

PLANNING COMMISSION STAFF REPORT



April 10, 2024

ITEM TITLE

Amendments to the Otay Ranch Village Eight East Sectional Planning Area Plan, including associated regulatory documents and Tentative Map (TM22-0005)

Location: Generally, south of the eastern extension of Main Street, east of Otay Ranch Village Eight West, west of State Route 125, and north of the Otay River Valley (APN: 644-070-21) (“Project Site”)

Environmental Notice: The Project is adequately covered in the previously adopted Final Environmental Impact Report and Mitigation Monitoring and Reporting Program for the Otay Ranch University Villages (FEIR 13-01; SCH #2013071077; adopted by City Council Resolution No. 2014-232 on December 2, 2014, with a First Addendum adopted by City Council Resolution No. 2016-254 on December 6, 2016, a Second Addendum adopted by City Council Resolution No. 2021-120 on June 15, 2021, all hyperlinked below), that only minor technical changes or additions to FEIR 13-01 are necessary, and that none of the conditions described in Section 15162 of the CEQA Guidelines calling for the preparation of a subsequent document exist; therefore, the Director of Development Services has called for the preparation of a Third Addendum to FEIR 13-01 for consideration.

Recommended Action

That the Planning Commission conduct a public hearing and adopt the proposed resolution recommending that the City Council:

A. Adopt a resolution approving:

1. Third Addendum to FEIR 13-01 (IS22-0003) and amendments to the Chula Vista General Plan (GPA22-0002), the Otay Ranch General Development Plan (GDP22-0002), and the Otay Ranch Village Eight East Sectional Planning Area Plan (SPA22-0006) (including the related new Planned Community District Regulations) to reflect the proposed changes to zoning within Otay Ranch Village Eight East (ZC22-0003) and to other regulatory documents in accordance with the required findings and subject to the conditions contained therein; and
2. A Tentative Subdivision Map incorporating the proposed changes to the Otay Ranch Village Eight East Sectional Planning Area (TM22-0005) in accordance with the required findings and subject to the conditions contained therein; and
3. A Community Purpose Facilities Agreement; and

- B. Place an ordinance on first reading to approve modifications to the Otay Ranch Village Eight East Planned Community District Regulations in accordance with the required findings and subject to the conditions contained therein; and

- C. Place an ordinance on first reading to approve a change in zoning from single family residential to multi-family residential.

SUMMARY

HomeFed Otay Land II, LLC (“Applicant” or “Developer”) is proposing to amend the Otay Ranch Village Eight East Sectional Planning Area (“SPA”) Plan and the associated Planned Community District Regulations to modify the existing land use designation, zoning, and plan to eliminate medium-density single-family residential uses, reallocate the same previously approved 3,276 residential units across 18 parcels, replace the mixed-use land use with Village Core land uses, and expand the Village Core into the northern portion of the SPA plan (“Project”). The Project includes a new Tentative Map to modify the alignment of La Media Parkway, implements minor modifications to internal streets, and expands the planned multi-modal bridge at State Route 125 (“SR-125”) to accommodate pedestrians, bicycles, and Neighborhood Electric Vehicles. Additionally, the Project includes a Community Purpose Facility (“CPF”) Agreement.

HOUSING IMPACT STATEMENT

The proposed Project would implement the same 3,276 previously authorized residential units within Otay Ranch Village Eight East (“Village Eight East”). An Affordable Housing Agreement between the Applicant and the City of Chula Vista for Otay Ranch Village Eight East was executed on August 23, 2023, and recorded in the official records of the County of San Diego as Document No. 2023-0171698 on June 23, 2023. The affordable housing obligation for each individual developer for specific development communities within the SPA is prorated based upon the total number of units to be constructed within that developer’s related ownership interest within the SPA, and that obligation is satisfied as provided for in the Affordable Housing Agreement for the proposed Project.

