

PLANNING COMMISSION STAFF REPORT



September 25, 2024

ITEM TITLE

Rezoning the northwestern quadrant of the Otay Ranch Town Center shopping mall from commercial to mixed-use residential.

Location: 2015 Birch Road (APNs: 643-061-01, -02, -04, -05, and -06)

Environmental Notice: The Project is substantially covered in the previously adopted Final Environmental Impact Report (“FEIR”) and Mitigation Monitoring and Reporting Program (“MMRP”) for the Otay Ranch Freeway Commercial Sectional Planning Area Plan (FEIR 02-04; SCH #1989010154; adopted by City Council Resolution No. 2003-131 on April 1, 2003). Only minor technical changes or additions are necessary, and none of the conditions described in Section 15162 of the California Environmental Quality Act (“CEQA”) Guidelines calling for the preparation of a subsequent or supplemental environmental impact report exist; therefore, the Director of Development Services has called for the preparation of a Fourth Addendum to FEIR 02-04.

Recommended Actions

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

- A. Consider a resolution taking action on:
 1. Certification of the Fourth Addendum to FEIR 02-04;
 2. Amendments to the Chula Vista General Plan (GPA22-0001), the Otay Ranch General Development Plan (GDPA22-0001), and the Otay Ranch Freeway Commercial Sectional Planning Area Plan (SPA22-0001), reducing the entitled commercial space from 960,000 square feet to 816,000 square feet (reduction of 144,000 square feet of commercial uses) and to reflect the change in zoning from commercial to mixed-use, allowing up to 840 multifamily dwellings on the subject property (ZC22-0001) in accordance with the required findings and subject to the conditions contained therein;
 3. A Tentative Map (TM22-0002) incorporating the proposed changes to the Otay Ranch Town Center in accordance with the required findings and subject to the conditions contained therein;
- B. Consider placing an ordinance on first reading concerning modifications to the Otay Ranch Freeway Commercial Planned Community District Regulations for the Southerly Portion (FC-1) of the Otay Ranch Freeway Commercial Sectional Planning Area in accordance with the required findings and subject to the conditions contained therein.

- C. Consider placing an ordinance on first reading concerning a change in zoning from commercial to mixed-use residential.
- D. Consider placing an ordinance on first reading concerning a Development Agreement allowing for the Project to be constructed in phases, the Community Purpose Facility obligation, Parkland obligation and a Public Benefit Contribution.

SUMMARY

General Growth Properties (GGP)-Otay Ranch L.P., a Delaware limited partnership, (a wholly-owned subsidiary of Brookfield Property Partners, L.P.) (“Applicant” or “Developer”) proposes to amend the Otay Ranch Freeway Commercial Sectional Planning Area (“SPA”) Plan and the associated Planned Community (“PC”) District Regulations, and a zone change, to modify the existing land use plan to reduce the entitled commercial space from 960,000 square feet to 816,000 square feet (reduction of 144,000 square feet), and incorporate a mixed-use residential designation allowing up to 840 multifamily dwellings with optional ground-floor commercial space (“Project”). The Project would include redevelopment of approximately 37,500 square feet of existing commercial space within the existing Otay Ranch Town Center. The Project provides approximately 2.56 acres of additional usable parkland acres, payment of in lieu park benefit fees related to 4.01 additional usable parkland acres, and an enhanced plaza space. The Project also includes a Tentative Map that proposes to extend Town Center Drive from Ring Road into the existing shopping center, implements minor modifications to an existing internal street, and closes a portion of Kestrel Falls Road to vehicular traffic allowing expansion and enhancement of the Otay Ranch Town Center plaza. An Addendum to FEIR 02-04 provides additional information and analysis concerning land use impacts resulting from the proposed amendments.

