,714,705	742,018,296	998,733,000
6	261,848,999	756,858,662	1,018,707,660
7	267,085,979	771,995,835	1,039,081,814
8	294,149,238	882,814,506	1,176,963,744
9	318,546,641	916,090,577	1,234,637,217
10	324,917,573	939,154,553	1,264,072,127
11	331,415,925	957,937,644	1,289,353,569
12	338,044,243	977,096,397	1,315,140,641
13	344,805,128	996,638,325	1,341,443,453
14	351,701,231	1,016,571,092	1,368,272,322
15	358,735,255	1,036,902,514	1,395,637,769
16	390,604,522	1,166,073,788	1,556,678,310
17	419,465,095	1,207,152,920	1,626,618,015
18	427,854,397	1,236,687,203	1,664,541,600
19	436,411,485	1,261,420,947	1,697,832,432
20	445,139,714	1,286,649,366	1,731,789,080



**Village 3**  
**Assessed Value and Reassessment Year - Breakdown by Absorption Year**  
January 12, 2021

<b>HIGH DENSITY (MULTIFAMILY UNITS)</b>						
Current Year	Year 1 Units (272 Units)		Year 2 Units (224 Units)		Year 3 Units (0 Units)	
	Reassessment Year	Final Assessed Value	Reassessment Year	Final Assessed Value	Reassessment Year	Final Assessed Value
1		\$ 129,200,000		\$ -		\$ -
2		131,784,000		110,124,000		-
3		134,419,680		112,326,480		-
4		137,108,074		114,573,010		-
5		139,850,235		116,864,470		-
6		142,647,240		119,201,759		-
7		145,500,185		121,585,794		-
8	Assess	170,131,728		124,017,510		-
9		173,534,362	Assess	145,012,278		-
10		177,005,049		147,912,524	Assess	-
11		180,545,150		150,870,774		-
12		184,156,053		153,888,190		-
13		187,839,174		156,965,954		-
14		191,595,958		160,105,270		-
15		195,427,877		163,307,378		-
16	Assess	224,030,996		166,573,526		-
17		228,511,616	Assess	190,953,479		-
18		233,081,840		194,772,548	Assess	-
19		237,743,486		198,667,999		-
20		242,498,355		202,641,359		-

<b>MED-HIGH DENSITY (SINGLE FAMILY UNITS)</b>						
Current Year	Year 1 Units (948 Units)		Year 2 Units (150 Units)		Year 3 Units (44 Units)	
	Reassessment Year	Final Assessed Value	Reassessment Year	Final Assessed Value	Reassessment Year	Final Assessed Value
1		\$ 567,314,081		\$ -		\$ -
2		578,660,362		92,906,657		-
3		590,233,569		94,764,790		28,206,461
4		602,038,241		96,660,086		28,770,590
5		614,079,006		98,593,288		29,346,002
6		626,360,586		100,565,154		29,932,922
7		638,887,797		102,576,457		30,531,381
8	Assess	747,044,308		104,627,986		31,142,212
9		761,985,194	Assess	122,340,326		31,765,056
10		777,224,898		124,787,132	Assess	37,142,523
11		792,769,396		127,281,875		37,883,379
12		808,624,784		129,828,532		38,643,081
13		824,797,280		132,425,103		39,415,942
14		841,293,225		135,073,605		40,204,261
15		858,119,090		137,775,077		41,008,347
16	Assess	983,714,696		140,330,579		41,828,513
17		1,003,388,990	Assess	161,098,847		42,665,084
18		1,023,456,770		164,320,823	Assess	48,909,610
19		1,043,925,905		167,607,240		49,887,802
20		1,064,804,423		170,959,385		50,885,558


**Footnotes:**


(a) Turnover calculations based on 3.50% escalation and turnover occurring every 8 years. Assumes 2.00% escalation when no turnover event occurs.


**Village 3**  
**Initial Home Value by Year**  
*Assumes 3.50% Annual Appreciation*  
January 12, 2021

Year	1	2	3	4	5	6	7	8	9	10
High Density (Multifamily)										
MF Unit Absorption	272	224	-	-	-	-	-	-	-	-
MF AV of Single unit	\$ 475,000	\$ 491,625	\$ 508,832	\$ 526,641	\$ 545,073	\$ 564,151	\$ 583,896	\$ 604,333	\$ 625,484	\$ 647,376
Med-High Density (Single Family)										
SF Unit Absorption	948	150	44	-	-	-	-	-	-	-
SF AV of Single Unit	\$ 598,433	\$ 619,378	\$ 641,056	\$ 663,493	\$ 686,715	\$ 710,750	\$ 735,626	\$ 761,373	\$ 788,021	\$ 815,602

## Chula Vista Fiscal Impact Analysis Model – Proposed Project

		Year							
		1	2	3	4	5	6	7	8
	Population								
	Single Family Residential	2,651	3,074	3,198	3,198	3,198	3,198	3,198	3,198
	Multi-Family Residential	762	1,389	1,389	1,389	1,389	1,389	1,389	1,389
	Total (Per Capita Base)	3,413	4,463	4,586	4,586	4,586	4,586	4,586	4,586
	Employment Population 5% Res Pop Non-Residential	171	223	229	229	229	229	229	229
Totals		3,584	4,686	4,815	4,815	4,815	4,815	4,815	4,815
Number of Homes									
Single Family Residential		948	1,098	1,142	1,142	1,142	1,142	1,142	1,142
Multi-Family Residential		272	496	496	496	496	496	496	496
Totals		1,220	1,594	1,638	1,638	1,638	1,638	1,638	1,638
		Year							
		1	2	3	4	5	6	7	8
<b>General Fund Revenues</b>									
<b>Tax Revenues</b>									
Property Tax	AV	\$ 877,608	\$ 1,139,916	\$ 1,231,903	\$ 1,295,938	\$ 1,295,938	\$ 1,271,042	\$ 1,275,090	\$ 1,406,808
Sales and Use Tax	Per Capita	428,621	541,281	564,580	531,301	531,454	549,565	547,933	546,258
Sales and Use Tax - Project Specific	Project Specific	-	16,217	45,404	41,359	45,237	46,482	47,965	49,809
Transient Occupancy Tax	Per Capita	52,719	66,359	68,121	68,002	68,075	69,138	69,394	69,787
Motor Vehicle License of VUL	AV	598,666	732,723	779,390	797,500	820,624	837,395	872,024	893,668
Franchise Fees	Per Capita	147,657	194,589	201,980	203,953	205,884	207,864	209,855	211,526
Other Taxes	Per Capita	102,605	127,872	148,657	139,987	139,497	138,200	138,290	136,130
Subtotal Tax Revenues		2,139,562	2,856,687	3,093,362	3,067,631	3,127,217	3,170,668	3,225,445	3,314,399
Other Revenues	Per Capita	8,688	10,691	20,775	22,293	21,762	25,885	25,975	27,638
Licenses and Permits	Per Capita	19,308	23,511	25,140	26,428	26,528	26,553	26,745	26,864
Fees, Incentives, penalties	Per Capita	13,331	20,091	20,711	20,762	20,859	20,941	21,029	21,123
Use of Money & Property	Per Capita	27,881	48,588	50,989	50,260	50,440	50,645	50,858	51,085
Chargable Services	No Forecast	-	-	-	-	-	-	-	-
Intergovernmental	Per Capita	26,421	34,621	35,689	35,812	35,944	36,066	36,238	36,299
Subtotal Other Revenues		108,998	147,562	153,602	155,876	157,539	159,499	160,846	162,501
<b>Total General Fund Revenues</b>		<b>\$ 2,248,560</b>	<b>\$ 3,004,249</b>	<b>\$ 3,246,964</b>	<b>\$ 3,223,507</b>	<b>\$ 3,284,756</b>	<b>\$ 3,330,167</b>	<b>\$ 3,426,291</b>	<b>\$ 3,476,901</b>
<b>General Fund Expenditures</b>									
General Government	Per Capita	\$ 24,802	\$ 46,412	\$ 49,972	\$ 49,882	\$ 51,651	\$ 51,756	\$ 52,727	\$ 54,792
Community Development (10%)	Per Capita	7,762	10,270	10,991	10,831	10,980	11,111	11,289	11,449
Public Works/Engineering (10%)	Per Capita	12,418	16,990	17,925	18,154	18,401	18,652	19,207	19,537
PWC/EMP Base									
Drainage Management System	\$ 20,337	92,311	120,340	123,670	123,670	123,670	123,670	123,670	123,670
Building Management System	4,131	14,233	18,599	19,112	19,112	19,112	19,112	19,112	19,112
Parks Management System	53,085	71,192	73,157	73,157	73,157	73,157	73,157	73,157	73,157
Open Space Management System	6,32	23,302	20,511	21,353	21,353	21,353	21,353	21,353	21,353
Fleet Management System	3,771	12,573	10,950	17,410	17,410	17,410	17,410	17,410	17,410
Pavement Annual (PMP)	14,115	49,299	44,812	44,190	44,190	44,190	44,190	44,190	44,190
General Govt Management Systems	6,05	2,278	2,900	3,940	3,940	3,940	3,940	3,940	3,940
Urban Forestry Management System	6,77	23,352	20,511	21,353	21,353	21,353	21,353	21,353	21,353
PWC/EMP Base		272,609	335,400	365,291	365,291	365,291	365,291	365,291	365,291
Community Services	Per Capita	46,874	82,022	84,562	85,420	86,206	87,221	88,166	89,140
New Library	Project Specific	-	-	-	-	-	-	-	-
New Facilities	Project Specific	-	-	-	-	-	-	-	-
Public Safety									
Police Services	DB/Avs	708,614	1,152,097	1,239,190	1,290,908	1,348,177	1,401,300	1,463,634	1,522,386
Fire Services	DB/Avs	458,988	624,919	675,724	694,623	714,138	732,315	754,223	772,100
Animal Control Services	Per Capita	24,873	48,145	48,935	48,673	49,232	50,013	50,715	51,440
Total Public Safety		1,192,475	1,825,161	1,963,849	2,034,154	2,162,546	2,233,628	2,368,572	2,445,926
<b>Total General Fund Expenditures</b>		<b>\$ 3,441,035</b>	<b>\$ 4,829,410</b>	<b>\$ 5,210,813</b>	<b>\$ 5,257,661</b>	<b>\$ 5,447,302</b>	<b>\$ 5,563,795</b>	<b>\$ 5,794,863</b>	<b>\$ 5,922,827</b>
<b>Projected Net Revenues (DB Avail)</b>		<b>\$ 807,525</b>	<b>\$ 1,174,839</b>	<b>\$ 736,151</b>	<b>\$ 969,846</b>	<b>\$ 837,454</b>	<b>\$ 766,372</b>	<b>\$ 631,428</b>	<b>\$ 554,074</b>

		Year							
		9	10	11	12	13	14	15	16
 Population	Single Family Residential	3,198	3,198	3,198	3,198	3,198	3,198	3,198	3,198
	Multi-Family Residential	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389
	Total (Per Capita Base)	4,586	4,586	4,586	4,586	4,586	4,586	4,586	4,586
	Employment Population (EAP) Pop	279	279	279	279	279	279	279	279
	Non-Residential	394	394	394	394	394	394	394	394
Totals		5,170	5,170	5,170	5,170	5,170	5,170	5,170	5,170
Number of Homes									
Single Family Residential		1,142	1,142	1,142	1,142	1,142	1,142	1,142	1,142
Multi-Family Residential		496	496	496	496	496	496	496	496
Totals		1,638	1,638	1,638	1,638	1,638	1,638	1,638	1,638
		Year							
		9	10	11	12	13	14	15	16
<b>General Fund Revenues</b>									
<b>Tax Revenues</b>									
Property Tax	AV	\$ 1,437,067	\$ 1,405,747	\$ 1,495,062	\$ 1,524,963	\$ 1,555,492	\$ 1,586,072	\$ 1,616,892	\$ 1,646,669
Sales and Use Tax	Per Capita	562,638	579,517	598,903	614,810	633,754	652,252	671,829	691,574
Sales and Use Tax - Project Specific	Project Specific	48,906	48,906	50,943	52,964	55,002	56,963	58,944	60,947
Transient Occupancy Tax	Per Capita	71,880	74,037	76,259	78,545	80,902	83,329	85,829	88,404
Motor Vehicle License and VLF	AV	912,095	930,695	949,667	969,018	988,756	1,008,890	1,029,425	1,050,372
Franchise Fees	Per Capita	217,852	224,419	231,151	238,006	245,128	252,505	260,163	267,968
Other Taxes	Per Capita	146,218	144,420	148,752	153,215	157,812	162,546	167,422	172,446
Subtotal Tax Revenues		3,290,682	3,402,788	3,498,736	3,605,501	3,714,412	3,826,236	3,940,106	4,057,078
Other Revenues	Per Capita	27,844	28,676	29,537	30,423	31,335	32,276	33,244	34,241
Licenses and Permits	Per Capita	27,670	28,500	29,358	30,236	31,143	32,077	33,039	34,031
Fines, forfeitures, penalties	Per Capita	21,757	22,409	23,082	23,774	24,487	25,222	25,979	26,758
Use of Money & Property	Per Capita	52,617	54,179	55,824	57,495	59,221	60,998	62,828	64,713
Charges for Services	No Forecast	-	-	-	-	-	-	-	-
Intergovernmental	Per Capita	31,494	30,616	29,775	28,963	28,197	27,463	26,767	26,110
Subtotal Other Revenues		162,376	172,298	177,529	182,897	188,354	194,055	199,954	205,952
<b>Total General Fund Revenues</b>		<b>\$ 3,598,059</b>	<b>\$ 3,574,378</b>	<b>\$ 3,726,307</b>	<b>\$ 3,815,498</b>	<b>\$ 3,902,801</b>	<b>\$ 3,994,271</b>	<b>\$ 4,067,962</b>	<b>\$ 4,183,930</b>
<b>General Fund Expenditures</b>									
General Government	Per Capita	\$ 55,388	\$ 56,409	\$ 57,254	\$ 58,124	\$ 59,020	\$ 60,451	\$ 61,952	\$ 63,478
Community Development (C&I)	Per Capita	11,815	11,997	11,969	12,145	12,312	12,613	12,946	13,294
Public Works/Engineering (P&E)	Per Capita	15,721	15,878	16,176	16,483	16,790	17,304	17,832	18,369
P&E/EMP Base									
Drainage Management System	\$ 35.50	123,670	123,670	123,670	123,670	123,670	123,670	123,670	123,670
Building Management System	4.16	19,112	19,112	19,112	19,112	19,112	19,112	19,112	19,112
Parks Management System	13.86	73,137	73,137	73,137	73,137	73,137	73,137	73,137	73,137
Open Space Management System	6.52	31,353	31,353	31,353	31,353	31,353	31,353	31,353	31,353
Fleet Management System	3.73	17,418	17,418	17,418	17,418	17,418	17,418	17,418	17,418
Pavement Annual (P&M)	14.18	66,190	66,190	66,190	66,190	66,190	66,190	66,190	66,190
General Govt Management System	3.05	3,040	3,040	3,040	3,040	3,040	3,040	3,040	3,040
Urban Forestry Management System	6.72	31,653	31,653	31,653	31,653	31,653	31,653	31,653	31,653
P&E/EMP Base		365,301	365,301	365,301	365,301	365,301	365,301	365,301	365,301
Community Services	Per Capita	70,145	71,180	72,246	73,344	74,474	75,292	76,176	76,100
New Libraries	Project Specific	-	-	-	-	-	-	-	-
New Facilities	Project Specific	-	-	-	-	-	-	-	-
Public Safety									
Police Services	DB/Nov	1,580,445	1,599,457	1,619,443	1,639,420	1,722,440	1,785,501	1,899,638	1,854,879
Fire Services	DB/Nov	792,700	811,997	844,477	878,236	933,396	949,921	987,938	1,027,435
Animal Control Services	Per Capita	52,188	52,958	53,752	54,580	55,409	56,263	57,163	58,095
Total Public Safety		2,425,333	2,464,412	2,517,672	2,613,236	2,691,245	2,772,185	2,955,739	2,949,409
<b>Total General Fund Expenditures</b>		<b>\$ 2,927,703</b>	<b>\$ 2,980,966</b>	<b>\$ 3,064,611</b>	<b>\$ 3,142,650</b>	<b>\$ 3,223,160</b>	<b>\$ 3,308,180</b>	<b>\$ 3,395,927</b>	<b>\$ 3,486,422</b>
<b>Projected Net Revenues/(DB deficit)</b>		<b>\$ 670,356</b>	<b>\$ 593,412</b>	<b>\$ 661,696</b>	<b>\$ 672,848</b>	<b>\$ 679,641</b>	<b>\$ 686,091</b>	<b>\$ 672,035</b>	<b>\$ 697,509</b>