Prior to approval of the first final map for the Project, the Applicant must enter into an amended Balanced Communities Affordable Housing Agreement in compliance with applicable City and State of California regulations. This agreement shall identify potential affordable housing sites, schedules, and the following building permit threshold requirements described in the Affordable Housing Program: (i) Prior to the City’s issuance of the 1,966th building permit within Village Eight East, the Applicant shall commence construction of the Initial Phase (60 percent) of the low- and moderate-income housing units, and (ii) prior to the City’s issuance of the 3,276th building permit, the Applicant shall commence construction of the Final Phase of the required low- and moderate-income housing units.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed Project for compliance with the California Environmental Quality Act (“CEQA”) and determined that the Project is adequately covered in the previously adopted Final Environmental Impact Report for the Otay Ranch University Villages (FEIR 13-01; SCH #2013071077; and adopted by City Council Resolution No. 2014-232 on December 2, 2014, with a First Addendum adopted by City Council Resolution No. 2016-254 on December 6, 2016, and a Second Addendum adopted by City Council Resolution No. 2021-120 on June 15, 2021), in that only minor technical changes or additions to this document are necessary, and that none of the conditions described in Section 15162 of the CEQA Guidelines calling for the preparation of a subsequent document exist. A Third Addendum to FEIR-13-01 (IS22-0003) has been prepared for consideration with the proposed Project (Attachment 2).

The Third Addendum identifies all changed circumstances within the proposed Project that were not analyzed in FEIR 13-01. The analysis contained within the Third Addendum outlines how, while maintaining the same previously authorized 3,276 residential units, reducing the use intensity for approximately 918

dwelling units decreases anticipated household size, thereby lowering impacts to schools, traffic, and other public facilities. Specifically, the proposed Project would result in a decrease in daily external traffic trip generation of approximately 4,000 trips due to the changes in land use. Anticipated travel behaviors for the proposed Project would be similar to those analyzed as part of FEIR 13-01. The Third Addendum concludes that the proposed Project would not create any new significant environmental impacts nor exacerbate any significant impacts that were previously analyzed and accounted for in FEIR 13-01.

DISCUSSION

The Village Eight East SPA Plan and Tentative Map were originally approved on December 2, 2014, by City Council Resolution Nos. 2014-235 and 2014-238, respectively. A subsequent amendment to the SPA Plan was approved on February 18, 2020 (City Council Resolution No. 2020-036), which authorized the transfer of 284 multi-family units from Village Eight East to Otay Ranch Village Eight West (“Village Eight West”), reducing the total number of units authorized in Village Eight East from 3,560 to 3,276.

The Applicant evaluated the viability of implementing the land uses authorized in the 2014 SPA Plan and concluded that the approved plan does not accommodate innovative and modern home types that meet current market demands. The proposed Project’s land use plan provides for maximum flexibility to develop the site over time and provide the opportunity for home ownership and rental opportunities to meet changing demographics, the needs of the community, the City and region, while maintaining the same previously authorized 3,276 residential units in the SPA (Attachment 5). By providing additional for-sale homes and apartments in Village Eight East, the proposed Project will help address local housing needs. In addition, the Applicant and the City are cooperating with Caltrans as they consider the design of the SR-125 and Main Street/La Media Parkway interchange.

Proposed Amendments

Chula Vista General Plan and Otay Ranch General Development Plan

The Chula Vista General Plan identifies Village Eight East as a mixed-use village comprised of single-family, multifamily, and mixed-use residential uses, as well as mixed-use commercial and other village-serving uses. The Otay Ranch General Development Plan currently authorizes the uses as designated in the table below, which compares the approved land uses from the existing SPA Plan to those proposed with the Project under consideration:

**Village Eight East SPA Plan
Land Use Entitlements vs. Proposed Amendments**

Land Use	2014 Land Uses		Proposed 2023 Land Uses		Comparison	
	Acres	Units	Acres	Units	Acres	Units
Medium Residential	124.9	918	0	0	-124.9	-918
Medium High Residential	2.1	25	132.2	1,664	+130.1	+1,639
High Residential/School Site	10.8		11.3	264	+0.5	+264
Village Core	65.2	2,333	62.7	1,348	-2.5	-985
Public Neighborhood Park	7.3	0	7.3	0	0	0
Public Community Park	51.5		43.3		-8.2	
Active Recreation (AR-11)	22.6		22.6		0	
Manufactured Open Space	11.2	0	16.4	0	+5.2	0
Open Space Preserve	253.6		253.6		0	
Community Purpose Facility	4.0	0	1.2	0	-2.8	0
Other	21.6		22.3		+0.7	
TOTAL	574.8	3,276	572.9	3,276	-1.9	0

Changes to the proposed Project’s overall acreage are related to changes to the right-of-way for SR-125.