HOUSING IMPACT STATEMENT

Under the adopted City of Chula Vista Housing Element, the Balanced Communities Policy requires residential developments consisting of 50 or more dwellings to provide a minimum of 10 percent of the total number of dwellings as affordable for low- and moderate-income households. The Project would allow up to 840 multifamily dwellings within the southern portion of the Freeway Commercial SPA, requiring 42 low-income and 42 moderate-income affordable housing units. The Applicant has agreed to construct the affordable units on-site. The affordable housing obligation will be satisfied as provided for in the Affordable Housing Agreement that is reflected as Tentative Map condition No. 20. The Affordable Housing Agreement will be required before the Final Map is recorded.

The Project Site is not designated in the General Plan’s Housing Element and the proposed Project will result in a gain of housing units with and no net loss in housing unit opportunities.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed Project for compliance with CEQA and determined that the Project was substantially covered in the previously adopted FEIR 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). Minor technical changes or additions to this document are necessary to account for the expected Project impacts; however, none of the conditions described in Section 15162 of the CEQA

Guidelines calling for the preparation of a subsequent or supplemental environmental impact report exist. A Fourth Addendum to FEIR 02-04 was therefore prepared for the Project (Attachment 1).

BACKGROUND

The Otay Ranch Freeway Commercial SPA is generally located east of State Route 125 (“SR-125”), south of Olympic Parkway, west of Eastlake Parkway, and north of Birch Road (Attachment 2). The proposed Project is limited to the FC-1 District of the SPA, which includes everything within the SPA boundaries south of the Bus Rapid Transit (“BRT”) guideway.

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 FC-1 District and 347,000 square feet in the FC-2 District, otherwise referred to as Freeway Commercial North. In 2007, the FC-1 entitlement was amended to allow up to 960,000 square feet of freeway-serving commercial development.

In May 2015, in conjunction with the First Addendum to FEIR 02-04, General Plan and General Development Plan (“GDP”) amendments entitled the development of 600 multifamily residential units, 15,000 square feet of ground-floor retail, a two-acre urban park, and two hotels within the 36-acre FC-2 District (City Council Resolution No. 2015-114). The FC-2 Development Agreement was adopted via Ordinance No. 3345 on June 29, 2015.

In September 2016, the Second Addendum to FEIR 02-04 and amendments to the Otay Ranch Freeway Commercial SPA Plan and associated regulatory documents (City Council Resolution No. 2016-187), Tentative Map CVT 15-0007 (City Council Resolution No. 2016-188), Design Review Permit DR16-0030 (City Council Resolution 2016-189), and amendments to the Otay Ranch Freeway Commercial SPA’s Planned Community District Regulations (Ordinance No. 2016-3376) entitled and implemented the development concept of the General Plan and Otay Ranch GDP for a transit-oriented, mixed-use project in the FC-2 District. In May 2019, a Third Addendum to the FEIR was approved by the City, adding 300 residential units to Freeway Commercial North (FC-2). The FC-2 District currently allows for a total of 900 dwellings, two hotels and 15,000 square feet of ground-floor retail.

DISCUSSION

Proposed Amendments

The Project site consists of 78.29 acres currently entitled for regional serving commercial uses. The proposed Project would rezone approximately 16.59 acres from Freeway Commercial (FC) to Mixed-Use/Residential (MU/R), reduce the entitled commercial space from 960,000 square feet to 816,000 square feet (a reduction of 144,000 square feet) and allow up to 840 dwelling units.

The proposed amendments to the Otay Ranch Freeway Commercial SPA plan also include the following:

- Redeveloping approximately 37,500 square feet of existing commercial area(s) within the Otay Ranch Town Center;
- Providing approximately 2.56 usable parkland acres and an enhanced plaza space;

- Extending Town Center Drive southward from Ring Road to the Otay Ranch Town Center, terminating at a new entry plaza;
- Modifying internal streets in the northwest quadrant of the FC-1 District; and
- Closing a portion of Kestral Falls Road adjacent to the Otay Ranch Town Center Food Pavilion to vehicular traffic.