		Year			
		17	18	19	20
 Population	Single Family Residential	3,198	3,198	3,198	3,198
	Multi-Family Residential	1,389	1,389	1,389	1,389
	Total (Per Capita Base)	4,586	4,586	4,586	4,586
	Employment Population (EAP) Pop	229	229	229	229
	Non-Residential	394	394	394	394
Totals		5,170	5,170	5,170	5,170
Number of Homes					
Single Family Residential		1,142	1,142	1,142	1,142
Multi-Family Residential		496	496	496	496
Totals		1,638	1,638	1,638	1,638
		Year			
		17	18	19	20
<b>General Fund Revenues</b>					
<b>Tax Revenues</b>					
Property Tax	AV	\$ 1,669,942	\$ 1,717,566	\$ 1,764,703	\$ 1,766,737
Sales and Use Tax	Per Capita	712,733	734,115	756,138	779,823
Sales and Use Tax - Project Specific	Project Specific	22,272	28,519	39,600	40,894
Transient Occupancy Tax	Per Capita	91,056	93,787	96,601	99,499
Motor Vehicle License (VLF)	AV	1,071,737	1,098,530	1,115,759	1,138,442
Franchise Fees	Per Capita	276,067	284,287	292,815	301,600
Other Taxes	Per Capita	177,619	182,947	188,436	194,099
Subtotal Tax Revenues		4,079,206	4,345,562	4,254,142	4,360,063
Other Revenues	Per Capita	35,268	36,126	37,416	38,139
Licenses and Permits	Per Capita	35,052	36,163	37,106	38,102
Fines, forfeitures, penalties	Per Capita	27,561	28,388	29,139	30,116
Use of Money & Property	Per Capita	66,664	68,664	70,713	72,835
Charges for Services	No Forecast	-	-	-	-
Intergovernmental	Per Capita	47,493	48,938	50,395	51,993
Subtotal Other Revenues		212,027	219,209	224,860	231,685
<b>Total General Fund Revenues</b>		<b>\$ 4,291,233</b>	<b>\$ 4,564,771</b>	<b>\$ 4,478,992</b>	<b>\$ 4,591,748</b>
<b>General Fund Expenditures</b>					
General Government	Per Capita	\$ 66,046	\$ 66,662	\$ 68,120	\$ 70,945
Community Development (C&I)	Per Capita	13,094	13,929	14,277	14,636
Public Works/Engineering (P&E)	Per Capita	22,922	23,491	24,970	24,683
P&E/MP Base					
Drainage Management System	\$ 35,10	123,670	123,670	123,670	123,670
Building Management System	4,16	19,112	19,112	19,112	19,112
Parks Management System	13,86	73,157	73,157	73,157	73,157
Open Space Management System	6,72	31,253	31,253	31,253	31,253
Fleet Management System	3,73	17,418	17,418	17,418	17,418
Pavement Asset (PMP)	14,18	66,190	66,190	66,190	66,190
General Govt Management System	9,05	39,40	39,40	39,40	39,40
Urban Forestry Management System	6,72	31,253	31,253	31,253	31,253
\$ 385,301		385,301	385,301	385,301	385,301
Community Services	Per Capita	82,079	84,118	86,220	88,397
Row Libraries	Project Specific	-	-	-	-
Row Facilities	Project Specific	-	-	-	-
<b>Public Safety</b>					
Police Services	DR/Nov	1,901,251	1,948,783	1,997,502	2,047,440
Fire Services	DR/Nov	1,080,532	1,111,274	1,155,729	1,201,954
Animal Control Services	Per Capita	61,067	62,584	64,140	65,760
Total Public Safety		3,042,850	3,122,641	3,217,371	3,315,154
<b>Total General Fund Expenditures</b>		<b>\$ 3,579,789</b>	<b>\$ 3,676,142</b>	<b>\$ 3,775,579</b>	<b>\$ 3,878,205</b>
<b>Projected Net Revenues/(Deficit)</b>		<b>\$701,444</b>	<b>\$706,700</b>	<b>\$703,423</b>	<b>\$713,543</b>



Property Tax Analysis

Year		20	21	22	23	24	25	26	27	28
<b>Property Tax Analysis</b>										
<b>Residential 2018</b>										
<b>Single Family Residential</b>										
Total Cumulative SFH Units										
Total Cumulative Excludes										
Percentage Complete										
Constructed Assessed Values		\$10,740,470	\$10,740,470	\$11,434,000	\$11,434,000	\$12,127,530	\$12,127,530	\$12,821,060	\$12,821,060	\$13,514,590
<b>Multi-Family Residential - Attached Townhomes</b>										
Total Cumulative MFR Units										
Total Cumulative Excludes										
Percentage Complete										
Constructed Assessed Values		\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
<b>Total Cumulative Residential</b>										
Non-Res										
<b>Commercial</b>										
Percentage Complete										
Constructed Assessed Values		\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
<b>Industrial</b>										
Percentage Complete										
Constructed Assessed Values		\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
<b>Office</b>										
Percentage Complete										
Constructed Assessed Values		\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
<b>Hotel</b>										
Percentage Complete										
Constructed Assessed Values		\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
<b>Constructed Assessed Values</b>										
Total City and Period Assessed Value Additions	\$	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Inflation Factor		1.040%	1.040%	1.040%	1.040%	1.040%	1.040%	1.040%	1.040%	1.040%
Total AV - Inflation	\$	\$1,040,000	\$1,040,000	\$1,081,600	\$1,123,200	\$1,164,800	\$1,206,400	\$1,248,000	\$1,289,600	\$1,331,200
Cumulative AV/City Prior Year Inflation	\$	\$1,040,000	\$1,081,600	\$1,123,200	\$1,164,800	\$1,206,400	\$1,248,000	\$1,289,600	\$1,331,200	\$1,372,800
Prior Year AV Inflation Factor		1.040%	1.040%	1.040%	1.040%	1.040%	1.040%	1.040%	1.040%	1.040%
Prior Year AV Inflation Assessed	\$	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
<b>Cumulative Residential AV - Inflation</b>		\$1,040,000	\$1,081,600	\$1,123,200	\$1,164,800	\$1,206,400	\$1,248,000	\$1,289,600	\$1,331,200	\$1,372,800
<b>Property Tax Revenue Estimates</b>										
All Values	\$	\$1,040,000	\$1,081,600	\$1,123,200	\$1,164,800	\$1,206,400	\$1,248,000	\$1,289,600	\$1,331,200	\$1,372,800
<b>Total AV Tax Due to City</b>		\$1,040,000	\$1,081,600	\$1,123,200	\$1,164,800	\$1,206,400	\$1,248,000	\$1,289,600	\$1,331,200	\$1,372,800



CITY OF  
CHULA VISTA





ATTACHMENT C

OTAY RANCH VILLAGE 3 AND A PORTION OF VILLAGE 4  
SPA PLAN AMENDMENT

OTAY RANCH VILLAGE 3  
MARKET ANALYSIS OF INDUSTRIAL AND OFFICE USES

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**Otay Ranch Village 3**  
**Market Analysis of Industrial and Office Uses**

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**PREPARED FOR:**

**City of Chula Vista**  
**Chula Vista, California**

**SUBMITTED BY:**

**HR&A Advisors, Inc.**  
**March 26, 2021**



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## EXECUTIVE SUMMARY AND INTRODUCTION

### Purpose

Otay Ranch Village 3 is a mixed use village located in the southwest portion of Otay Ranch, south of the Otay Landfill and north of the Otay River Valley (see Figure 1). HomeFed Village III, LLC/FlatRock, LLC ("HomeFed") is currently pursuing entitlements which would amend land uses on three parcels within Village 3. Amendments to the Chula Vista General Plan ("CVGP"), Otay Ranch General Development Plan ("GDP"), the Village 3 North and a Portion of Village 4 Sectional Planning Area ("SPA") Plan, the Village 9 SPA Plan and the Village 9 Tentative Map and rezoning are proposed as part of the Proposed Project. Two new Village 3 tentative maps are also proposed as part of the entitlements ("Proposed Project").

The Proposed Project would incorporate the 11.3-acre FlatRock Parcel ("Industrial Parcel") into the Village 3 SPA Plan boundary and rezone the parcel from industrial to residential use (designated R-20), would rezone the 8.3 acres designated Parcels O-1 and O-2 in the Village 3 SPA Plan ("Office Parcels") from office to residential use and combine the parcels to create one residential parcel designated R-19. Additionally, the Proposed Project would increase the residential density on Parcel R-6; however, since R-6 would remain residential, it is not analyzed in this report. There are no new residential units proposed as part of the Proposed Project as the 377 unallocated units currently authorized in the Village 3 SPA Plan and 41 units transferred from Village 9 to Village 3 would be allocated to the three residential parcels.

Village 3 was envisioned as a mixed-use urban village with residential homes surrounding a village core containing mixed-use residential and neighborhood commercial, office uses, a community purpose facility ("CPF") use, an elementary school and public park. Village 3 also includes industrial uses adjacent to the village development area.<sup>1</sup> The Village 3 SPA Plan adopted in 2016 authorizes the development of 107 acres for residential, 23 acres of multi-family residential, commercial and CPF uses in a mixed-use setting, 29 acres for industrial use and 8.3 acres for office uses. The Otay Ranch Villages 2, 3 and a Portion of Village 4 SPA Plan was adopted in 2006 and authorized the development of 11.3 acres of industrial uses on the FlatRock Parcel.

Residential and commercial land uses within Village 3 north of Main Street were built-out between 2018 and 2020. A gas station/convenience market/car wash has been constructed and a self-storage facility is under construction in the Village 3 Business Park. Several industrial pads in the Business Park and the R-6 residential neighborhood (44 single family lots) located south of future Main Street are graded but not fully developed. The FlatRock Parcel is partially developed with a water quality basin that serves Village 3 to the north.

The Proposed Project would reduce the amount of office and industrial land in Village 3 by 8.3 acres and 11.3 acres, respectively. Although the Proposed Project would increase the number of residential units in Village 3 by 41, it would reduce the permitted units in Village 9 by the same amount, resulting in no net change in residential units in Otay Ranch.

The City of Chula Vista (the "City") contracted with HR&A Advisors, Inc. to assist the Development Services Department in understanding the potential economic implications of the requested land use changes within Village 3 and to determine the potential impact of the office and industrial rezoning on Chula Vista's ability to meet the City's long-term employment goals. This report evaluates the Village 3 office and industrial market context to assess whether development of these parcels under their current zoning is critical for the attainment of these goals.

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<sup>1</sup> Planning and Building Department, "Otay Ranch Village 3 North and a Portion of Village 4 Sectional Plan" (City of Chula Vista, 2016).  
HR&A Advisors, Inc. Village 3 Industrial and Office Uses Market Analysis | 3



Figure 1: Village 3 Local Context



Source: City of Chula Vista, HR&A

### Methodology

To understand the impact of the proposed zoning change, HR&A evaluated Chula Vista's ability to meet its full potential for industrial and office employment if the Office Parcels and Industrial Parcel are removed from the City's inventory of entitled industrial and office land. HR&A considered the City's policies, local land use data, the Village 3 site characteristics and context, and the dynamics of the local and regional market for office and industrial real estate.

There were three components to HR&A's economic analysis:

- **Employment Lands Policy Analysis:** HR&A reviewed existing reports, strategic plans, and policy documents pertaining to employment lands to determine whether the Proposed Project conflicts with the City's long-term land use and economic development goals.
- **Site Analysis:** HR&A reviewed aspects of the Office Parcels' and Industrial Parcel's conditions and location that are relevant to their potential use for office and industrial development, considering physical characteristics, infrastructure needs, access options, and surrounding land uses.
- **Market Analysis:** HR&A evaluated the Office Parcels and Industrial Parcel in the context of their competitive position in the local and regional real estate markets by considering the composition of the current office and industrial inventory as well as rent, vacancy, and absorption trends. Abbreviated analyses are presented in the main report with more detailed findings available in Appendix 1.

## Findings

HR&A's analyses resulted in the following conclusions that can inform the City's evaluation of the Proposed Project:

### Industrial

- Regional job projections indicate demand for 1.9 million to 3.8 million square feet of new industrial space in Chula Vista by 2050, requiring approximately 118 to 239 acres of land.
- Chula Vista currently has enough developable land to accommodate the projected industrial demand with a surplus of 190 to 311 acres of vacant developable industrial land remaining after 2050.
- The Industrial Parcel represents approximately 3 percent of Chula Vista's remaining developable industrial land.
- The Industrial Parcel's freeway access and proximity to the Main Street light industrial cluster may make it attractive to potential industrial developers or end users. Market data suggest Chula Vista is more desirable for flex industrial properties than other portions of the South Bay submarket, however, industrial zoning does not guarantee that a parcel will develop with industrial or job-intensive uses.

### Office

- The Office Parcels' proximity to residential uses may make it attractive to medical or service-oriented office, but its distance from existing and planned office clusters means it is unlikely to attract job-intensive, employment-based office.
- Regional job projections indicate demand for 1.4 million to 2.3 million square feet of new office space in Chula Vista by 2050, requiring approximately 94 to 154 acres of land.
- Chula Vista currently has enough land to accommodate the projected office demand with a surplus of 381 to 653 acres of vacant office-accommodating land remaining after 2050, using a conservative assumption of the density of future office development.
- The Office Parcels that may potentially be rezoned from office to residential represent less than 1% of Chula Vista's remaining vacant office-accommodating land.

## EMPLOYMENT LANDS POLICY

Chula Vista's 2005 General Plan embraces the City's growing importance as an employment center in the region. For Chula Vista to be more than a bedroom community, the Chula Vista General Plan calls for an increase in the jobs to housing ratio and attraction of land uses that generate net tax revenue (i.e., uses other than residential) to diversify the City's economy and support fiscal sustainability.

As reported in a review of the Land Use and Economic Development elements of the General Plan, an Economic Research Associates study (2008) found several goals related to employment. Key themes included:

- Preservation and expansion of industrial development capacity
- Diversification of employment and economic base
- Increasing jobs to housing ratio
- Expansion of the applied technology and high technology industry cluster
- Fostering industries associated with cross-border trade
- Encouraging fiscally sustainable growth

To realize its employment goals, the City must ensure there is sufficient land to accommodate non-residential uses. In this section, HR&A considers the land policies and availability of land for industrial and office uses. Industrial uses are particularly sensitive to land supply as it is often not economical to build higher density, multistory industrial buildings, they often have need for large spaces for truck maneuvering, and they may create externalities like pollution or truck traffic that may conflict with other uses. As such, there is an emphasis on the industrial analysis in this report.