The proposed Project will remain consistent with the Chula Vista General Plan’s Land Use & Transportation, Economic Development, Housing, Public Facilities & Services, and Environmental objectives and policies (Attachment 3). The proposed Project will also remain consistent with the Otay Ranch General Development Plan’s land use goals and objectives of integration and compatibility within the village and with adjacent communities and natural resources (Attachment 4).

Village Eight East SPA Plan

The original Village Eight East SPA Plan established the vision for Village Eight East and defined the land use character and mix of uses, design criteria, circulation system, and public infrastructure requirements for the Project.

The proposed Project would update the SPA boundary to accommodate revisions to the SR-125 interchange design. In addition, the proposed Tentative Map includes off-site grading impacts to accommodate ramps and the frontage road that are part of the interchange design and vehicular access and recycled water facilities to the City’s active recreation site (AR-11) on the east side of SR-125 and south of future Otay Ranch Village Nine (Attachment 7).

The following appendices to the SPA Plan (Attachment 5) would also be updated:

- Design Plan (Attachment 5a)
The Village Eight East Design Plan guides planning and development by defining intended character and design elements of the planned community (Attachments 5a). Minor amendments are proposed that would allow more design flexibility for housing product types.

- Public Facilities Financing Plan and Fiscal Impact Analysis (Attachment 5b)

Preparation of a Public Facilities Finance Plan (“PFFP”) is required by the Chula Vista Municipal Code (“CVMC”). The purpose of the PFFP is to establish compliance mechanisms and standards to ensure public facilities, infrastructure and services will exist, or concurrently be provided, to meet the demands of infrastructure and climate protection generated by new development. Consequently, amendments to a SPA Plan require an amendment or supplement to the PFFP. The proposed Project includes a supplemental PFFP that updates the previously adopted plan to address the proposed changes.

The proposed Project’s supplemental PFFP is based on the updated phasing and information presented in the proposed amendments. The Applicant prepared analyses to supplement the technical reports associated with the original project to determine whether the proposed Project’s amendments would result in any changes to financing, constructing, or maintaining public facilities within Village Eight East. The technical analyses and updates demonstrate that the proposed Project will not result in changes to Mitigation Measures or Thresholds and Compliance Measures established in the original PFFP.

Pursuant to the requirements of CVMC 19.09.040, the Applicant prepared a fiscal impact analysis for the proposed Project (Attachment 5i). The Applicant utilized the City of Chula Vista fiscal year 2023-2024 model and assumed full residential buildout with no commercial square footage – the most conservative scenario. However, the proposed Project includes development of 20,000 square feet of commercial uses; the anticipated fiscal outcome will likely be more positive than the most conservative scenario. The residential-only scenario indicates that the proposed Project will generate a fiscal surplus in Years 1 - 20 (\$452,114 - \$3,573,827), representing cumulative revenue of \$48,014,928 through Year 20.

- Affordable Housing Program (Attachment 5c)

Minor amendments are proposed to reflect the proposed Project changes and changes to housing policies in the City of Chula Vista and the State of California. None of the proposed changes result in changes to Mitigation Measures or Thresholds established in the original PFFP.

- Air Quality Improvement Plan (Attachment 5d)

Proposed changes/updates to the Air Quality Improvement Plan (“AQIP”) are consistent with City requirements. The revised AQIP reflects changes in the Village Eight East SPA Plan and changes in state Building and Energy Codes. Code references and greenhouse gas reduction measures have been updated, but no proposed changes have any impact on existing Mitigation Measures or Thresholds established in the original PFFP.

- Water Conservation Plan (Attachment 5e)

Updates reflect the proposed changes in residential unit type, the net effect of which is a reduction in projected water use by approximately 38.1 percent compared to the original SPA Plan. None of the proposed changes to the Water Conservation Plan result in changes to Mitigation Measures or Thresholds established in the original PFFP.