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

The Applicant held a community meeting on July 19, 2022, at the Otay Ranch Town Center, with City Staff in attendance. Over 30 members of the public attended the meeting. The Applicant provided a Project briefing and displayed exhibits showcasing the expanded plaza and additional park space. Community members asked questions related to the market status of the proposed dwelling units (i.e., for rent or sale), potential commercial uses, on-site vehicular circulation, noise, and schools. They expressed concerns regarding possible congestion, the replacement of existing commercial space, insufficient parking for the Otay Ranch Town Center after the proposed development, and lack of public infrastructure with the addition of the proposed residential units.

Property owners and residents within 500 feet and homeowners’ associations within 1,500 feet of the Project site were notified of the meeting by US mail.

ANALYSIS

Chula Vista General Plan

The Chula Vista General Plan designates the Project site for freeway-oriented commercial uses. In order to analyze the potential impact(s) of commercial land use conversion to other uses, the Developer contracted with HR&A Advisors, Inc. (“HR&A”) to prepare a Market and Commercial Lands Analysis report that was completed in July 2023. This report provides an overview of the Southbay regional market, forecasts future demand for such uses, and calculates the City’s anticipated resultant fiscal surplus or deficit with the change of use (Attachment 10).

This effort included an extensive parcel-level examination of existing land that could potentially be developed for commercial uses based on current zoning and environmental and physical constraints. Key findings are summarized below:

- *Chula Vista and the Southbay boast a number of existing regional shopping centers that compete with the Otay Ranch Town Center.* Numerous large format department store retailers are located within nine miles of the Project Site such as the Westfield Plaza Bonita, Chula Vista Center and other shopping centers. The Otay Ranch Town Center must also compete with outlet shopping at the United States-Mexico border which includes numerous specialty stores.
- *Online retail spending continues to grow, creating competition for traditional, large footprint, brick-and-mortar retailers in Otay Ranch.* The total dollars spend in online sales have steadily increased over the last 10 years to \$960,000 in 2021, which is more than four times online retail spending in 2011.

- *General merchandise and clothing and clothing and accessories are projected to have minimal demand across the next 28 years.* While the Otay Ranch Town Center can capture 100,000 to 170,000 square feet of retail across the next 28 years, demand is highest for neighborhood uses such as grocery stores, liquor stores, restaurants and building materials. With the exception of restaurants, these types of retailers are not typically found in a regional shopping center.
- *Approximately 124 acres of Chula Vista's vacant land is developable for future retail uses.* Given the existing retail space in the City has an average floor-area ratio of 0.31, the City could accommodate approximately 1,890,500 square feet of new retail development. This includes the approximate 14 acres of vacant available land at Otay Ranch Town Center owned by the Developer.
- *Demand for multi-family residential is strong in Chula Vista.* There is currently demand for over 1,700 market rate multi-family units each year. Over the next 20 years, this demand is projected to total approximately 37,300 units, cumulatively.

Otay Ranch General Development Plan

The proposed amendments to the Otay Ranch GDP include updating the land use summary for the FC-1 area (Attachment 3). With its mixed-use zoning, proximity to good transit service and existing commercial developments, and good walking and cycling conditions, the proposed Project meets the criteria for high-density compact development. In accordance with General Plan Objective H3, “the provision of new housing opportunities within mixed-use areas and at higher density levels, particularly in transit focus areas and identified town centers, is encouraged. Mixed use and compact developments can result in easier access to goods and services, increased employment and business opportunities, and the creation of vibrant community places.” The proposed density increase will allow FC-1 to maximize its land use potential within walking range of the Otay Ranch BRT stop and ensures transit-supportive densities near the BRT line.

Otay Ranch Town Center – Regional Serving Commercial Uses for Otay Ranch

When the Otay Ranch Villages concept was created, the vision was to establish all regional serving commercial uses within the heart of the Otay Ranch Planned Community, located at the Otay Ranch Town Center. As each Otay Ranch Village was developed, supporting neighborhood serving commercial uses were built for future residents. There are future villages to be built in Otay Ranch that will continue to build neighborhood serving commercial space for future residents.