### Industrial

At the time of the General Plan's adoption, nearly 90 percent of industrial land in the City was designated for limited industrial. This designation allows "light manufacturing; warehousing; certain public utilities; auto repair; auto salvage yards; and flexible-use" (i.e. "flex") projects.<sup>2</sup> The Economic Development Element of the General Plan includes a goal to increase "light industrial intensity in appropriate areas to generate higher assessed value and property tax"<sup>3</sup> and to facilitate development "to accommodate research and production for the emerging high-technology and biotechnology sectors."<sup>4</sup> Capturing these emerging industrial uses is seen as a means to attract high-paying jobs and increase household incomes.

To achieve its General Plan goals, the City requires sufficient land to accommodate future industrial development. To this end, Chula Vista prepared an inventory of industrially zoned land within the City as of 2020. As shown in Figure 2, there are 3,014 acres of land in the City with at least some portion of industrial zoning, 46 percent (1,392 acres) of which remains undeveloped. This total, however, does not represent the remaining developable acres. City staff determined the net acres of industrial land in the City, discounting total industrial acreage to account for split-zoned parcels, physical development challenges such as steep slopes and problematic site configurations, as well as open space requirements/set-asides. Given these constraints to development, the total industrial acres decrease to 1,926 net acres. Significantly, vacant net acres decrease to 428 acres across 106 parcels, or 22 percent of the net industrial acres in the City.<sup>5</sup>

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<sup>2</sup> Planning and Building Department, "Chapter 5: Land Use and Transportation Element" (City of Chula Vista, 2005).

<sup>3</sup> Planning and Building Department, "Chapter 6: Economic Development Element" (City of Chula Vista, 2005), EDE-16.

<sup>4</sup> Planning and Building Department, "Chapter 6: Economic Development Element" (City of Chula Vista, 2005), EDE-8.

<sup>5</sup> Information based on the most accurate City industrial lands inventory at the time of this analysis. With City staff consultation, HR&A recategorized two vacant parcels far in the entitlement process as developed. These parcels equal approximately 1.5 acres (total or net). Several parcels were also removed from the industrial inventory entirely due to their lack of suitability for any future development or planning efforts calling for uses other than industrial. These parcels total 105 acres or 22 net acres.



Figure 2: Chula Vista Industrial Land Inventory

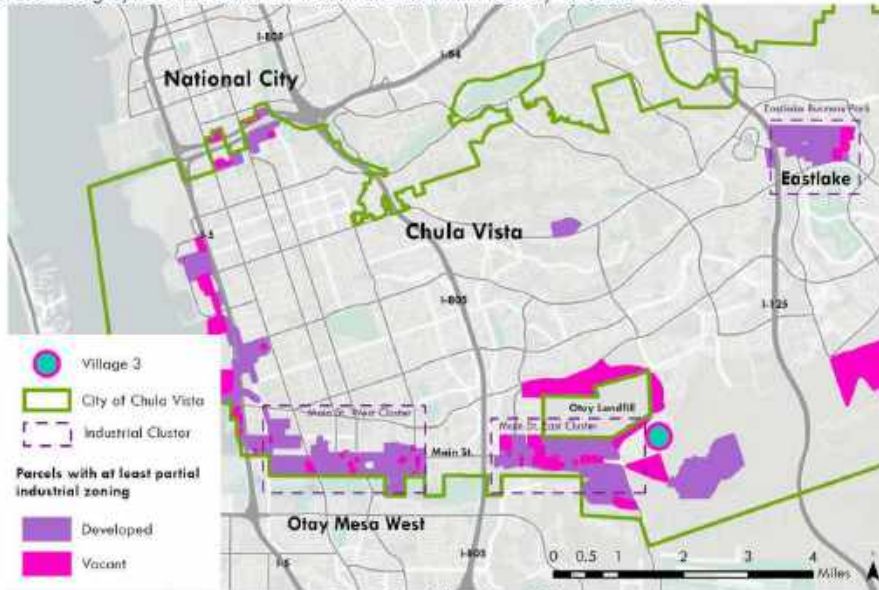
Land Category	Total Acres	Share	Net Developable Acres	Share
Developed	1,622	54%	1,497	78%
Vacant	1,392	46%	428	22%
Total	3,014	100%	1,926	100%

Source: City of Chula Vista, HR&A

Given the current industrial land inventory, the City can accommodate significant new industrial development. The Chula Vista General Plan cites a range of floor-area ratios (FAR) of 0.25 to 0.50 for industrial development; using a FAR of 0.40, which is the average density of existing industrial properties in the City, Chula Vista could accommodate nearly 7.5 million square feet of new industrial development on the remaining 428 net acres. Although the density of employment in industrial spaces varies based on the type of space and type of business, an assumption of 750 to 1,500 square feet per employee suggests that Chula Vista's undeveloped industrial land could accommodate approximately 5,000 to 10,000 new jobs.

Figure 3 illustrates the location of industrial land in Chula Vista. Most of this land is concentrated in two areas: along Main Street, near the City's southern border with Otay Mesa West; and up the I-5 corridor along San Diego Bay. There is also a cluster in the Eastlake Business Park, which is in the northeast of the City. The 428 net acres of vacant land is scattered throughout these industrial areas with significant concentrations to the east of I-5, along Main Street south of the Otay Landfill, and in the Eastlake Business Park.

Figure 3: Geographic Distribution<sup>6</sup> of Industrial Land within the City of Chula Vista



Source: City of Chula Vista, HR&A

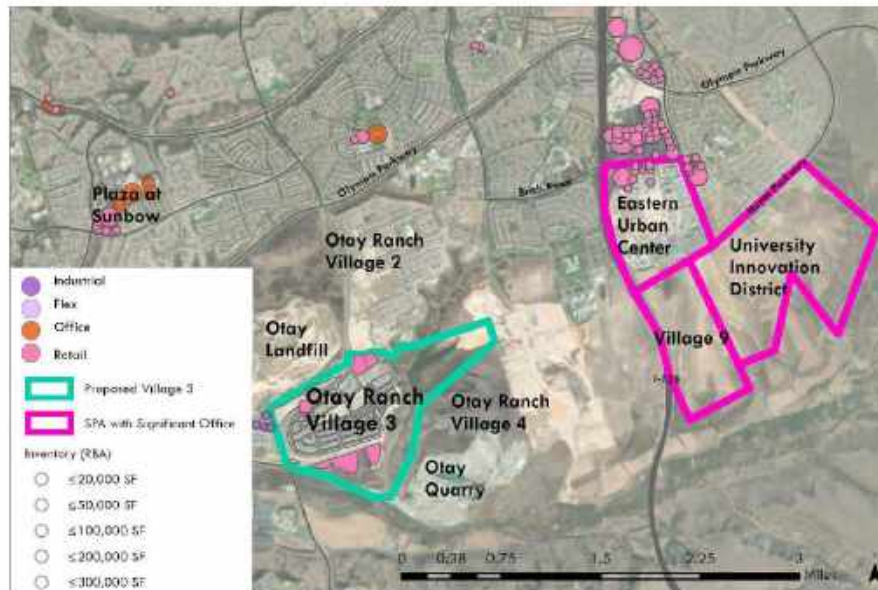
<sup>6</sup> This map displays parcels with at least partial industrial zoning. Some of the parcels contain areas in which industrial development is not permitted. Therefore, this map should be used to understand the relative locations of existing or potential industrial

While smaller parcels may still be suitable for end-users of industrial sites, and therefore should not be excluded from the inventory of industrial land, brokers indicate that 5 acres is the minimum necessary acreage to attract an industrial developer. The scale of development potential on these larger sites helps reduce the development cost per square foot. Additionally, a larger variety of building types can be located on larger sites, allowing for more diverse tenants. The parcels that meet this 5-acre threshold total 349 net developable acres out of the 428 net developable acres, meaning that over 80 percent of the vacant industrial land in the City is potentially attractive to both industrial developers and end-users.

## Office

The General Plan described Chula Vista as a “largely residential, suburban community,” but also laid out a vision for Chula Vista to become a jobs center within the region.<sup>7</sup> New office development is a core component of the General Plan objective to grow and diversify the City’s jobs and economic base. The City’s approval of the Eastern Urban Center (EUC), the University Innovation District (UI District), and the Village 9 SPA Plans represents the largest planning efforts to increase office development in the City (see Figure 4).

Figure 4: Select Sectional Planning Areas (SPAs)



Source: CoStar, HR&A

The EUC SPA (“Millenia”) is an employment-based district originally intended for the “highest concentration of retail, employment, residential, civic and cultural uses” on the eastern side of the City.<sup>8</sup> The EUC SPA Plan permits over 3.3 million square feet of commercial development and nearly 3,000 residential units on 230

development, but not the amount of developable industrial land. The amount of developable industrial land—taking into account parcels with split zoning as well as other factors—is tabulated in Figure 2.

<sup>7</sup> Planning and Building Department, “Chapter 5: Land Use and Transportation Element” (City of Chula Vista, 2005).

<sup>8</sup> Planning and Building Department, “Olay Ranch Eastern Urban Center (EUC) Sectional Planning Area (Spa) Plan: Introduction” (City of Chula Vista, 2018).

acres. To date, 144,000 square feet of retail, a 135-room hotel, and over 2,400 residential units have been completed or are under construction. These developments leave only about 41 acres for additional development in the EUC SPA. A developer originally proposed 1.2 million square feet of office, however, to date 318,000 square feet of office is entitled; moreover, an anchor tenant has not been secured and the project is not ready to proceed with construction.

Adjacent to the EUC SPA is the 375-acre UI District, which the City intends for development of a new university under a Campus 2.0 model. This model deconstructs the traditional university campus into an urban district that integrates academic, residential, and employment uses, retaining talent as part of an "intellectual ecosystem."<sup>9</sup> Of the 10.1 million square feet planned for the UI District, 2.0 million square feet (20 percent) is designated for Business Innovation, accommodating all types of office uses, with preference for uses affiliated with the planned university.

Further, immediately south of the EUC and west of the UI District is the 323-acre Village 9. The City envisions Village 9 as a mixed-use, walkable community that promotes "synergistic uses and graceful transitions within the SPA and between the SPA and neighborhoods of adjacent SPAs to balance activities, services, and facilities."<sup>10</sup> Village 9 was approved by the City in 2014 and, once built, will consist of approximately 4,000 residential units, various public facilities, open space, and up to 1.5 million square feet of commercial space. Up to 1.2 million square feet of this commercial space will be designated for office, primarily located in the north portion of Village 9 adjacent to the EUC.

Since office uses can locate in a variety of commercial areas, it is important to review all office-accommodating acres to understand the office land supply. As shown in Figure 5, the General Plan designates over 3,300 acres of land in the City to land use categories that can accommodate office: Retail, Professional & Admin, Mixed Use Commercial, Mixed Use Transit Focus Area, Limited Industrial, Regional Technology Park, Eastern Urban Center, and Town Center. Since the City does not have a detailed office inventory similar to the one for industrial lands, HR&A relied upon CoStar to estimate developed office-accommodating acres. According to CoStar, office, retail, and flex industrial occupy 2,260 acres in Chula Vista, leaving over 1,000 acres undeveloped that could accommodate future office development.

Figure 5: Chula Vista Office Land Inventory

Office-Accommodating Land	Total Acres	Share
Developed as Office <sup>1</sup>	491	15%
Developed as Retail <sup>1</sup>	1,496	45%
Developed as Flex <sup>1</sup>	273	8%
Undeveloped	1,079	32%
<b>Total<sup>2</sup></b>	<b>3,339</b>	<b>100%</b>

<sup>1</sup> CoStar acreage.

<sup>2</sup> City of Chula Vista General Plan, Chapter 5: Land Use and Transportation Element, Table 5-6 General Plan Use Distribution in 2030. Office-accommodating lands include Retail, Professional & Admin, Mixed Use Commercial, Mixed Use Transit Focus Area, Limited Industrial, Regional Technology Park, Eastern Urban Center office land only, and Town Center designations.

Source: City of Chula Vista General Plan, CoStar, HR&A Advisors

Using the current average office FAR in the City of 0.25, and assuming all vacant acres are developed as office, the City could accommodate 11.8 million square feet of new office or 3.5 times the current inventory of 3.3 million square feet. More conservatively, assuming office maintains its portion of development on

<sup>9</sup> Planning and Building Department, "University Innovation District Sectional Planning Area Plan" (City of Chula Vista, 2018).

<sup>10</sup> Planning and Building Department, "Sectional Planning Area Plan: Village 9" (City of Chula Vista, 2014).



office accommodating acres (21%), office would occupy 234 acres of the undeveloped office accommodating acres. This translates into 2.5 million square feet of new office at a 0.25 FAR, still leaving a capacity nearly double the City's current office inventory.

Importantly, new or redeveloped office could have higher densities than the current average of 0.25 FAR. For instance, the proposed Think2 project in the Millenia development has an FAR of 0.52, and the General Plan cites office density as high as 1.50, six times the current average.

## **SITE LOCATION, CHARACTERISTICS, AND ENTITLEMENTS**

### **Site Location**

The Office Parcels (8.3 acres) are part of Village 3 in Chula Vista, within the South Bay region of San Diego County (see Figure 6). The Industrial Parcel (11.3 acres) is adjacent to Village 3 and, through the Proposed Project, would be incorporated into the Village 3 boundaries. While the western, coastal area of Chula Vista is mostly built-out, the eastern, interior area, where Village 3 is located, is home to newer master-planned communities and most of the City's remaining undeveloped land.

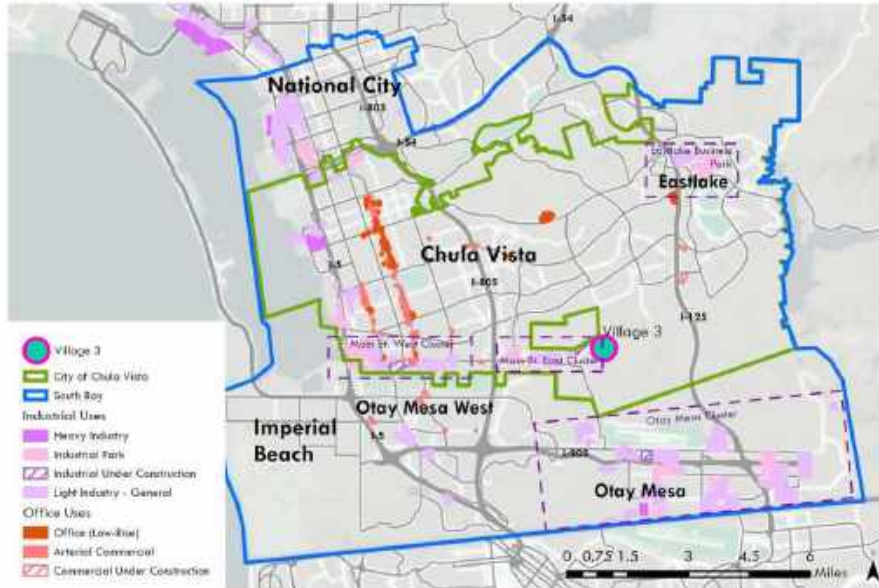
Located less than two miles east of I-805, Village 3 is bounded by the Otay Landfill to the north, industrial uses and Heritage Road to the west, Main Street and the Otay River to the south, and open space and future Village 4 development to the east (see Figure 10).

Village 3 is accessible to Main Street, a six-lane arterial roadway with 50 mile per hour speed limits. Main Street continues west of Village 3, passes under I-805 and intersects a 2.2 million square foot cluster of industrial uses—which is described as the Main Street West Industrial cluster in Figure 6—before terminating near I-5.