- Non-Renewable Energy Conservation Plan (Attachment 5f)
Updates reflect proposed changes in the Village Eight East SPA Plan and to California Building and Energy Codes, which have no impact on Mitigation Measures or Thresholds established in the original PFFP.
- Preserve Edge Plan (Attachment 5g)
Proposed changes include the minor reconfiguration of lots and land uses along the Preserve Edge adjacent to the parcels subject to the proposed amendments. The revised Tentative Map maintains the required 100-foot Preserve Edge within the Village Eight East footprint. None of the proposed changes to the Preserve Edge Plan result in changes to Mitigation Measures or Thresholds established in the original PFFP.
- Fire Protection Plan (Attachment 5h)
Proposed amendments to the Fire Protection Plan for Village Eight East reflect the proposed Project changes, but the requirements of the original plan remain applicable with some minor adjustments. The 100-foot Fuel Modification Zones will remain the same throughout the Village Eight East Project area. None of the proposed changes to the Fire Protection Plan result in changes to Mitigation Measures, Conditions of Approval, or Thresholds established in the original PFFP.
- Planned Community District Regulations (Attachment 6)
Proposed replacement zoning, development, and design standards and regulations to allow greater design flexibility and seamless implementation of the intended land uses in Village Eight East. As discussed more below, the new Planned Community District Regulations would also implement a more modern and streamlined approach to the design and development review process in Village Eight East, which process would allow all design review applications to be approved by the City Zoning Administrator.

Zone Changes

The proposed Project would eliminate single-family zoning and the single-family residential land use designation in Village Eight East and change the mixed-use designation to Village Core. The Village Core would expand to include parcels north of Main Street in the northeastern portion of the proposed Project area. These changes would allow for more development flexibility with regard to housing types and use mix within Village Eight East.

Regulatory Changes

The proposed Project would update the zoning, development, and design standards and regulations to allow greater design flexibility and seamless implementation of the intended land uses in Village Eight East. The proposed Project would also implement a more modern and streamlined approach to the design and development review process in Village Eight East, which process would allow all design review applications to be approved by the City Zoning Administrator.

The Planned Community District Regulations for Village Eight East would be modified to maximize design flexibility and streamline processes (Attachment 6). For example, required parking and common open space may be combined and implemented as joint-use facilities shared between adjoining parcels. Parcels on opposite sides of a public street as designated on the proposed Tentative Map would not be considered adjoining for these purposes. Density would be calculated as a measure of the total number of dwelling units across a parcel or project area and would not be tied to home type. Building separations – and some building setbacks – would be dependent on state regulations in the California Building and Fire Codes. Required parking would be calculated consistent with standards established by the Institute of Transportation

Engineers (ITE). Requiring development standards to be consistent with regulations established by other agencies allows developers to be more creative with home types and project designs while keeping the City (and future applicants) from having to navigate amendments to the development regulations every time an innovative design approach is proposed.

Additionally, the proposed Project would increase efficiency in the administration and implementation of the SPA Plan by allowing all proposed projects to be reviewed administratively and requiring only a limited number of uses to obtain conditional permits. The Design Review process would be administered by the Zoning Administrator, who would also be authorized to approve minor modifications to the development regulations within clearly established parameters. Zoning Administrator decisions could be appealed to the City Planning Commission consistent with City appeal rules.

A well-defined procedure for new projects would require applicants to utilize a specialized Design Review checklist for Village Eight East, which includes obtaining preliminary approval from the Developer prior to submittal for City review. It would also require applicants to ensure densities are consistent with allowances across the different land use areas and commercial and residential standards are maintained with respect to allowed square footage and/or unit counts.

Tentative Map

The proposed Project would incorporate the aforementioned changes as part of an amended Tentative Map, though the overall number of housing units allowed within the SPA would not change (Attachment 7). The proposed changes would redistribute residential land uses and housing units across the SPA. The proposed Tentative Map would also include updated street designs and layouts, including expanded infrastructure for trails, bicycle lanes, and separated tracks for alternative modes of transportation, as well as relocating and expanding a multi-modal bridge crossing SR-125.

