



CITY COUNCIL STAFF REPORT



April 9, 2024

ITEM TITLE

Otay Ranch Freeway Commercial Sectional Planning Area: Amend the Plan's Planned Community District Regulations to Streamline Modifications to Approved Permits and Allow Medical Offices within the Commercial Mixed-Use Zone

Report Number: 24-0088

Location: Generally, north of Birch Road, east of State Route 125 ("SR-125"), south of Olympic Parkway, and west of Eastlake Parkway

Department: Development Services

G.C. § 84308: Yes

Environmental Notice: The Project is adequately covered in the previously adopted Final Environmental Impact Report for the Otay Ranch Freeway Commercial Sectional Planning Area ("SPA") Plan (FEIR 02-04; SCH #1989010154; certified by City Council Resolution No. 2003-131 on April 1, 2003).

Recommended Action

Conduct a public hearing and place an ordinance on first reading approving amendments to the Planned Community District Regulations contained within the Otay Ranch Freeway Commercial SPA Plan. **(First Reading)**

SUMMARY

PA-12A, LLC ("Applicant") proposes to amend the development regulations governing the Otay Ranch Freeway Commercial Sectional Planning Area to add medical offices as a permitted use within the C/MU (Commercial Mixed-Use) zone and authorize the Zoning Administrator to approve certain modifications to previously approved Design Review permits, via a Substantial Conformance Review process ("Project"). No new development is proposed with these proposed amendments, as this is a change to the regulations within the Freeway Commercial Sectional Planning Area Plan.

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 Freeway Commercial SPA Plan (FEIR 02-04; SCH #1989010154; adopted by City Council Resolution No. 2003-131 on April 1, 2003). Therefore, no further environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

On February 28, 2024, the Planning Commission voted 7-0 to adopt Resolution No. 2024-03, recommending that the City Council adopt an Ordinance approving the proposed amendments (Attachment 1).

DISCUSSION

Background

The Otay Ranch Freeway Commercial Sectional Planning Area (SPA) is generally located north of Birch Road, east of SR-125, south of Olympic Parkway, and west of Eastlake Parkway (Attachment 2). The subsequent paragraphs in this Section detail the SPA's original approval and amendments made to the District Regulations and associated policy and CEQA documents.

In September 2004, the Otay Ranch Freeway Commercial SPA Plan and Tentative Map were adopted, entitling approximately 1,214,000 square feet for commercial uses: 867,000 square feet in the southern FC-1 District, and 347,000 square feet in the northern FC-2 District, otherwise referred to as Freeway Commercial North.

In May 2015, the first amendment to the Otay Ranch Freeway Commercial SPA Plan and associated regulatory documents was approved, entitling the development of an additional 600 multifamily residential units, 15,000 square feet of ground-floor retail, a two-acre urban park, and two hotels, with 300 rooms total, within the northern FC-2 portion of the SPA, north of the Transit Guideway.

In September 2016, a second amendment to the Otay Ranch Freeway Commercial SPA Plan and associated regulatory documents was approved, entitling and implementing the development concept of the General Plan and Otay Ranch General Development Plan (GDP) for a transit-oriented, mixed-use project in the northern FC-2 District. This amendment allowed for a total of 900 dwellings and 15,000 square feet of commercial development within the 36-acre FC-2 District.

In July 2019, a third amendment to the Otay Ranch Freeway Commercial SPA Plan and associated regulatory documents was approved, entitling the development of 300 multi-family residential units within the northern FC-2 portion of the SPA, near the Transit Guideway.

Proposed Amendments

The proposed changes to the Otay Ranch Freeway Commercial SPA Plan (Attachment 3) would add medical offices as a permitted use within the C/MU (Commercial Mixed-Use) zone of the FC-2 District and authorize administrative approval of minor modifications to previously approved Design Review permits by the Zoning Administrator, via a Substantial Conformance Review process.

Medical offices were previously not specified within the SPA's land use regulations. This use will now be allowed by right but limited to a total of 3,500 square feet of gross floor area. The Applicant's intent is to

attract a neighborhood-serving facility, which will be targeted to occupy the ground floor of a previously approved mixed-use development located along Town Center Drive. The use will complement uses already accommodated in the SPA, such as administrative and professional services offices, retail stores, fitness studios, barber/beauty shops, drugstores/pharmacies, restaurants, and daycares/nurseries. This type of facility was not considered in previous SPA amendments as it's a relatively newer business model for medical offices.

Additionally, the process to review certain modifications to previously approved Design Review permits will be streamlined to fall under the purview of the Zoning Administrator, via a Substantial Conformance Review process. This administrative process will reduce the overall review timeline for prior approved Design Review projects that fit within the below criteria.

Such project modifications may include:

- An increase in density, provided the resulting density does not exceed the maximum allowed by the land use district;
- A change in setbacks or lot coverage;
- A change in building height;
- A change in the type and/or location of access-ways, drives, or parking areas;
- A reduction of the area reserved for common open space; or
- Changes to conditions of approval.

The Zoning Administrator shall ensure any proposed modification complies with all applicable standards of the SPA Plan, is in substantial conformance with the adopted SPA Plan if the variation from the applicable standard is less than 10 percent and continues to comply with the original conditions of approval.

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

The Applicant held a community meeting on January 12, 2024, at the Otay Ranch Branch Library located within the Otay Ranch Town Center at 2015 Birch Road. Approximately five (5) members of the public attended the meeting, along with two (2) representatives from the City's Development Services Department. The Applicant provided an overview of the amendments and displayed exhibits showcasing the entire Plan Area and the proposed amendments. The public initially expressed concerns about adding medical offices as a permitted use, citing possible effects on existing traffic congestion and parking. The Applicant addressed these concerns by providing details about the use size limitation and the future building and street layout of the FC-2 District. Property owners and residents within 500 feet of the SPA were notified of the meeting by U.S. mail, which is the standard noticing requirement for development projects.

DECISION-MAKER CONFLICT

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

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

CURRENT-YEAR FISCAL IMPACT

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

ONGOING FISCAL IMPACT

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

ATTACHMENTS

- 1 – Planning Commission Resolution 2024-03
- 2 – Location Map
- 3 – Otay Ranch Freeway Commercial Sectional Planning Area Plan Amendments
- 4 – Disclosure Statement

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