The western edge of Village 3 is less than a 15-minute drive from I-5, the major north-south highway extending from the Mexico border to the Canadian border. The entry points to Village 3 are from Main Street or from Heritage Road via Olympic Parkway. Olympic Parkway is designated as a Scenic Highway, and serves existing residential communities, whereas Main Street is an industrial corridor west of Village 3.

Village 3 is located south of the Otay Landfill and east of a major cluster of industrial uses along Main Street which contain over 2.2 million square feet of light industrial zoned storage facilities, small-scale manufacturing, and auto shops.

Figure 6: Regional Context



Source: San Diego Association of Governments, 2019<sup>11</sup>

### Site Entitlements and Ownership

The Otay Ranch GDP envisioned Village 3 as a mixed-use urban village with residential homes, surrounding a village core containing mixed-use residential and neighborhood commercial, office uses, a community purpose facility ("CPF") use, an elementary school and public park. Village 3 also includes industrial uses. The SPA describes higher-density residential uses near the village core and adjacent to planned Rapid and Local Bus service along Main Street and Heritage Road. Allowable uses in Village 3 include single family residential (SF4), multifamily residential (RM1 and RM2), Community Purpose Facility (CPF), Mixed Use (MU1), Industrial (I), and Office (O).

The Village 3 and a Portion of Village 4 SPA Plan encompasses 436 acres of land. A large share of the land is designated for residential uses, including 124 acres for medium-density single and multi-family development, 14 acres for high-density multi-family, and 9 acres for mixed-use commercial development. Twenty-nine acres are entitled for industrial uses and 8 acres for office. An additional 55 acres are zoned for community purpose facilities, public parks, a school, and circulation. The remaining 197 acres are open space. Village 3 began grading and infrastructure development in 2016 and is now complete except for Main Street, industrial pads north of Heritage Road, and the R-6 residential neighborhood south of Main

<sup>11</sup> Heavy Industrial is defined as shipbuilding, airframe, and aircraft manufacturing and usually located close to transportation facilities and commercial areas. Heavy Industrial parcels are typically large: 20-50 acres. Industrial Park is defined as office/industrial uses clustered into a center, with industrial as the primary use. Industrial Park may include high percentages of other uses in service or retail activities. Industrial Under Construction are under-construction properties located near existing industrial or commercial developments. Light Industry - General is defined as all other industrial uses and manufacturing not included in the categories above. Light Industry - General properties are not located inside of parks but are usually along major streets or clustered in certain areas. This land use includes manufacturing uses such as lumber, furniture, paper, rubber, stone, clay, and glass; as well as light industrial uses such as auto repair services and recycling centers. Light Industrial - General also includes mixed commercial and office uses (if not large enough to be identified separately). General industrial areas are comprised of 75 percent or more of industrial uses (manufacturing, warehousing, and wholesale trade).

Street. Additionally, Village 3 was marketed as The Village of Escaya with its residential and mixed-use development completed between 2018-2020. Industrial development within the 29-acre Escaya Business Park is underway, with a gas station complete and a self-storage facility currently under construction.

HomeFed seeks to expand the Village 3 planning area and change certain office and industrial uses to residential land uses with Village 3. The Proposed Project includes rezoning the Office Parcels to High Residential, which allows multi-story apartment homes ranging between 18 and 27 units per acre, and the Industrial Parcel south of Main Street (FlatRock Parcel) to Medium-High Residential with a density range of 11 to 18 units per acre, and the R-6 parcel from Medium Residential to Medium High Residential with a density range of 11-18 units per acre. These proposed zoning changes would increase the number of residential units in Village 3 and reduce the number of units in Village 9, resulting in no net change in residential units in Otay Ranch. The changes would, however, reduce the amount of office and industrial space in Otay Ranch by 8.3 and 11.3 acres, respectively.

Figure 7: Village 3 Current Land Uses



Source: Otay Ranch Village 3 North and a Portion of Village 4 SPA Plan, 2016



Figure 8: Village 3 Proposed Land Uses



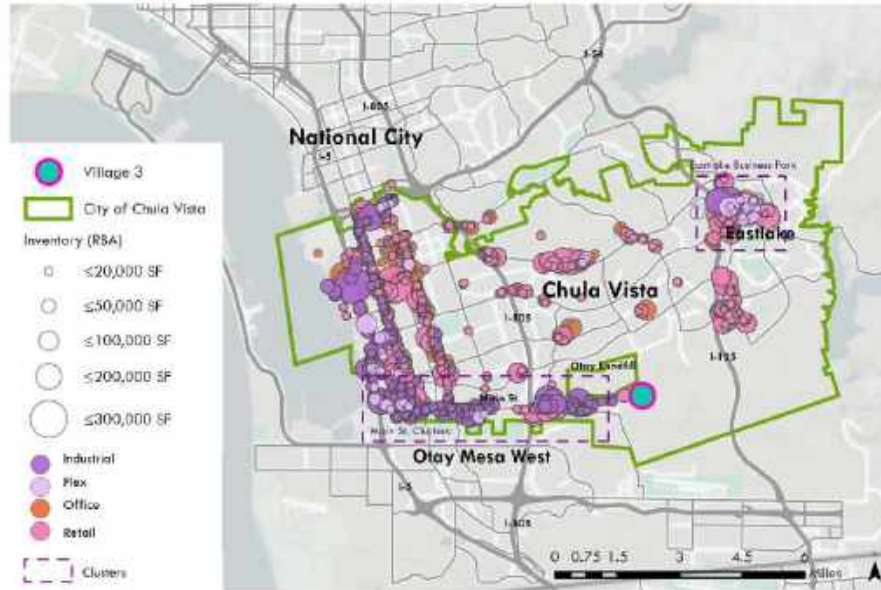
Source: City of Chula Vista, HR&A

### Nearby Uses and Commercial Clusters

Commercial clusters within a 15-minute drive of Village 3 include Main Street West between I-5 and I-805, Main Street East south of the Otay Landfill, Otay Mesa, National City, and Eastlake Business Park (see Figure 9). The Main Street West corridor is mostly comprised of light industrial-zoned storage facilities, small-scale manufacturing, and auto shops, approximately 2.2 million square feet of industrial space. The Main Street West corridor is also comprised of approximately 42,000 square feet of office space, approximately half of which is medical office. The Otay Mesa industrial cluster is made up of approximately 15.6 million square feet of larger distribution and manufacturing uses, with properties averaging approximately 60,000 square feet. The Eastlake Business Park is a commercial cluster comprised of approximately 730,000 square feet of office space, 240,000 of which is medical office, and approximately 2.0 million square feet of flex<sup>12</sup> and logistics uses, five miles northeast of Village 3.

<sup>12</sup> CoStar defines "Flex" as "buildings designed to be versatile, which may be used in combination with office, research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. At least 50% of the rentable area of the building must be used as office space." Flex floorplates are typically smaller than standard industrial buildings. This industrial category includes light distribution and light manufacturing, which are typically located in smaller facilities with at-grade loading, and often have more space dedicated to office.

Figure 9: Chula Vista Industrial and Commercial Inventory

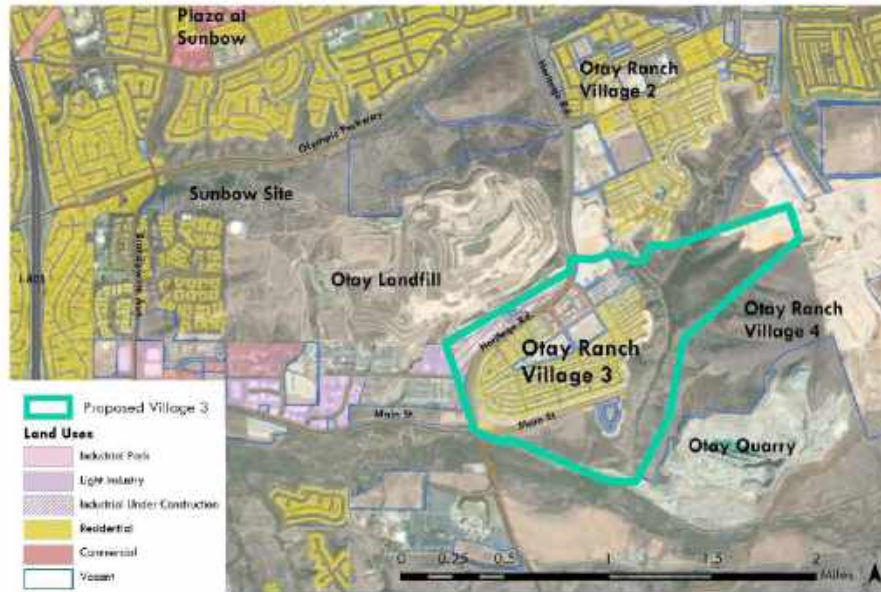


Source: CoStar Industrial and Commercial Inventory

Village 3 is accessible to other Otay Ranch residential communities via Heritage Road, including Villages 1 and 2, to the north. Village 3 is adjacent to future single family residential neighborhoods and industrial uses in Village 2 to the north and northwest, and accessible to pockets of resident-serving retail centers such as the Plaza at Sunbow and Chula Vista Crossings to the northwest and west, respectively.



Figure 10: Local Context and Land Use



Source: San Diego Association of Governments

## MARKET CONTEXT

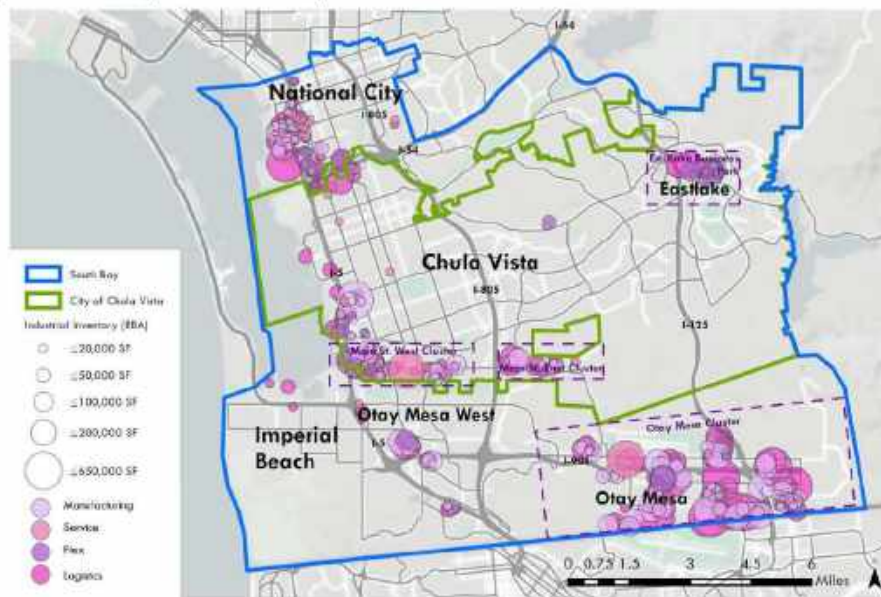
The following section summarizes the findings from HR&A's industrial and office market analysis for the City of Chula Vista as it relates to the Village 3 Industrial and Office Parcels. See Appendix 1 and Appendix 2 for methodologies and additional details.

### Industrial Supply

The Industrial Parcel is situated in the South Bay industrial submarket, which is part of the greater San Diego County industrial market (Figure 11). The South Bay submarket and San Diego County market serve as benchmarks for Chula Vista's past performance and help in understanding potential for future industrial demand.

There are approximately 200 million square feet of industrial space in the County and 32 million square feet in the South Bay. Chula Vista's 10 million square feet of industrial space accounts for 5 and 31 percent of the industrial space in these geographies, respectively.

Figure 11: South Bay Industrial Inventory



Source: CoStar Industrial Inventory

Chula Vista's industrial space composition differs from that of either San Diego County or the South Bay. Flex space<sup>13</sup> comprises 26 percent of the County's industrial space and 16 percent of Chula Vista's, contributing to the region's strong biotech ecosystem. Meanwhile, logistics space comprises 59 percent of the South Bay's industrial space but just 41 percent of Chula Vista's, with Otay Mesa serving as a major cluster

<sup>13</sup> CoStar defines "Flex" as "buildings designed to be versatile, which may be used in combination with office, research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. At least 50% of the rentable area area of the building must be used as office space." Flex floorplates are typically smaller than standard industrial buildings. This industrial category includes light distribution and light manufacturing, which are typically located in smaller facilities with at-grade loading, and often have more space dedicated to office.

for transnational goods movement between the United States and Mexico, Chula Vista's industrial space is primarily composed of smaller scale distribution and manufacturing needs within the South Bay.

Figure 12: Industrial Inventory Comparison (2019)



Source: CoStar

The San Diego industrial market has performed well since the end of the 2007-2009 Great Recession. Rents are 61 percent above 2010 levels while vacancy rates dropped from approximately 10 percent in 2010 to 5 percent in 2016 and have remained relatively stable since then.

Chula Vista's industrial inventory has historically had a lower and more stable vacancy rate than the County average. However, rents remain below the County average and similar to the South Bay average due to a lower proportion of flex space, which yields more than \$1.00 more per square foot in rent than other industrial uses.

Figure 13: Comparative Rents and Vacancy Rates



Source: CoStar

In contrast to the generally low vacancies of industrial properties across Chula Vista, the Eastlake Business Park has consistently struggled to attract industrial tenants, with a vacancy rate well above the citywide average (13% versus 4%). Brokers attribute this in part to Eastlake's relative isolation from other industrial clusters. With limited desirability for industrial tenants, non-industrial tenants currently occupy approximately



one-third of industrially zoned land in the business park (69 acres out of 217 acres). Non-industrial tenants include multiple religious institutions, medical offices, gyms, and a childcare facility.

Despite the low vacancy rate outside of the Eastlake Business Park, there have been no major industrial deliveries in Chula Vista since 2010. This contrasts with San Diego County and the South Bay submarket, which have respectively seen over 9 million and 850,000 square feet of industrial space developed over the same period. Brokers have stated the lack of development is not due to a lack of demand, but rather due to a shortage of land suitable for industrial development in attractive locations.

From a market perspective, the Industrial Parcel could be attractive to industrial users for its accessibility to the 805-freeway, proximity to the Main Street Corridor, and generally low availability of nearby industrial space. A 2013 AECOM Report noted that tech firms and headquarters with Mexican operations would find properties near the Otay Landfill and in the Main Street Corridor most attractive while brokers noted that a focus on smaller-scale manufacturing and logistics (grade-level) would be most successful. Brokers also mentioned industrial developers typically seek plots of at least 5 acres for industrial business parks, while smaller plots may only attract end-users. The Industrial Parcel meets the 5-acre threshold for developer interest for an industrial business park.

### Industrial Demand

The San Diego Association of Governments ("SANDAG") estimate of 1.4 million San Diego County jobs in 2020 served as the foundation for HR&A's estimated demand for industrial square feet through 2050 for both the South Bay and Chula Vista. To present a low and high range for demand, HR&A applied two different annual job growth factors to project 2050 jobs. The low scenario uses SANDAG's projected growth rate between 2008 and 2050 from its 2013 San Diego County regional forecast, while the high scenario uses California Employment Development Department's ("CA EDD") projected growth rate between 2016 and 2026 from its 2019 San Diego County regional forecast.

HR&A then estimated the share of industrial-space-using employment. Since employment characteristics vary widely on the type of industrial user, projected industrial-space-using employment for each industrial sector is broken out into "standard" (non-flex) industrial and flex industrial space. Figure 14 illustrates how industrial employment is attributed to both standard industrial and flex space. Depending on the growth projection, between 6 and 10 percent of job growth through 2050 can be classified as standard industrial or flex using.