The existing Freeway Commercial SPA allocates 960,000 square feet of commercial uses to the Otay Ranch Town Center. The existing mall is improved with 669,700 square feet. This leaves a balance of existing unbuilt entitled commercial space of 290,300 square feet for future mall expansion. Tonight’s action is requesting to remove 144,000 square feet of commercial space from the Otay Ranch Town Center to allow a maximum of 816,000 square feet. Should the project be approved, the 816,000 square feet of commercial space includes the existing mall space of 669,700 square feet, leaving 146,300 remaining of unbuilt commercial space for the Otay Ranch Town Center.

As currently built, the existing mall has a Floor Area Ratio (“FAR”) of 0.196. There are currently 14.23 acres of vacant land owned by the Developer included in the proposed Project. This was calculated by the acreages

of the lots on the Tentative Map, less Lots 7 and 8, as both lots are currently developed with commercial uses. Applying the FAR of 0.196 to the 14.23 vacant acres proposed for rezone equates to 121,492 square feet of potential commercial space. The requested reduction of 144,000 square feet of commercial space added to what could be developed on the existing vacant 14.23 acres, totals 265,492 square feet of commercial space that could be constructed today.

The Project proposes a net loss of 265,492 square feet of regional serving commercial space within Otay Ranch Town Center. The removal of this regional serving commercial space would allow for the minimum of 435 residential units to be constructed, should the project be constructed in phases as outlined in the Development Agreement.

Otay Ranch Freeway Commercial SPA

The existing Otay Ranch Freeway Commercial SPA Plan defines the land use character and mix of uses, design criteria, circulation system, and public infrastructure requirements for the Project. However, the Project would amend the SPA Plan such that the Zoning Administrator is authorized to render decisions regarding Design Review permits for subsequent Project-specific developments (Attachment 4).

The following appendices to the Freeway Commercial SPA would also be updated:

Affordable Housing Program

The Chula Vista General Plan Housing Element contains objectives, policies, and action programs to accomplish key affordable housing objectives. Key among these is the Affordable Housing Policy, which requires residential developments with fifty (50) or more residential units shall provide a minimum of ten percent (10%) of the total units for low and moderate-income households; one-half of these units (5% of the total Project) being designated for low-income, and the other half (5%) being designated for moderate-income households.

Based on the entitlement authorizing up to 840 residential units in the FC-1 District, 42 low-income and 42 moderate-income affordable units would be required for a maximum density development. The Project may satisfy its affordable housing obligation through a combination of on-site and off-site units. The Applicant has volunteered to construct the affordable units on-site. It is anticipated that the residential units will be built in phases and the affordable units will be built and provided on a pro-rata basis, per phase, unless otherwise agreed to by both parties. The affordable housing obligation will be satisfied as provided for in the Affordable Housing Agreement that is reflected as Tentative Map condition No. 20. The Affordable Housing Agreement will be required before the Final Map is recorded.

Air Quality Improvement Plan

The purpose of the Air Quality Improvement Plan is to provide an analysis of air pollution impacts that would result from the proposed Project and demonstrate how its design reduces vehicle trips, maintains or improves traffic flow, reduces vehicle miles traveled (“VMT”), and/or reduces direct or indirect greenhouse gas (“GHG”) emissions.

The proposed Project establishes a unified walkable mixed-use plan for the site. It is intended to enhance living, working, and shopping options in the area and take advantage of existing transit infrastructure. It

would offer urban, smaller-scale living accommodations within walking distance to the already established shops, services, schools, entertainment, and dining, as well as a regional system of trails and open spaces.

The proposed Project would not result in a significant amount of new automobile trips above what was analyzed in the adopted FEIR. As demonstrated in the Project-specific traffic analysis, the proposed Project would generate fewer trips than the amount to which the Otay Ranch Town Center is currently entitled, therefore a VMT analysis was not required. The increase in housing units and associated vehicle source emissions is not anticipated to result in air quality impacts that were not envisioned in the growth projections and Regional Air Quality Strategy. Therefore, the increase in residential units with an associated lower VMT relative to commercial use, would not obstruct or impede implementation of local air quality plans.

