



# CITY COUNCIL STAFF REPORT



March 7, 2023

## ITEM TITLE

Development Agreement Amendment: Adopt an Amended Development Agreement for Otay Ranch Village Two

**Report Number:** 23-0054

**Location:** South of Olympic Parkway, north and east of the Otay Landfill, north of Otay Ranch Village 3, and east of La Media Road.

**Department:** Development Services

**Environmental Notice:** The Project was adequately covered by a previously certified Final Supplemental Environmental Impact Report (FSEIR 12-01) – SCH No. 20040912 for the Otay Ranch Village Two Sectional Planning Area (SPA).

## Recommended Action:

Place an ordinance on first reading amending the Otay Ranch Village Two Development Agreement. **(First Reading)**

## SUMMARY

Proposal to amend the Otay Ranch Village Two (“Village Two”) Development Agreement to reflect the attachment of Fiscal Impact Fees and Extraordinary Public Benefit Contributions to specified residential lots within Village Two.

## ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the project for compliance with the California Environmental Quality Act (“CEQA”) and has determined that the Project was adequately covered by a previously certified Final Supplemental Environmental Impact Report (FSEIR 12-01) – SCH No. 20040912. Thus, no further environmental review is required.

## BOARD/COMMISSION/COMMITTEE RECOMMENDATION

On February 8, 2023, the Planning Commission voted 5-0 recommending that the City Council adopt an ordinance approving an amendment to the Village Two Development Agreement.

## DISCUSSION

On November 18, 2014, the City Council approved a Development Agreement for Otay Ranch Village Two as part of the Village Two Sectional Planning Area (“SPA”) Plan Comprehensive Amendment (Attachment 2). The Development Agreement was executed on November 20, 2014 and recorded on December 10, 2014. The Development Agreement included a Fiscal Impact Fee and an Extraordinary Public Benefit Contribution component whereby, as consideration for the City’s approval of the 2014 amendment to the Village Two SPA Plan, Baldwin and Sons, LLC (“Applicant”) agreed to pay the additional fees for certain specified parcels and the associated units (2,479 units within Village Two, as shown in Exhibit F of the original Development Agreement).

At the time of the original Development Agreement, the Applicant and Village II of Otay, LP (subsequently succeeded by Cornerstone Communities) each owned portions of properties within Village Two which were landlocked and not well aligned between the two respective ownerships. As the development of Village Two progressed, the Applicant and Cornerstone Communities (“Cornerstone”) agreed to exchange certain properties to allow for a more efficient site planning and land development process. This exchange took place in 2016 to allow for the different landowners to bring their respective housing product types to market in an orderly manner. The Applicant and Cornerstone each agreed to exchange 30 parcels with the other, but the Applicant’s Fiscal Impact Fees and Extraordinary Public Benefit Contributions did not follow the exchanged parcels. Accordingly, the original Development Agreement requires an amendment to reflect the transfer of the fees to the exchanged parcels which the Applicant received from Cornerstone.

On March 25, 2021, the City received an application for a Development Agreement Amendment from the Applicant. The amendment includes changes to Exhibits A, B, and F of the original Development Agreement to reflect the 30 parcels exchanged between the Applicant and Cornerstone and the attachment of the fees to the Applicant’s parcels (“Project”).

The Project proposes an amendment to Exhibit A to reflect the legal description and depiction of property owned by the Applicant within Village Two (Attachment 3). Additionally, the Project proposes an amendment to Exhibit B (Attachment 4) to reflect the revised neighborhood boundaries which were realigned as a result of the density transfer between several neighborhoods in Village Two South. The density transfer was approved on the revised Tentative Subdivision Map PCS16-006 on September 28, 2016, and was completed prior to the Applicant’s land swap with Cornerstone. The approved density transfer realigned the boundaries of the following neighborhoods:

- R17-A,
- R-17B(a),
- R-18A(c) (previously known as R-18A(a)),
- R-18A(d) (which absorbed a portion of the previously existing neighborhood R-18A(a) and the entirety of neighborhoods R-18A(b), and R-18B(b)),

- R-18B (previously known as R-18B(a)),
- R-20, and
- R-21A.

Finally, the Project proposes an amendment to Exhibit F, which identifies those neighborhoods that are subject to the payment of the Fiscal Impact Fee and Extraordinary Public Benefit Contribution for which the Applicant will remain responsible (Attachment 5).

The Project does not change any other portions of the Development Agreement, as amended. The Applicant is responsible for payment of the fees for 2,479 units and is in compliance with the balance of the Amended Development Agreement.

### **DECISION-MAKER CONFLICT**

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18705.2(a)(11), for purposes of the Political Reform Act (Cal. Gov't Code §87100, *et seq.*).

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

### **CURRENT-YEAR FISCAL IMPACT**

There is no current year impact to the General Fund or Development Services Fund as a result of this action. All processing costs are borne by the Applicant.

### **ONGOING FISCAL IMPACT**

There is no ongoing fiscal impact to the General Fund or Development Services Fund as a result of this action. All processing costs are borne by the Applicant.

### **ATTACHMENTS**

1. Locator Map
2. 2014 Village Two Development Agreement, dated October 31, 2014
3. Revised Exhibit A
4. Revised Exhibit B
5. Revised Exhibit F
6. Draft First Amendment to the Development Agreement
7. Planning Commission Resolution

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