Figure 14: Industry Employment by Land Use

Industry Category	Share of Industry Employment by Land Use			
	Standard Industrial	Flex Industrial	Office	Other
Agriculture and Mining	-	-	-	100%
Construction	-	-	10%	90%
Manufacturing	80%	15%	5%	-
Wholesale Trade	80%	5%	-	15%
Retail Trade	-	-	10%	90%
Transportation, Warehousing, and Utilities	70%	10%	-	20%
Information Systems	-	-	85%	15%
Finance and Real Estate	-	-	95%	5%
Professional and Business Services	-	5%	65%	30%
Education and Healthcare	-	5%	30%	65%
Leisure and Hospitality	-	0%	5%	95%
Office Services	5%	5%	50%	40%
Government	-	-	10%	90%

Source: HR&A Advisors

HR&A expects the South Bay to capture a slightly larger proportion of new countywide industrial jobs in 2050 than it does today, mostly due to the strong growth in logistics employment. South Bay is projected to increase its share of industrial employment from 10.5 percent to 11.5 percent, representing a 22 percent capture of countywide growth between 2020 and 2050. Accounting for employment densities and structural vacancy for industrial uses, HR&A estimates there is demand for between 6.3 million and 12.4 million additional square feet of industrial space through 2050 in the South Bay. Total demand for industrial space in Chula Vista is estimated between 1.9 million and 3.8 million square feet through 2050.

Figure 15: Industrial Demand (Flex and Standard Industrial Combined)

Category	2020	2050		
		Low <sup>1</sup>	High <sup>2</sup>	
Industrial Employment in San Diego County	178,750	195,500	233,000	Jobs
South Bay Share of Industrial Employment	10.5%	11.5%	11.5%	
Industrial Employment in the South Bay	18,750	22,500	26,750	Jobs
Required Industrial SF	25,987,500	31,185,000	36,892,500	SF
Vacancy Rate	4.5%	7.0%	7.0%	
Required Industrial with Vacancy Adjustment	27,221,500	33,532,250	39,669,250	SF
Increase in SF from 2020 Supply		6,310,750	12,447,750	SF
Chula Vista Capture		1,916,250	3,841,250	SF
Average FAR <sup>3</sup>		Varies	Varies	
Chula Vista Acreage Need		118	239	Acres

<sup>1</sup> Low scenario based on SANDAG compounded annual growth rate for San Diego County employment (2020-2050)

<sup>2</sup> High scenario based on CA EDD compounded annual growth rate for San Diego County employment (2016-2026)

<sup>3</sup> FAR varies based on the mix of standard industrial and flex space. Typical FARs for standard industrial and flex space were used of 0.40 and 0.25 respectively.

Source: US Census LEHD Data, SANDAG Forecasts, CA EDD Forecasts, HR&A Advisors

With a FAR of approximately 0.38, tied to the blended average between standard industrial and flex spaces in the region, this analysis indicates that the City will need between 118 and 239 acres to accommodate future industrial growth. Based on the City's current industrial land usage and zoned capacity, Figure 16 shows that, after accounting for future industrial demand, the City would still have between 190 and 311 acres of additional, undeveloped industrial lands. If rezoning of the 11.3-acre Industrial Parcel is approved, between 179 and 300 net acres of land zoned for industrial use are likely to remain in Chula Vista.

Figure 16: Industrial Land Capacity in Chula Vista

Category	2020	2050	
		Low <sup>1</sup>	High <sup>2</sup>
Net Industrial Acres <sup>3</sup>	2,052	2,052	2,052 Acres
Net Industrial Acres in Use <sup>4</sup>	1,512	1,512	1,512 Acres
Required Additional Net Acres		118	239 Acres
Required Total Net Acres		1,630	1,751 Acres
Surplus Net Acres		311	190 Acres
Remaining Surplus Net Acres if Rezoning Is Approved		300	179 Acres

<sup>1</sup> Low scenario based on SANDAG compounded annual growth rate for San Diego County employment (2020-2050)

<sup>2</sup> High scenario based on CA EDD compounded annual growth rate for San Diego County employment (2016-2026)

<sup>3</sup> City of Chula Vista

<sup>4</sup> City of Chula Vista

Source: City of Chula Vista Industrial Lands Inventory, HR&A Advisors

### Office Supply

The Office Parcels are situated in the South Bay office submarket, which is part of the greater San Diego County office market (Figure 17). The South Bay submarket and San Diego County market serve as benchmarks for Chula Vista's past performance and help in understanding potential for future office demand.

There are approximately 117 million square feet of commercial office space in the County and 4.7 million square feet in the South Bay. Chula Vista's 3.3 million square feet of office space accounts for 3 percent of total County office space and 69 percent of the office space in the South Bay.

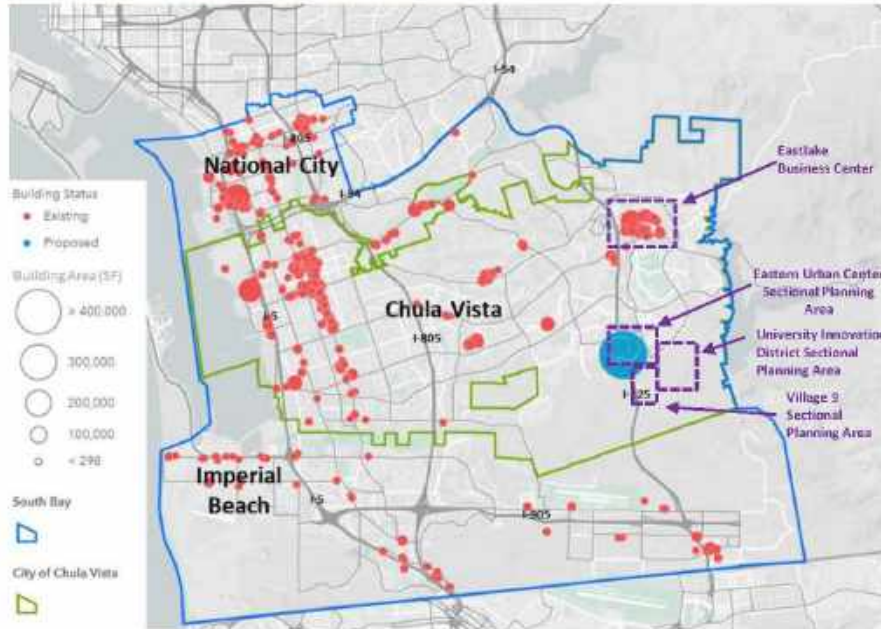
Chula Vista, like the South Bay, is a suburban office market and is, currently, not one of the San Diego region's major office centers. This suburban nature is reflected in Chula Vista's lower proportion of Class A office space compared to the county (14% versus 37%) and greater proportion of office space being medical office (46% versus 16%), which typically has lower employment densities than employment-based office and often locates in residential areas rather than office centers. Reflective of the peripheral nature of Chula Vista's office market, rents have historically been lower than the countywide average. Additionally, while overall vacancies are low (6%), existing Class A office buildings in the City have struggled to attract tenants, with an average vacancy rate of 17 percent.

Since the Great Recession, Chula Vista has primarily satisfied the need for new office space by filling existing space. Only 72,000 square feet of new office space has been constructed since 2010. Despite the slow pace of recent growth in office development, the City aspires to attract a new regional office center east of I-805. The EUC, UI District and Village 9 SPA Plans (highlighted in Figure 17) authorize up to 6.8 million square feet of commercial development, including commercial offices. While other uses have been developed, including 144,000 square feet of retail in the EUC, no new office has been developed under the plans to date. Due to the nascent nature of Chula Vista's commercial office market, particularly for employment-based office, a catalytic investment will likely be necessary to attract the office development and tenants the City envisions for the area.

From a market perspective, the Village 3 Office Parcels could be attractive to neighborhood-serving or medical office given the 1,600 units of housing being developed as part of the Village 3 master plan. However, the Office Parcels' location outside of an established or planned office center makes it unlikely that employment-based office will develop in Village 3. Employment-based office will likely locate either in the EUC, UI District, or Village 9, where the City is actively pursuing the development of a new regional office center.



Figure 17: South Bay Office Inventory and Planning Areas



Source: CoStar Office Inventory

### Office Demand

To estimate office demand in Chula Vista through 2050, SANDAG and CA EDD serve as the basis for a low and high job growth projection respectively. The share of office-using employment by industrial category (see Figure 18) was applied, to estimate the office specific job growth for the county. Assuming a fair share capture based on current employment, HR&A estimates the South Bay will capture approximately 7 percent of all new office jobs countywide.

Accounting for employment densities and structural vacancy for office uses, HR&A estimates there is demand for between 9.2 million and 10.5 million additional square feet of office space through 2050 in the South Bay. Total demand for office space in Chula Vista is estimated between 1.4 million and 2.3 million square feet through 2050. As discussed above, the UI District alone can accommodate over 2.0 million square feet of new office development at a density as high as 2.5, which is between the low and high estimate of total demand for new office space in the City through 2050.

Figure 18: Office Demand

Category	2020	2050		
		Low <sup>1</sup>	High <sup>2</sup>	
Office Employment in San Diego County	398,000	493,000	562,500	Jobs
South Bay Share of Office Employment	6.8%	6.7%	6.7%	
Office Employment in the South Bay	27,250	33,250	38,000	Jobs
Required Office SF	6,812,500	8,312,500	9,500,000	SF
Vacancy Rate <sup>3</sup>	4.9%	10.0%	10.0%	
Required Office with Vacancy Adjustment	7,163,500	9,236,000	10,555,500	SF
Increase in SF from 2020 Supply		2,072,500	3,392,000	SF
Chula Vista Capture <sup>4</sup>		1,430,750	2,341,750	SF
Average FAR of New Office Development <sup>5</sup>		0.35	0.35	
Chula Vista Acreage Need		94	154	Acres

<sup>1</sup>Low scenario based on SANDAG compounded annual growth rate for San Diego County employment (2020-2050)  
<sup>2</sup>High scenario based on CA EDD compounded annual growth rate for San Diego County employment (2016-2026)  
<sup>3</sup>Assumes a structural vacancy of 10%  
<sup>4</sup>Capture is based on a fair share capture benchmarked to the proportion of current inventory in Chula Vista as a part of the South Bay (69%).  
<sup>5</sup>Minimum FAR designated for Professional & Admin land use designation per the Chula Vista General Plan

Source: US Census LEHD Data, SANDAG Forecasts, CA EDD Forecasts, HR&A Advisors

With a conservative FAR of 0.35, which represents the lower end of the 0.35 to 1.50 General Plan density for the Professional & Admin land use designation, this analysis indicates that the City will need between 94 and 154 acres to accommodate future office growth. Since office can locate in areas other than those exclusively zoned for office, the City's land usage and zoned capacity for all office-accommodating acres (Figure 19) was evaluated. Accounting for future non-office growth in addition to office growth, there would still have at least 381 acres of additional, undeveloped office accommodating lands in the City. If rezoning of the 8.3 acres of the Office Parcels is approved, between 373 and 645 acres of office-accommodating acres are likely to remain in Chula Vista. If developed at a higher density of 1.0 FAR—still far lower than the maximum 2.5 FAR proposed in the UI District's urban core—there would be between 827 and 922 surplus office-accommodating acres in 2050.

Figure 19: Office Land Capacity in Chula Vista

Category	2020	2050	
		Low <sup>1</sup>	High <sup>2</sup>
Office-Accommodating Acres <sup>3</sup>	3,339	3,339	3,339 Acres
Office-Accommodating Acres Currently in Use <sup>4</sup>	2,260	2,260	2,260 Acres
Current Surplus of Office-Accommodating Acres	1,079	1,079	1,079 Acres
Required Additional Acres for Office (see Fig. 17)		94	154 Acres
Required Additional Acres for Non-Office Uses <sup>5</sup>		333	545 Acres
Required Additional Acres (all uses)		427	698 Acres
Surplus Acres		653	381 Acres
Remaining Surplus Acres if Rezoning Is Approved		645	373 Acres

<sup>1</sup>Low scenario based on SANDAG compounded annual growth rate for San Diego County employment (2020-2050)

<sup>2</sup>High scenario based on CA EDD compounded annual growth rate for San Diego County employment (2016-2026)

<sup>3</sup>City of Chula Vista General Plan, Chapter 5: Land Use and Transportation Element, Table 5-6 General Plan Use Distribution in 2030. Office-accommodating lands include Retail, Professional & Admin, Mixed Use Commercial, Mixed Use Transit Focus Area, Limited Industrial, Regional Technology Park, Eastern Urban Center office land only, and Town Center designations.

<sup>4</sup>CoStar acreage for office, flex, and retail uses in Chula Vista

<sup>5</sup>Assumes office demands 21% of additional acres, similar to its current proportion of office-accommodating acres in use

Source: City of Chula Vista General Plan, CoStar, HR&A Advisors



## FINDINGS

A summary of HR&A's findings is provided below. These are separated into general land policy and site-specific findings.

### Employment Land Policy Findings<sup>14</sup>

#### Industrial

- **New industrial job growth will require newly developed space on industrial land.** Industrial properties outside of the Eastlake Business Park face historically low vacancies, and much of the development on industrial land within Eastlake has not been for industrial users.
- **Approximately 428 acres of Chula Vista's land with industrial zoning is vacant and developable.** Given a range of floor-area-ratios from 0.25 to 0.40, this land could accommodate 4.7 to 7.5 million SF of development.
- **Chula Vista currently has enough developable land to accommodate projected growth in industrial employment through 2050.** The City could see an increase in industrial employment of 1,475 to 3,125 new jobs, demanding 118 to 239 acres of developable industrial land through 2050. If that amount of land were developed, the City would still have 190 to 311 acres of surplus vacant developable industrial land.
- **Industrial entitlements do not guarantee either industrial uses or job-intensive uses.** For example, the Eastlake cluster of industrial zoned land currently contains 69 acres of non-industrial uses, including some uses such as gyms that have low employment densities.

#### Office

- **Office can locate in many types of commercial areas,** including those not strictly designated for office use.
- **Approximately 1,079 acres of land that may accommodate office in Chula Vista is undeveloped.** Given the City's current average floor-area-ratio of 0.25, this land could accommodate up to 11.8 million square feet of new office development.
- **Chula Vista currently has enough developable land to accommodate projected growth in office employment through 2050.** The City could see an increase in office employment of 5,723 to 9,367 new jobs, demanding 94 to 154 acres of office-accommodating land through 2050. If that amount of land were developed at a low density of 0.35 FAR, the City would, conservatively, have 381 to 653 acres of surplus vacant office-accommodating land. If developed at a higher density of 1.0 FAR—still far lower than the maximum 2.5 FAR proposed in the UI District's urban core—there would be between 830 and 920 surplus acres in 2050.
- **Chula Vista does not currently see high demand for new employment-based office.** Although the citywide average vacancy for office space is just 6 percent, the rate for the City's five Class A office buildings is 17 percent. Furthermore, while Class A office makes up 37 percent of all office space in San Diego County, it comprises only 14 percent of Chula Vista's office inventory.
- **A catalytic development will likely be necessary for the City to attract employment-based office development.** For example, the Millenia development is currently entitled for 3.3 million square feet of commercial space, however no office projects have been constructed to date.

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<sup>14</sup> All acreage numbers in this section reflect current conditions, i.e. without any rezoning of Industrial Parcel or Office Parcels.