Design Plan

The design plan prepared for the proposed Project intends to guide the design of sites, buildings, and landscapes within the Project to ensure that the quality of the design and architectural concepts established for the overall Otay Ranch community are maintained. The design plan identifies an architectural theme and delineates streetscape and landscape design, signage programs, and lighting guidelines consistent with that theme.

Public Facilities Financing Plan

The original Otay Ranch Freeway Commercial Public Facilities Financing Plan (“PFFP”) was adopted by the City Council on April 1, 2003 (City Council Resolution 2003-131), with several revisions over the past 20 years. As part of the proposed Project, the PFFP was amended to ensure that development of the Project is consistent with the overall goals and policies of the Chula Vista General Plan and the Otay Ranch GDP such that it will not adversely impact the City’s Quality of Life threshold standards (Attachment 6).

Fiscal Impact Analysis

The proposed Project also includes a Fiscal Impact Analysis (“FIA”), the results of which meet the requirements of Chula Vista Municipal Code (“CVMC”) Section 19.09.040 and demonstrate that the proposed Project will generate a fiscal surplus in all years as further described below. The PFFP and FIA show that the proposed Project meets the regulatory documents’ growth management policy objectives (Attachment 7).

Non-Renewable Energy Conservation Plan

Changes have been made to the Non-Renewable Energy Conservation Plan to reflect the changes in the Otay Ranch Freeway Commercial SPA plan and to Building and Energy Codes. None of the proposed changes result in changes to mitigation measures or thresholds established in the previous PFFP.

Transportation Demand Management Program

Transportation Demand Management (“TDM”) refers to programs and strategies intended to reduce traffic congestion during peak commuting periods by encouraging the use of transportation alternatives. The TDM program includes measures in the development review process to improve air quality, reduce GHG emissions, and encourage alternative means of transportation.

The proposed Project is designed as a sustainable and pedestrian-friendly community incorporating internal complete street and walkable activity centers, mixing residential and commercial uses at a high density to allow walking as a feasible alternative to driving, and integrating with existing transit and active transportation infrastructure. The proposed Project is consistent with the City's General Plan and the Otay Ranch GDP and furthers the goals of reducing vehicle trips through the provision of residential dwelling units near existing commercial services such as retail and grocery stores, restaurants, and hotels, as well as near public facilities like schools, parks, and transit stations.

Water Conservation Plan

The proposed Project includes an updated Water Conservation Plan that will be incorporated into its planning and design, meeting the requirements outlined in the Chula Vista Landscape Water Conservation Ordinance.

The proposed Project is committed to being water efficient, using recycled water for irrigation and utilizing other water conservation devices and measures. The updated plan demonstrates the use of recycled water and other water conservation measures is expected to reduce potable water usage by 15 percent within the FC-1 District.

Tentative Map

The Project's proposed Tentative Map (Attachment 8) identifies lot numbers, gross acreages, and land uses for each proposed lot in addition to allocating residential units. The map also provides notes for condominiums, waivers, etc. Street sections and layouts ensure implementation of the streets and pedestrian connections as envisioned in the SPA plan. The map identifies 19 lots for development, with up to 840 residential units across nine (9) lots, one (1) commercial lot, five (5) park lots, and private streets (four lots).

The extension of Town Center Drive from Ring Road to the existing shopping center will establish an additional prominent entrance and is anticipated to be constructed in the first phase of development. The proposed private streets will connect to other internal streets and enhance the circulation on the northwest quadrant of the shopping center.