Village Eight East would be redesigned to better complement Village Eight West (Cota Vera) and create a cohesive planned community.

Village Eight East Community Purpose Facility Agreement

The proposed Community Purpose Facility (“CPF”) Agreement between the Applicant and the City of Chula Vista would authorize the transfer of 2.8 acres of the four-acre Village Eight East CPF Obligation from Village Eight East to Otay Ranch Planning Area 20 (Attachment 8).

Compliance with Council Policy No. 400-02 (Public Participation)

The Applicant held a community meeting on October 12, 2023, at the Cota Vera Welcome Center in Village Eight West with two City staff representatives in attendance. Neighborhood attendees from Village Eight West, numbering around 12, asked questions related to the timing of construction for the SR-125 interchange, the reasoning behind the proposed changes to permitted housing types, the proposed permitted home types, plans for affordable housing in the community, and transit service. They spent a significant portion of the meeting sharing their concerns about the adequacy of parking in their respective neighborhoods. Some residents requested additional information regarding the proposed trail connection along portions of the shared boundary between the two planned communities.

Property owners and residents within 500 feet of the proposed Project were notified by mail of the community meeting, and the Cota Vera Homeowners Association provided residents within Village Eight West with a meeting notice via e-mail.

ONGOING FISCAL IMPACT

Based on the Fiscal Impact Analysis Model, the proposed Project is estimated to generate between approximately \$452,114 and \$3,573,827 per year (increasing each year as more residential units are developed) in net City municipal real property tax revenues during the first 20 years of operation and a cumulative total net revenue of approximately \$48,014,928 over the same period.

CONCLUSION

The proposed land uses, development intensities, design standards, and layout directly implement the provisions of the City's General Plan and the Otay Ranch General Development Plan that encourage thoughtful, sustainable growth and create urban, interconnected, and walkable communities. The proposed Project provides all public facilities required by the Otay Ranch General Development Plan and does not result in environmental or financial impacts that are worse than those anticipated with the original approval.

DECISION-MAKER CONFLICT

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

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

ATTACHMENTS

1. Location Map
2. Third Addendum to FEIR 13-01
 - a. Comprehensive Project Information Form
 - b. Air Quality Greenhouse Gas Memo
 - c. Noise Memo
 - d. Geotechnical Report
 - e. Paleontology Memo
 - f. Biology Memo
 - g. Storm Water Quality Management Plan
 - h. Drainage Study
 - i. Sewer Evaluation
 - j. Water Evaluation
 - k. Health Risk Assessment Screening Letter
3. General Plan Amendment Report
4. Otay Ranch General Development Plan Amendment Report
5. Otay Ranch Village Eight East Sectional Planning Area Plan
 - a. Village Design Plan
 - b. Supplemental Public Facilities Financing Plan
 - c. Affordable Housing Program
 - d. Air Quality Improvement Plan
 - e. Water Conservation Plan
 - f. Non-renewable Energy Conservation Plan

- g. Preserve Edge Plan
 - h. Fire Protection Plan Addendum
 - i. Fiscal Impact Analysis Summary Report
6. Otay Ranch Village Eight East Planned Community District Regulations
7. Tentative Map
8. Revised Community Purpose Facilities Agreement
9. Resolution No. 2024-07
10. Draft City Council Resolution for IS22-0003, GPA22-0002, GDP22-0002, SPA22-0006, ZC22-0003, TM22-0005, and the Revised Community Purpose Facilities Agreement
11. Draft Ordinance for Otay Ranch Village Eight East Planned Community District Regulations
12. Draft Ordinance for Otay Ranch Village Eight East Zone Change
13. Disclosure Statement

HYPERLINKS

1. FEIR13-01
 - a. [Part 1](#)
 - b. [Part 2](#)
 - c. [Part 3](#)
 - d. [Part 4](#)
 - e. [First Addendum](#)
 - f. [Second Addendum](#)

*Staff Contact: Arturo Ortuño, Senior Planner, Development Services
Desmond Corley, AICP, Principal Planner, Development Services
Laura C. Black, AICP, Director of Development Services*