### Site-Specific Findings

#### Industrial

- **The Village 3 Industrial Parcel represents 3 percent of Chula Vista's remaining developable industrial land.** The parcel contains 11.3 acres of industrial land, compared to 428 developable acres across the entire City.
- **The Village 3 Industrial Parcel's size would be an advantage for an industrial developer.** The 11.3-acre parcel could potentially accommodate large floorplates and truck maneuverability and support economies of scale.
- **The Village 3 Industrial Parcel is well located next to the freeway and existing industrial clusters.**

#### Office

- **The Village 3 Office Parcels represent less than 1 percent of Chula Vista's remaining vacant office-accommodating land.** The Village 3 Office Parcels contain 8.3 acres of vacant office-accommodating land, compared to 1,079 across the entire City.
- **The Village 3 Office Parcels' location is unlikely to attract employment-based office development.** Distance from existing and emerging regional office clusters limits the desirability of Village 3 as a location for more job-intensive, employment-based office tenants.
- **The Office Parcels could be suitable for service-oriented office.** The approximately 1,600 residential units in Village 3 could provide a customer base for these office tenants.

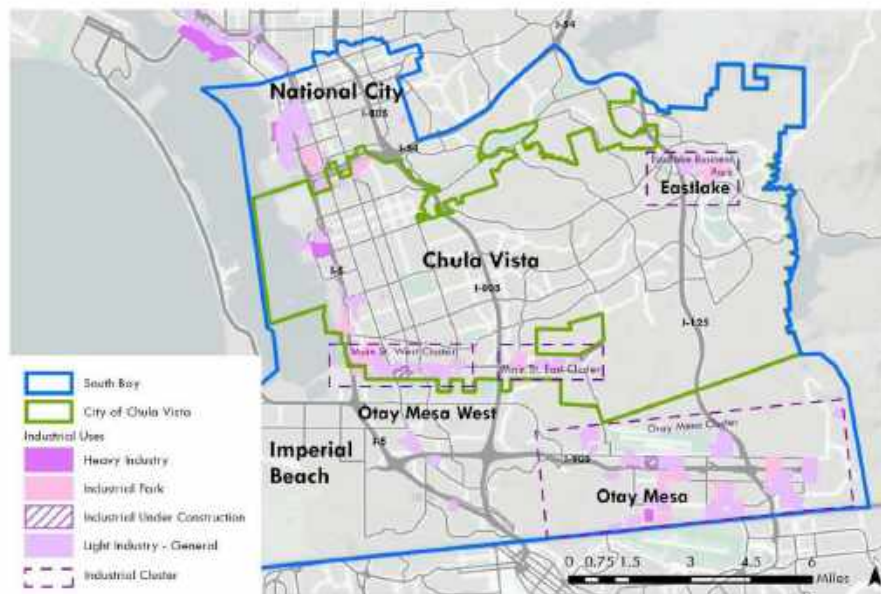
## APPENDIX 1: INDUSTRIAL MARKET ANALYSIS

### Introduction

This market analysis provides an overview of the industrial real estate market in Chula Vista to inform an assessment of a proposed General Plan Amendment for Otay Ranch Village 3, which is located in Chula Vista, south of the Otay Landfill and north of Main Street. The analysis first considers the current supply of industrial properties as well as land with industrial entitlement. It then estimates future demand for industrial real estate in Chula Vista based on regional employment projections. In addition to the overall performance of industrial real estate, the analysis reviews the performance of four subsets of industrial: logistics, manufacturing, service (vehicle repair), and flex.<sup>15</sup>

Two geographies serve as benchmarks for Chula Vista's performance: San Diego County and its South Bay submarket. The South Bay, depicted in Figure 20, consists of the southeastern portion of San Diego County and is notable for its border shared with Mexico.

Figure 20: Map of Industrial Markets



Source: San Diego Association of Governments

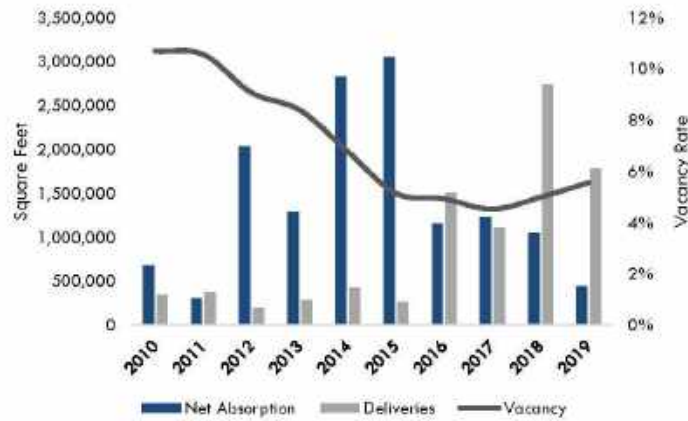
<sup>15</sup> CoStar defines "Flex" as "buildings designed to be versatile, which may be used in combination with office, research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. At least 50% of the rentable area area of the building must be used as office space." Flex floorplates are typically smaller than standard industrial buildings. This industrial category includes light distribution and light manufacturing, which are typically located in smaller facilities with at-grade-loading, and often have more space dedicated to office.

## Supply Analysis

### San Diego County Market Overview

The almost 200 million square foot San Diego County industrial market has performed well since the end of the 2007-2009 Great Recession. As illustrated in Figure 21, vacancy rates have dropped from approximately 10 percent in 2010 to 5 percent in 2019, while delivery of new industrial space has exceeded one million square feet annually since 2016. With absorption keeping pace, vacancy rates have remained relatively stable since 2016 despite over 7 million square feet of new space coming online since then.

Figure 21: Net Absorption, Deliveries, and Vacancy in San Diego County



Source: CoStar

Flex and logistics property types have led the County's inventory growth, accounting for 81 percent of all deliveries since 2010. The existing biotech ecosystem, highly skilled labor supply, and proximity to the University of California, San Diego, have driven demand for flex space, which demands higher rents than traditional industrial space, while warehouse construction has responded to the continued growth of e-commerce.

### The South Bay and Chula Vista Markets Overview

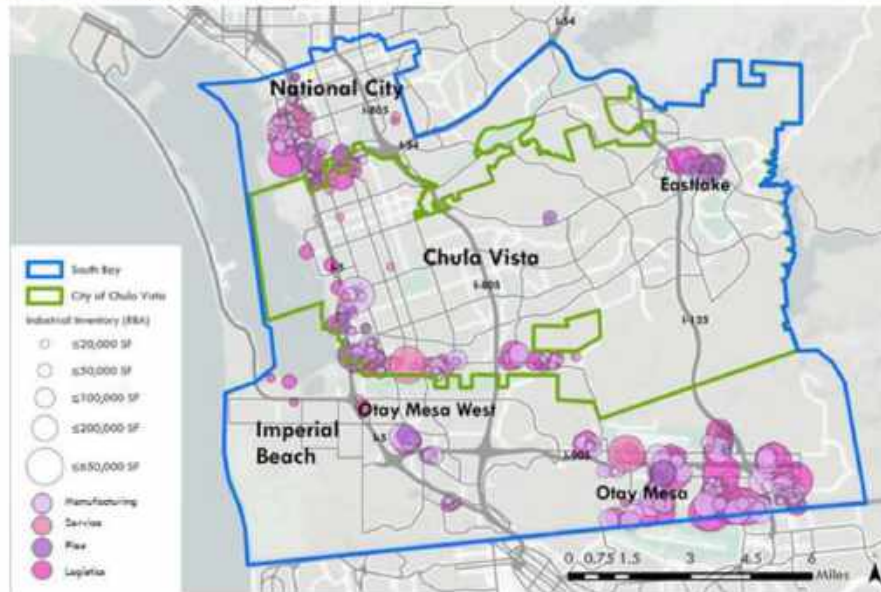
The South Bay submarket comprises 32 million square feet of industrial space, accounting for 16 percent of the County's inventory. The Otay Mesa Industrial cluster dominates the submarket (southeast corner of Figure 22) and is comprised primarily of logistics space catering to truck traffic; the Otay Mesa Land Port of Entry between the US and Mexico is the busiest border crossing in California for commercial trucks.<sup>16</sup> The South Bay has been a driver of logistics growth in the County. While it accounts for 23 percent of current logistics

<sup>16</sup> Eleanor Lamb, "GSA to Expand California's Busiest Truck Checkpoint," Transport Topics, May 29, 2020, <https://www.ttnews.com/articles/gsa-expand-californias-busiest-truck-checkpoint>.



space across the County, 38 percent of logistics space absorbed<sup>17</sup> in new and existing buildings since 2010 has been in the South Bay.

Figure 22: South Bay Industrial Inventory



Source: CoStar

Chula Vista's 10 million square feet of industrial space represents 5 percent of the County's inventory, and almost one-third of the South Bay's inventory. Chula Vista's industrial inventory has historically had a lower and more stable vacancy rate than the County average. However, low vacancies have not been sufficient to raise Chula Vista rents, which are similar to the South Bay, as high as County average rents.

<sup>17</sup> "Absorption refers to the change in occupancy over a given time period. Lease renewals are not factored into absorption unless the renewal includes the occupancy of additional space. (In that case, the additional space would be counted in absorption.) Pre-leasing of space in non-existing buildings (e.g., Proposed, Under Construction, Under Renovation) is not counted in absorption until the actual move-in date." Source: CoStar

Figure 23: Comparative Rents and Vacancy Rates



The difference in industrial rents between Chula Vista and the County is due to both the higher proportion of flex space across the whole County compared to Chula Vista, as well as the greater desirability of flex space elsewhere in the County. As shown in Figure 24, flex space typically garners higher rents than other industrial uses. Over a quarter of all San Diego County industrial space is classified as flex or R&D space (Figure 25), whereas only 16 percent in Chula Vista is classified similarly.

Figure 24: Industrial NNN Rent Comparison (2019)



Figure 25: Industrial Inventory Comparison (2019)



Source: CoStar

Chula Vista's industrial composition does however differ from other industrial centers in the submarket. Within the South Bay submarket, logistics, manufacturing and service, occupy 93 percent of industrial space. Chula Vista meanwhile serves the industrial submarket's smaller scale distribution and manufacturing needs, with proportionally less logistics space and more flex space. This difference is evidenced in the average floorplate of industrial space in Chula Vista of 37,200 square feet, housing smaller operations, versus 59,200 square feet in the South Bay as a whole. Brokers confirmed the unique industrial positioning of Chula Vista in the South Bay and cited it as a reason for the strong performance of small floorplate industrial space in the City. For instance, industrial space less than 20,000 square feet has a vacancy rate of just 2.9 percent, compared to the citywide average of 4.2 percent.

#### Chula Vista Industrial Clusters

The character of industrial real estate is not uniform across Chula Vista. Figure 26 shows that industrial space is mainly concentrated along Main Street, near the City's southern border with Otay Mesa West, and up the I-5 corridor along San Diego Bay. In these areas there is a mix of small-scale logistics, manufacturing, and flex space. Additionally, west of I-5 there is a notable defense-related manufacturing presence, the largest being a 1.8 million square foot BF Goodrich facility. The Eastlake Business Park is distant (approximately 7 miles by road) from the other industrial cluster in the northeast area of the City, with 2.0 million square feet of industrial space across 217 acres. Unlike the rest of City, industrial space here consists of mostly larger-format logistics and flex space. This space is also newer, with an average year built of 2002, compared to 1984 for industrial citywide.

Figure 26: Eastlake Business Park Profile

<b>Area</b>	217 acres
<b>Industrial SF</b>	2.0 million
<b>Vacancy</b>	13%
<b>Tenant Profile</b>	Mix of distribution, light manufacturing, flex/R&D, medical office, and other (e.g. gym, religious institution)

Source: CoStar, HR&A

These differences translate into fundamentally different performance between Eastlake Business Park and the City overall. The Eastlake Business Park currently has a 13 percent vacancy rate, well above the citywide average of 4.2 percent. Additionally, non-industrial tenants currently occupy approximately one-third of industrially zoned land in the business park (69 acres out of 217 acres). Non-industrial tenants include HR&A Advisors, Inc.

multiple religious institutions, medical offices, and gyms, and a childcare facility. Brokers noted that Eastlake has consistently struggled to attract industrial tenants, in part due to its isolation from other industrial clusters.

Despite limited availability of industrial space outside of Eastlake, there have been no major new industrial projects completed in the City since 2010. While Chula Vista is an attractive industrial market, brokers stated that developers have difficulty finding suitable industrial sites. For example, the Otay River Business Park, which is currently under construction in southwestern Chula Vista, will mark the first major industrial park development with over 163,000 square feet of new industrial space. A broker familiar with the project stated that it took the developer 10 years to realize the project due to a long site identification and entitlement process.

### Industrial Land Supply

While challenges exist in site identification, the City still has significant undeveloped industrially zoned land. Figure 27 shows that Chula Vista has 3,014 acres of land in the City with at least some portion of industrial zoning. When discounting undevelopable acreage<sup>18</sup>, the City estimates there is 1,926 acres of developable industrial land. Of this acreage, the City estimates there is 428 undeveloped acres which represents 22 percent of the total usable industrially zoned land.

Figure 27: Chula Vista Industrial Land Inventory

Land Category	Total Acres	Share	Net Developable Acres	Share
Developed	1,622	54%	1,497	78%
Vacant	1,392	46%	428	22%
Total	3,014	100%	1,926	100%

Source: City of Chula Vista Industrial Lands Inventory, HR&A Advisors

### Demand Analysis

SANDAG's estimate of San Diego County jobs in 2020 of 1.4 million jobs served as the foundation for HR&A's estimated demand for industrial square feet through 2050 for both the South Bay and Chula Vista. To present a low and high range for demand, HR&A applied two different annual job growth factors to project 2050 jobs. The low scenario uses an annual growth rate based on SANDAG's projected compound annual growth rate between 2008 and 2050 from its 2013 San Diego County regional forecast, while the high scenario uses an annual growth rate based on California Employment Development Department's ("CA EDD") projected compound annual growth rate between 2016 and 2026 from its 2019 San Diego County regional forecast.

HR&A supplemented SANDAG's employment projections with more recent and detailed Census Bureau data on current employment in the county to estimate industrial-space-using employment. Using this data, HR&A estimates the South Bay will capture 9 percent of all new jobs countywide. This assumes that all industrial sectors in the South Bay will grow proportionally with overall SANDAG projected County growth apart from Transportation, Warehousing, and Utilities. As shown in Figure 28, the Transportation, Warehousing, and Utilities industrial sector's share of county jobs has gone from just 8 percent in 2002 to 19 percent in 2017. Given the strength of logistics in the South Bay submarket, HR&A assumes this share will continue to increase, reaching 44 percent by 2050.

<sup>18</sup> The City of Chula Vista discounted total industrial acreage to account for split-zoned parcels, physical development challenges, such as steep slopes and problematic site configurations, as well as open space requirements/set-asides.



Figure 28: South Bay Job Share Composition of San Diego County

Industry Category	2002	2010	2017
Agriculture and Mining	2%	2%	2%
Construction	5%	5%	5%
Manufacturing	9%	9%	9%
Wholesale Trade	11%	12%	10%
Retail Trade	12%	15%	16%
Transportation, Warehousing, and Utilities	8%	15%	19%
Information Systems	3%	4%	4%
Finance and Real Estate	6%	7%	7%
Professional and Business Services	3%	4%	4%
Education and Healthcare	11%	10%	11%
Leisure and Hospitality	7%	8%	8%
Office Services	8%	13%	9%
Government	5%	11%	10%

Source: U.S. Census Bureau Longitudinal Employer-Household Dynamics Survey (LEHD)

HR&A then estimated the share of industrial-space-using employment. Since employment characteristics vary widely on the type of industrial user, projected industrial-space-using employment for each industrial sector is broken out into "standard" (non-flex) industrial and flex industrial space. Figure 29 illustrates how industrial employment is attributed to both standard industrial and flex space. Depending on the growth projection, between 6 and 10 percent of job growth through 2050 can be classified as standard industrial or flex using.