Development Agreement

A Development Agreement ("DA") between the Applicant and the City is a part of the Project to allow the developer maximum flexibility in order to achieve the Project's goal of 840 residential units (Attachment 9). The following items are contained in the proposed Development Agreement:

- Allowance to entitle, permit, construct, and/or begin construction of the Project in three phases for a term of fifteen (15) years.
- Phase 1 Residential Development trigger of the DA requires that grading activities commence within the first seven (7) years from the date of execution for the entire Phase 1 Development, which must include construction of a minimum of 100 residential units. If grading activities do not start by this time, the DA shall immediately and automatically terminate. Additionally, the City shall have the right to initiate a rezoning action to revert zoning for lots 1, 2, 3, 4, 5, 6 and 9 to Freeway Commercial ("FC")

zoning. If grading activities start within the first seven (7) years, then a five (5) year extension to the DA will be granted.

- Phase 2 Residential Development trigger of the DA requires that no less than 435 residential units shall be fully entitled and permitted, with grading completed and vertical construction starting for the entire Phase 2 Development, and have all of Phase 1 residential units completed construction and obtained Certificates of Occupancy, within twelve (12) years from the date of execution. If this is not achieved in 12 years, the DA shall immediately and automatically terminate. Additionally, the City shall have the right to initiate a rezoning action to revert zoning for lots 1, 2, 5, and H to Freeway Commercial (“FC”) zoning. Within 12 years, if the 435 residential units are fully entitled and permitted, with vertical construction starting on the entire Phase 2 Development, and all of Phase 1 residential units have completed construction and obtained Certificates of Occupancy, then a three (3) year extension to the DA will be granted.
- Phase 3 Residential Development trigger of the DA requires that all 840 residential units be fully entitled and have all grading and building permits issued by the City within fifteen (15) years from the date of execution. If this is not achieved in 15 years, the DA shall immediately and automatically terminate. Additionally, the City shall have the right to initiate a rezoning action to revert zoning for lots 7 and 8 to Freeway Commercial (“FC”) zoning.
- In accordance with CVMC Chapter 19.48.025, the Project requires a dedication of 3.01 acres for Community Purpose Facilities for a maximum of 840 units and 1.56 acres for a minimum density of 435 units. The Owner shall enter into a CPF Agreement with the City prior to recordation of the first Final Map for the Project, which can include potential options of following methods of alternative compliance to CVMC Section 19.48.025:
 - Provide excess of 10% affordable residential units based on the number of units built in the Project.
 - Provide indoor community space on the Mall Property at a ratio of 7,800 square feet of affordable CPF space per 1 acre of required community purpose facility obligation. The affordable CPF space would be provided an allowance for tenant improvements that would result in a rent free space on the Mall Property. This conversion is based on Floor Area Ratio (“FAR”) conversion using the below methodology:

The existing center has approximately 670,000 square feet of commercial development. The Mall Property is 78.29 acres which equates to a FAR of 0.196. Applying this methodology equates to the below proposed indoor affordable CPF space square footage:

435 units	1.56 acres	0.196	13,319 sf
840 units	3.01 acres	0.196	25,699 sf

Uses for this space would include but not be limited to services outlined in CVMC Chapter 19.48.025, or other uses as approved by the Director of Development Services, or their designee.

- The Project is required to provide up to 6.57 usable acres of developed parkland if the construction reaches the maximum density of 840 multi-family residential units, based upon the persons per household factor established by the City’s Parklands and Public Facilities Ordinance, Chula Vista Municipal Code (“CVMC”) Chapter 17.10, of 2.61 persons per attached multi-family dwelling unit and 3.0 usable acres of park per 1,000 residents. If built in phases, the amount of parkland provided in each phase shall be proportional to the units built as indicated in the below chart.

A	B	C	D
Building Permit Trigger	Lettered Park Lot per Tentative Map	Lot Acreage	Parkland Usable Acres
100 th residential unit	Lot H	0.76	0.76
150 th residential unit	Lot G	0.38	0.38
262 nd residential unit	Lot F	0.87	0.70*
350 th residential unit	Lot E	0.72	0.72
TOTAL		2.73	2.56

* Slopes areas within the park boundaries greater than 4:1 are ineligible for park credit.