Figure 29: Industry Employment by Land Use

Industry Category	Share of Industry Employment by Land Use			
	Standard Industrial	Flex Industrial	Office	Other
Agriculture and Mining	-	-	-	100%
Construction	-	-	10%	90%
Manufacturing	80%	15%	5%	-
Wholesale Trade	80%	5%	-	15%
Retail Trade	-	-	10%	90%
Transportation, Warehousing, and Utilities	70%	10%	-	20%
Information Systems	-	-	85%	15%
Finance and Real Estate	-	-	95%	5%
Professional and Business Services	-	5%	65%	30%
Education and Healthcare	-	5%	30%	65%
Leisure and Hospitality	-	0%	5%	95%
Office Services	5%	5%	50%	40%
Government	-	-	10%	90%

Source: HR&A Advisors

To estimate future market supportable standard industrial square footage in the South Bay, HR&A used the South Bay current average of 1,630 square feet per worker. Next, supportable demand was adjusted for the South Bay vacancy rate. Then, Chula Vista's standard industrial demand was estimated as a percent capture of the larger South Bay submarket. Using this methodology, the analysis estimates total standard industrial demand in Chula Vista to be 1.7 million to 3.3 million square feet through 2050. Using an FAR of 0.40, which is typical of standard industrial spaces in the City and aligns with the City's General Plan, this translates into 97 to 189 acres of land needed to accommodate the standard industrial demand.

Figure 30: Standard Industrial Demand<sup>1</sup>

Category	2020	2035		2050		
		Low <sup>2</sup>	High <sup>3</sup>	Low <sup>2</sup>	High <sup>3</sup>	
Standard Industrial Employment in San Diego County	136,500	142,250	155,500	147,500	174,250	Jobs
South Bay Share of Standard Industrial Employment	11.0%	11.6%	11.6%	12.2%	12.2%	
Standard Industrial Employment in the South Bay	15,000	16,500	18,000	18,000	21,250	Jobs
Required Industrial SF	24,450,000	26,895,000	29,340,000	29,340,000	34,637,500	SF
Vacancy Rate <sup>4</sup>	4.3%	7.0%	7.0%	7.0%	7.0%	
Required Standard Industrial with Vacancy Adjustment	25,548,500	28,919,250	31,548,500	31,548,500	37,244,500	SF
Increase in SF from 2020 Supply		3,370,750	6,000,000	6,000,000	11,696,000	SF
Chula Vista Capture <sup>5</sup>		950,000	1,691,250	1,691,250	3,296,750	SF
Average FAR <sup>6</sup>		0.40	0.40	0.40	0.40	
Chula Vista Acreage Need		55	97	97	189	Acres

<sup>1</sup> Standard Industrial refers to industrial property types other than flex: manufacturing, logistics, and service.  
<sup>2</sup> Low scenario based on SANDAG compounded annual growth rate for San Diego County employment (2020-2050)  
<sup>3</sup> High scenario based on CA EDD compounded annual growth rate for San Diego County employment (2016-2026)  
<sup>4</sup> Assumes a structural vacancy of 7%  
<sup>5</sup> Capture is based on a fair share capture benchmarked to the proportion of current inventory in Chula Vista as a part of the South Bay.  
<sup>6</sup> Typical FAR for logistics space

Source: US Census LEHD Data, SANDAG Forecasts, CA EDD Forecasts, HR&A Advisors

To estimate future market supportable flex square footage in the South Bay, HR&A used the South Bay current average of 410 square feet per worker. Next, supportable demand was adjusted for the South Bay vacancy rate. Then, Chula Vista's flex industrial demand was estimated as a percent capture of the larger South Bay submarket. Using this methodology, the analysis estimates total flex demand in Chula Vista to be 225,000 to 544,500 square feet through 2050. Using an FAR of 0.25, which is typical of flex spaces in the City and aligns with the City's General Plan, this translates into 21 to 50 acres of land needed to accommodate the flex demand.

Figure 31: Flex Demand

Category	2020	2035		2050		
		Low <sup>1</sup>	High <sup>2</sup>	Low <sup>1</sup>	High <sup>2</sup>	
Flex Employment in San Diego County	42,250	45,500	50,500	48,000	58,750	Jobs
South Bay Share of Flex Employment	8.9%	8.8%	8.8%	9.4%	9.4%	
Flex Employment in the South Bay	3,750	4,000	4,500	4,500	5,500	Jobs
Required Flex SF	1,537,500	1,640,000	1,845,000	1,845,000	2,255,000	SF
Vacancy Rate <sup>3</sup>	8.1%	7.0%	7.0%	7.0%	7.0%	
Required Flex with Vacancy Adjustment	1,673,000	1,763,500	1,983,750	1,983,750	2,424,750	SF
Increase in SF from 2020 Supply		90,500	310,750	310,750	751,750	SF
Chula Vista Capture <sup>4</sup>		65,500	225,000	225,000	544,500	SF
Average FAR <sup>5</sup>		0.25	0.25	0.25	0.25	
Chula Vista Acreage Need		6	21	21	50	Acres

<sup>1</sup> Low scenario based on SANDAG compounded annual growth rate for San Diego County employment (2020-2050)

<sup>2</sup> High scenario based on CA EDD compounded annual growth rate for San Diego County employment (2016-2026)

<sup>3</sup> Assumes a structural vacancy of 7%

<sup>4</sup> Capture is based on a fair share capture benchmarked to the proportion of current inventory in Chula Vista as a part of the South Bay.

<sup>5</sup> Typical FAR for flex space

Source: US Census LEHD Data, SANDAG Forecasts, CA EDD Forecasts, HR&A Advisors

Altogether, total demand for industrial space in Chula Vista is estimated between 1.9 million and 3.8 million square feet through 2050. This means the City will need between 118 and 239 acres to accommodate future industrial growth.

Figure 32: Total Industrial Demand (Standard and Flex)

Category	2020	2035		2050		
		Low <sup>1</sup>	High <sup>2</sup>	Low <sup>1</sup>	High <sup>2</sup>	
Industrial Employment in San Diego County	178,750	187,750	206,000	195,500	233,000	Jobs
South Bay Share of Industrial Employment	10.5%	10.9%	10.9%	11.5%	11.5%	
Industrial Employment in the South Bay	18,750	20,500	22,500	22,500	26,750	Jobs
Required Industrial SF	25,987,500	28,535,000	31,185,000	31,185,000	36,892,500	SF
Vacancy Rate	4.5%	7.0%	7.0%	7.0%	7.0%	
Required Industrial with Vacancy Adjustment	27,221,500	30,682,750	33,532,250	33,532,250	39,669,250	SF
Increase in SF from 2020 Supply		3,461,250	6,310,750	6,310,750	12,447,750	SF
Chula Vista Capture		1,015,500	1,916,250	1,916,250	3,841,250	SF
Average FAR <sup>3</sup>		Varies	Varies	Varies	Varies	
Chula Vista Low Acreage Need		61	118	118	239	Acres

<sup>1</sup> Low scenario based on SANDAG compounded annual growth rate for San Diego County employment (2020-2050)

<sup>2</sup> High scenario based on CA EDD compounded annual growth rate for San Diego County employment (2016-2026)

<sup>3</sup> FAR varies based on the mix of standard industrial and flex space. Typical FARs for standard industrial and flex space were used of 0.40 and 0.25 respectively.

Source: US Census LEHD Data, SANDAG Forecasts, CA EDD Forecasts, HR&A Advisors

Chula Vista currently has sufficient industrially zoned land to meet projected industrial demand. As shown in Figure 33, should the City realize its projected 2050 demand, Chula Vista will have between 190 and 311 remaining acres for future industrial development.

Figure 33: Industrial Land Capacity in Chula Vista

Category	2020	2035		2050		
		Low <sup>1</sup>	High <sup>2</sup>	Low <sup>1</sup>	High <sup>2</sup>	
Net Industrial Acres <sup>3</sup>	1,926	1,926	1,926	1,926	1,926	Acres
Net Industrial Acres in Use <sup>4</sup>	1,497	1,497	1,497	1,497	1,497	Acres
Required Additional Acres		61	118	118	239	Acres
Required Total Acres		1,558	1,615	1,615	1,736	Acres
Surplus Acres		368	311	311	190	Acres

<sup>1</sup> Low scenario based on SANDAG compounded annual growth rate for San Diego County employment (2020-2050)  
<sup>2</sup> High scenario based on CA EDD compounded annual growth rate for San Diego County employment (2016-2026)  
<sup>3</sup> City of Chula Vista  
<sup>4</sup> City of Chula Vista

Source: City of Chula Vista Industrial Lands Inventory, HR&A Advisors





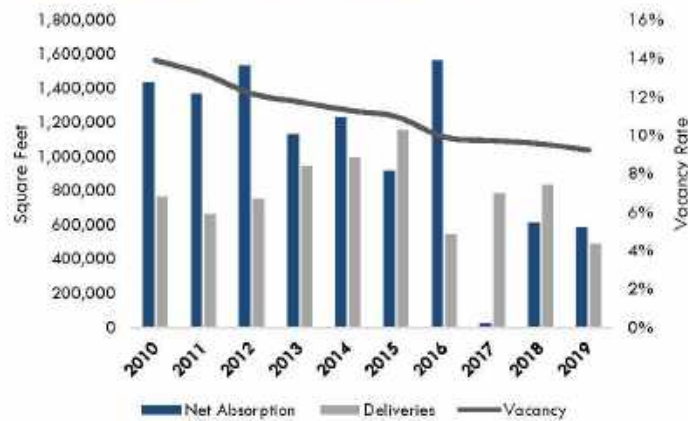
## Supply Analysis

### San Diego County Market Overview

The San Diego Office market consists of over 117 million square feet of commercial office. Major office centers are located in downtown San Diego and in close proximity to the biotech clusters near the University of California, San Diego, which account for 70 million square feet.<sup>20</sup>

The office market has steadily improved since the 2007-2009 Great Recession. As illustrated in Figure 35, vacancy rates have dropped from approximately 14 percent in 2010 to 9 percent in 2019, while deliveries of new office space have been consistent and totaled nearly 8 million square feet of new office space. Over this time period, rents also increased 35 percent from \$1.99 to \$2.67 per square foot per month. San Diego County's diversified economy—including a strong biotech and life science ecosystem, highly skilled labor supply, and proximity to world-class research universities—has been the driver of the improvement in office performance.

Figure 35: Net Absorption, Deliveries, and Vacancy in San Diego County



Source: CoStar

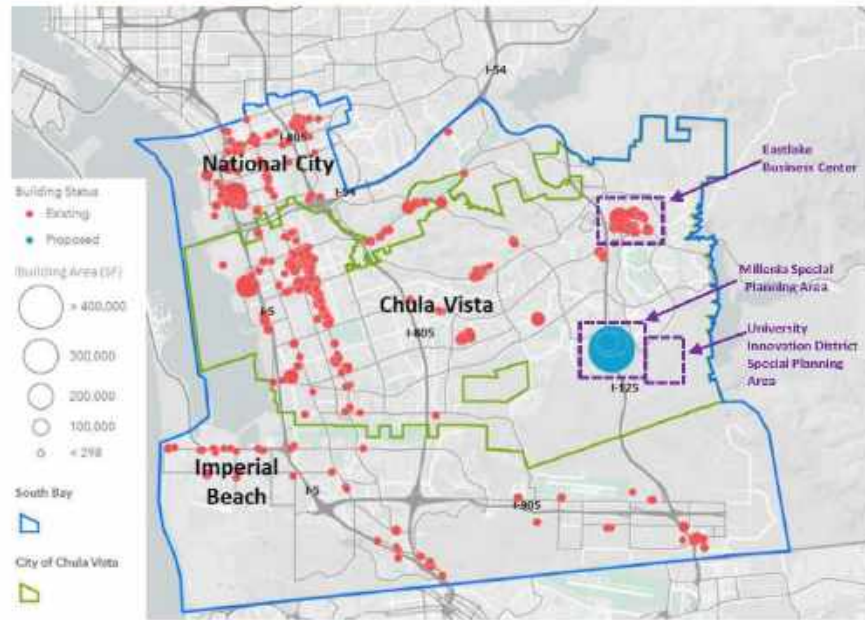
### The South Bay and Chula Vista Markets Overview

The South Bay submarket comprises 4.7 million square feet of office space, accounting for 4 percent of the county's inventory. This submarket is primarily suburban in nature; while portions of National City are close to Downtown, the center of the submarket is approximately 10 miles away from established office clusters in Downtown and more than 20 miles away from the office clusters found in the La Jolla UTC.

Chula Vista's 3.3 million square feet of office space represents 3 percent of the county's inventory. While comprising a small part of countywide inventory, South Bay office is clustered in Chula Vista, accounting for 69 percent of the South Bay's inventory. As such, the South Bay's office trends closely mirror those of Chula Vista.

<sup>20</sup> Includes the Downtown San Diego, North San Diego, and Central San Diego submarkets per CoStar.

Figure 36: South Bay Office Inventory and Planning Areas



Source: CoStar

Since the Great Recession, the office vacancy in Chula Vista has declined quickly, falling from 15 percent in 2010 to 6 percent in 2019, 3 percentage points below the countywide average. This decline in vacancy was the result of office absorption outpacing new construction in the City. Over the last 10 years, Chula Vista saw net office absorption of 407,600 square feet and only 72,000 square feet of new construction. However, low vacancies have not been sufficient to raise Chula Vista rents as high as County average. As illustrated in Figure 37, between 2010 and 2019 rents increased 20 percent in Chula Vista but 36 percent countywide. In the last 3 years, between 2017 and 2019, rents in Chula Vista have remained flat while county rents increased 6 percent.

Figure 37: Comparative Rents and Vacancy Rates



Source: Costar

The following factors likely account for the difference in office performance between Chula Vista and the county:

- **Chula Vista is a suburban office market**, far from the county's major office centers. Suburban offices generally achieve lower rents. As illustrated in Figure 38, rents in the South Bay and Chula Vista are lower than San Diego County for all types of office.
- **There is a lower proportion of Class A office<sup>21</sup> space in Chula Vista** compared to the county. These spaces account for 14 percent of Chula Vista's office inventory compared to 37 percent of countywide office space (43.5 million square feet). There are five Class A office buildings in Chula Vista totaling 450,000 square feet, split between the westside, near Scripps Hospital and the superior court, and the Eastlake Business Park.
- **While overall vacancies are low, existing Class A office buildings in Chula Vista have struggled to attract tenants.** They average a vacancy rate of 17 percent, 11 points higher than the citywide average of 6 percent. A broker noted that one of their Class A office buildings in Eastlake is 47 percent vacant after 8 years of marketing the building.
- **Chula Vista has more medical office as a proportion of its total office inventory than does the county.** Forty-six percent of Chula Vista's office inventory is medical office compared to 16 percent countywide, and medical office generally commands lower rents than other office space. Medical office, like retail, is often located near residential areas, while other types of office (known as "employment-based office"), is more likely to locate within office clusters.

<sup>21</sup> Costar defines a "class A office building" as "an extremely desirable investment-grade property with the highest quality construction and workmanship, materials and systems, significant architectural features, the highest quality/expensive finish and trim, abundant amenities, first rate maintenance and management; usually occupied by prestigious tenants with above average rental rates and in an excellent location with exceptional accessibility."

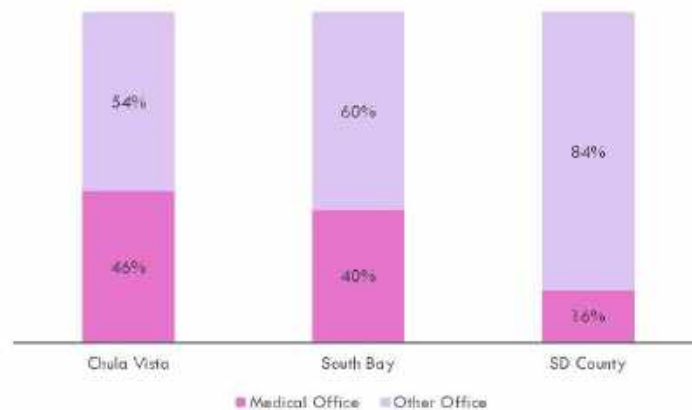


Figure 38: Office NNN Rent Comparison (2019)



Source: CoStar

Figure 39: Office Inventory Comparison (2019)



Source: CoStar

### Chula Vista's Pipeline

Though the Chula Vista market is currently suburban in nature, the City of Chula Vista has planned for a new employment-based district called the Eastern Urban Center (EUC) Sectional Planning Area (SPA) which will contain the "highest concentration of retail, employment, residential, civic and cultural uses" on the eastern side of the City.<sup>22</sup> The Millenia development, which is coterminous with the EUC SPA, permits over 3.3 million

<sup>22</sup> Planning and Building Department, "Otay Ranch Eastern Urban Center (EUC) Sectional Planning Area (SPA) Plan: Introduction" (City of Chula Vista, 2018).

square feet of commercial development and nearly 3,000 residential units on 230 acres. The EUC SPA mentions that this district will have a close relationship to surrounding plan areas, including the University Innovation District (UI District), and the Village 9 Sectional Planning Area (Village 9). The UI District is a 375-acre area adjacent to the EUC SPA where the City looks to develop a new university under a Campus 2.0 model, which deconstructs the traditional university campus into an urban district that integrates of academic, residential, and employment uses, retaining talent as part of an "intellectual ecosystem."<sup>23</sup> Village 9 is a 323-acre area immediately south of the EUC SPA approved for development of a mixed-use, walkable community that promotes "synergistic uses and graceful transitions" between adjacent planned areas.<sup>24</sup>

At the Millennia development, over 1.2 million square feet of new office is proposed across three projects on the remaining 41 acres of vacant land. If realized, these projects would grow the City's office inventory by 35 percent. Only one of the three office projects, Think 2, is entitled, for 318,000 square feet of office. The developer envisions Class A office to serve corporate headquarters and/or high-tech tenants. However, the developer has not secured an anchor tenant, a likely prerequisite before beginning construction. The other two proposed office projects are still in conceptual phases. In contrast, to date 144,000 square feet of retail, a 135-room hotel, and over 2,400 residential units have been built or are under construction. The EUC's office component will likely require a catalytic investment to begin. Stalled demand for office in the wake of COVID-19 likely means little new office development in the near future.

No development is currently in the short-term pipeline for UI District or Village 9. However, securing a university could catalyze office development in the UI District, where the City envisions 2.0 million square feet of high-tech and office space, Village 9, where the City envisions 1.5 million square feet of commercial space, and the EUC SPA. These three adjacent areas are best-positioned to attract Class A employment-based office to the City as the office market matures over the coming decades.

#### **Office Land Supply**

Office can locate in a variety of commercial areas, including zones not strictly designated for this land use. Medical office, for example, often locates in retail centers, and office is allowed in flex industrial<sup>25</sup> zones with a conditional use permit. In fact, 51 acres of office are located in the Eastlake Business District on industrially zoned land, 24 percent of the area's total industrial acreage (210 acres). As shown in Figure 40, office can be accommodated on over 3,300 acres land in the City.

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<sup>23</sup> Planning and Building Department, "University Innovation District Sectional Planning Area Plan" (City of Chula Vista, 2018).

<sup>24</sup> Planning and Building Department, "Sectional Planning Area Plan: Village 9" (City of Chula Vista, 2014).

<sup>25</sup> CoStar defines "Flex" as "buildings designed to be versatile, which may be used in combination with office, research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. At least 50% of the rentable area area of the building must be used as office space." Flex floorplates are typically smaller than standard industrial buildings. This industrial category includes light distribution and light manufacturing, which are typically located in smaller facilities with at-grade-loading, and often have more space dedicated to office.

Figure 40: Chula Vista Office Land Inventory

Land Category	Total Acres	Share
Developed Office-Accommodating Acres <sup>1</sup>	2,260	68%
Undeveloped Office-Accommodating Acres	1,079	32%
Total Office-Accommodating Acres <sup>2</sup>	3,339	100%

<sup>1</sup> CoStar acreage for office, flex, and retail uses in Chula Vista. Office currently comprises 21% of this acreage.

<sup>2</sup> City of Chula Vista General Plan, Chapter 5: Land Use and Transportation Element, Table 5-6 General Plan Use Distribution in 2030. Office-accommodating lands include (Retail, Professional & Admin, Mixed Use Commercial, Mixed Use Transit Focus Area, Limited Industrial, Regional Technology Park, Eastern Urban Center office land only, and Town Center designations).

Source: City of Chula Vista General Plan, CoStar, HR&A Advisors

The City has sufficient commercial lands to accommodate future office development. According to CoStar, office, retail, and flex industrial occupy 2,260 acres in Chula Vista, leaving over 1,000 acres undeveloped that would accommodate future office development. Using the current average office FAR in the City of 0.25, and assuming all vacant acres are developed as office, the City could accommodate 11.8 million square feet of new office or 3.5 times the current inventory. Realistically, other uses will also occupy the currently undeveloped office-accommodating acres in the City. Assuming office maintains its portion of development on office-accommodating acres (22%), office would occupy 234 acres of the undeveloped office-accommodating acres. This translates into 2.5 million square feet of new office that the City could accommodate using a 0.25 FAR. Under this conservative scenario, the City still have capacity to nearly double its current office inventory.

Additionally, new or redeveloped office could have higher densities than the current average of 0.25 FAR. For the EUC, the City's planned 3.3 million square feet of commercial development on approximately 90 acres translates to an average FAR of 0.84. Additionally, the City is planning for 2.0 million square feet of development designated as Business Innovation in the UI District. Among other high-tech and commercial uses, this land designation permits all types of office uses, with preference for uses affiliated with the planned university. Further, the City is planning for up to 1.5 million square feet of commercial development in Village 9, 1.2 million of which is specifically designated for office. Together, the EUC, UI District, and Village 9 have a planned capacity 2.1 times the City's current office inventory. Evidence of new office development embracing higher densities, the proposed Think2 project has an FAR of 0.52.

### Demand Analysis

SANDAG's 2013 estimate of 1.4 million San Diego County jobs in 2020 served as the foundation for HR&A's estimated demand for future office square feet for both the South Bay and Chula Vista. To present a low and high range for demand, HR&A applied two different annual job growth factors to project 2050 jobs. The low scenario uses an annual growth rate based on SANDAG's projected compound annual growth rate between 2008 and 2050 from its 2013 San Diego County regional forecast, while the high scenario uses an annual growth rate based on California Employment Development Department's ("CA EDD") projected compound annual growth rate between 2016 and 2026 from its 2019 San Diego County regional forecast.

HR&A supplemented SANDAG's employment projections with more recent and detailed Census Bureau data on current employment in the county to estimate office-space-using employment (see Figure 41). Using this data, HR&A estimates the South Bay will capture 7 percent of all new office jobs countywide. This assumes that all office sectors in the South Bay will grow proportionally with overall SANDAG projected county growth.

Figure 41: South Bay Job Share Composition of San Diego County

Industry Category	2002	2010	2017
Agriculture and Mining	2%	2%	2%
Construction	5%	5%	5%
Manufacturing	9%	9%	9%
Wholesale Trade	11%	12%	10%
Retail Trade	12%	15%	16%
Transportation, Warehousing, and Utilities	8%	15%	19%
Information Systems	3%	4%	4%
Finance and Real Estate	6%	7%	7%
Professional and Business Services	3%	4%	4%
Education and Healthcare	11%	10%	11%
Leisure and Hospitality	7%	8%	8%
Office Services	8%	13%	9%
Government	5%	11%	10%

Source: U.S. Census Bureau Longitudinal Employer-Household Dynamics Survey (LEHD)

HR&A then estimated the share of office-space-using employment. Figure 42 illustrates how office employment is attributed across various Industry categories.

Figure 42: Space Usage of Workers by Industry

Industry Category	Worker Space Usage		
	Industrial	Office	Other
Agriculture and Mining	-	-	100%
Construction	-	10%	90%
Manufacturing	95%	5%	-
Wholesale Trade	80%	-	15%
Retail Trade	-	10%	90%
Transportation, Warehousing, and Utilities	80%	-	20%
Information Systems	-	85%	15%
Finance and Real Estate	-	95%	5%
Professional and Business Services	5%	65%	30%
Education and Healthcare	5%	30%	65%
Leisure and Hospitality	0%	5%	95%
Office Services	10%	50%	40%
Government	-	10%	90%

Source: HR&A Advisors

To estimate future market supportable office square footage in the South Bay, HR&A used the San Diego County current average of 250 square feet per worker. Next, supportable demand was adjusted for the South Bay vacancy rate. Then, Chula Vista's office demand was estimated as a percent capture of the larger South Bay submarket. Using this methodology, the analysis estimates total office demand in Chula Vista to be 1.4 million to 2.3 million square feet through 2050. Finally, this square footage was converted into acreage using a conservative estimate of FAR of 0.35, which represents the lower end of the 0.35 to 1.50 General Plan density for the Professional & Admin land use designation. This yields a demand estimate of 94 to 154 acres of office-accommodating land through 2050.



Figure 43: Office Demand

Category	2020	2035		2050		
		Low <sup>1</sup>	High <sup>2</sup>	Low <sup>1</sup>	High <sup>2</sup>	
Office Employment in San Diego County	398,000	449,750	480,250	493,000	562,500	Jobs
South Bay Share of Office Employment	6.8%	6.7%	6.7%	6.7%	6.7%	
Office Employment in the South Bay	27,250	30,250	32,250	33,250	38,000	Jobs
Required Office SF	6,812,500	7,562,500	8,062,500	8,312,500	9,500,000	SF
Vacancy Rate <sup>3</sup>	4.9%	10.0%	10.0%	10.0%	10.0%	
Required Office with Vacancy Adjustment	7,163,500	8,402,750	8,958,250	9,236,000	10,555,500	SF
Increase in SF from 2020 Supply		1,239,250	1,794,750	2,072,500	3,392,000	SF
Chula Vista Capture <sup>4</sup>		855,500	1,239,000	1,430,750	2,341,750	SF
Average FAR <sup>5</sup>		0.35	0.35	0.35	0.35	
Chula Vista Acreage Need		56	81	94	154	Acres

<sup>1</sup>Low scenario based on SANDAG compounded annual growth rate for San Diego County employment (2020-2050)  
<sup>2</sup>High scenario based on CA EDD compounded annual growth rate for San Diego County employment (2016-2026)  
<sup>3</sup>Assumes a structural vacancy of 10%  
<sup>4</sup>Capture is based on a fair share capture benchmarked to the proportion of current inventory in Chula Vista as a part of the South Bay (69%).  
<sup>5</sup>Minimum FAR designated for Professional & Admin land use designation per the Chula Vista General Plan

Source: US Census LEHD Data, SANDAG Forecasts, CA EDD Forecasts, HR&A Advisors

To determine the impact of this demand on Chula Vista's land capacity, HR&A estimated the demand for non-office uses (industrial and retail) that would also occupy some of the office accommodating land. HR&A assumed that the proportion of office accommodating land currently occupied by office, as opposed to retail or industrial, would remain relatively constant at 22 percent. Therefore, where office demand is between 94 and 154 acres through 2050, the demand for all office-accommodating uses is between 427 and 698 acres. Subtracting this demand from the current 1,079 undeveloped office-accommodating acres leaves between 381 and 653 surplus acres. Therefore, even using a conservative FAR, this analysis concludes that there is sufficient land to accommodate future office demand in Chula Vista.

Figure 44: Office Land Capacity in Chula Vista

Category	2020	2035		2050	
		Low <sup>1</sup>	High <sup>2</sup>	Low <sup>1</sup>	High <sup>2</sup>
Office-Accommodating Acres <sup>3</sup>	3,339	3,339	3,339	3,339	3,339 Acres
Office-Accommodating Acres in Use <sup>4</sup>	2,260	2,260	2,260	2,260	2,260 Acres
Current Surplus Acres	1,079	1,079	1,079	1,079	1,079 Acres
Required Additional Acres (office)		56	81	94	154 Acres

Required Additional Acres (non-office uses) <sup>5</sup>	199	288	333	545 Acres
Required Additional Acres (all uses)	255	369	427	698 Acres
Surplus Acres	824	710	653	381 Acres

<sup>1</sup> Low scenario based on SANDAG compounded annual growth rate for San Diego County employment (2020-2050)

<sup>2</sup> High scenario based on CA EDD compounded annual growth rate for San Diego County employment (2016-2026)

<sup>3</sup> City of Chula Vista General Plan, Chapter 5: Land Use and Transportation Element, Table 5-6 General Plan Use Distribution in 2030. Office-accommodating lands include Retail, Professional & Admin, Mixed Use Commercial, Mixed Use Transit Focus Area, Limited Industrial, Regional Technology Park, Eastern Urban Center office land only, and Town Center designations.

<sup>4</sup> CoStar acreage for office, flex, and retail uses in Chula Vista

<sup>5</sup> Assumes office demands 21% of additional acres, similar to its current proportion of office-accommodating acres in use

Source: City of Chula Vista General Plan, CoStar, HR&A Advisors



### APPENDIX 3: GENERAL AND LIMITING CONDITIONS

1. Any person who relies on or otherwise uses this Study is required to have first read, understood and accepted the following disclosures, limitations and disclaimers, and will, by reason of such reliance or other use, be deemed to have read, understood and accepted the same.
2. HR&A Advisors, Inc. [HR&A] has been engaged and compensated by the City of Chula Vista to prepare this Study. In preparing this Study HR&A has used its independent professional judgment and skills in good faith, subject to the limitations, disclosures and disclaimers herein.
3. This Study is based on estimates, assumptions and other information developed by HR&A, other third party consultants, and city officials. Every reasonable effort has been made to ensure that the data contained in this Study are accurate as of the date of this Study; however, factors exist that are outside the control of HR&A and that may affect the estimates and/or projections noted herein. HR&A neither guarantees any results nor takes responsibility for their actual achievement or continuing applicability, as actual outcomes will depend on future events and circumstances beyond HR&A's control.
4. HR&A reviewed the information and projections provided by third parties using its independent professional judgment and skills in good faith, but assumes no liability resulting from errors, omissions or any other inaccuracies with respect to the information provided by such third parties referenced in this Study.
5. HR&A also relied on data provided by or purchased from the U.S. Census, San Diego Council of Governments, California Employment Development Department, CoStar Group, and discussions with city staff, Ayres Land Company, and brokers familiar with the area. HR&A assumes no liability resulting from errors, omissions or any other inaccuracies with respect to the information provided by these parties.
6. In addition to relying on data, information, projections and forecasts of others as referred to above, HR&A has included in this Study estimates and assumptions made by HR&A that HR&A believes are appropriate, but HR&A makes no representation that there will be no variances between actual outcomes and such estimates and assumptions.
7. No summary or abstract of this Study, and no excerpts from this Study, may be made for any purpose without HR&A's prior written consent.
8. HR&A has provided an analysis of residual land value to determine the value of the site for industrial use. The analysis is based on HR&A's experience and familiarity with national best practices for value assessments of income-producing properties. HR&A is not a licensed real estate appraiser and makes no further representations regarding such estimates.
9. No opinion is intended to be expressed and no responsibility is assumed for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate consultant.
10. Many of the figures presented in this report will be rounded. HR&A disclaims any and all liability relating to rounding errors.
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