- The parkland obligation for the first 350 units developed as part of the Project shall be satisfied via the provision of on-site privately maintained parkland, which shall be open to the public, at a rate of 0.80 usable acres of parkland for every 100 residential units, as outlined in Column D in the above table. After construction of the 350th residential unit, the remaining parkland obligation of up to 4.01 usable acres will be satisfied via payment of in-lieu park benefit fees.
- The park benefit fee amount is equal to the Parkland Acquisition and Parkland Development fees at the time of building permit issuance for any building permit for the Project. Park Lots E and F shall not be provided park development credit for existing park amenities and shall be required to pay the in-lieu development fees.
- A Public Benefit Contribution of \$5,000 per residential unit.

CONCLUSION

The proposed Project integrates land uses and development intensities within the Otay Ranch Freeway Commercial SPA to implement the provisions of the City’s General Plan and the Otay Ranch GDP encouraging smart growth. In concept, locating the proposed higher-density mixed-use development near existing commercial uses and transit facilities will implement pedestrian- and transit-oriented policies in accordance with the goals and objectives of the Chula Vista General Plan and the Otay Ranch GDP. The Development Agreement allows the Developer to entitle, permit, construct, and/or begin construction of the Project in three phases for a term of fifteen (15) years.

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.

ONGOING FISCAL IMPACT

The adjusted fiscal impact model prepared for the proposed Project analyzed 840 residential units and the reduction of the total entitled commercial space for the Otay Ranch Freeway Commercial SPA from 960,000 square feet to 816,000 square feet. Based on the adjusted model, the proposed Project is estimated to generate between approximately \$523,000 and \$2,846,000 per year in net municipal revenues during the first 20 years of operation and a cumulative net revenue of approximately \$38,435,000 over the same period.

The Project is projected to generate a positive annual net fiscal impact across the 20-year period, with an annual net fiscal impact of \$137,628 in Year 20 (build-out).

The below table, prepared by HR&A in 2023, shows the difference between the annual net fiscal impacts of two scenarios.

Fiscal Impacts (Annual)	Year 5	Year 10	Year 15	Year 20
Base Scenario	\$27,119	\$125,426	\$124,858	\$169,872
Proposed Scenario	\$261,336	\$292,486	\$298,415	\$307,500
Net Annual Fiscal Impact	\$234,217	\$167,062	\$173,557	\$137,628

The Project proposes a net loss of 265,492 square feet of regional serving commercial space within Otay Ranch Town Center. The removal of this regional serving commercial space would allow for the minimum of 435 residential units to be constructed, should the project be constructed in phases as outlined in the Development Agreement.

ATTACHMENTS

1. Fourth Addendum to FEIR 02-04 and Technical Reports – [Click here for link to documents](#)
2. Location Map
3. General Plan and Otay Ranch General Development Plan Amendments
 - a. General Plan/Sectional Planning Area Consistency Analysis
4. Freeway Commercial South Sectional Planning Area Amendment and Appendices - [Click here for link to documents](#)
5. Freeway Commercial South Planned Community District Regulations
6. Public Facilities Financing Plan
7. Otay Ranch Town Center Fiscal Impact Analysis
8. Tentative Map
9. Otay Ranch Town Center Development Agreement

10. Otay Ranch Town Center Market and Commercial Lands Analysis Report, prepared by HR&A, dated July 2023
11. Planning Commission Resolution (FEIR Addendum/GPA/GDPA/SPA/ZC/TM)
12. Draft City Council Resolution for IS22-0002, GPA22-0001, GDPA22-0001, SPA22-0001, ZC22-0001, TM22-0002, and the Development Agreement
13. Draft City Council Ordinance for Otay Ranch Freeway Commercial Planned Community District Regulations
14. Draft City Council Ordinance for Otay Ranch Freeway Commercial Zone Change
15. Draft City Council Ordinance for Development Agreement
16. Issues Response Matrix to Community Meeting Comments
17. Disclosure Statement

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