



CITY COUNCIL STAFF REPORT



December 3, 2024

ITEM TITLE

Nakano Project: General Plan Amendment, Specific Plan, Tentative Map, and Reorganization of the Nakano Project, a Residential Project Containing up to 221 Dwelling Units South of Otay Valley River Park and Surrounded by Land in City of San Diego

Report Number: 24-0248

Location: Generally, south of the Otay River and east of and adjacent to Interstate 805 (APN: 624-071-02)

Department: Development Services

G.C. § 84308: Yes

Environmental Notice: An Environmental Impact Report (EIR22-0001) has been prepared for the proposed Project.

RECOMMENDED ACTIONS

Conduct the public hearing and;

A) Adopt a resolution:

1. Certifying EIR22-0001 for the Project
2. Approving the Project under Annexation Scenario 2a of EIR22-0001, which includes:
 - i. General Plan Amendment changing the land use designation of the subject property from Open Space ("OS") to Medium Residential ("RM")
 - ii. Specific Plan (MPA21-0017)
 - iii. Tentative Map (PCS21-0001)
 - iv. Property Tax Exchange Agreement between the City of Chula Vista ("City") and the City of San Diego ("San Diego")
 - v. Annexation Agreement among the City, San Diego, and Tri Pointe Homes ("Applicant")
 - vi. Statement of support for the reorganization of the subject property from the jurisdiction of the City into the jurisdiction of San Diego

B) Place an ordinance on first reading rezoning the subject property from Agricultural (A-8) to Residential Medium (R-3) **(First Reading)**

SUMMARY

Tri Pointe Homes (“Applicant”) proposes to develop up to 221 dwelling units consisting of detached condominiums, duplexes, and townhomes on a 23.77-acre parcel (“Project”) generally located south of the Otay River and east of Interstate 805 (“Project Site”). The Project Site is identified by Assessor Parcel Number 624-071-02 (Attachment 1). The Project incorporates several pocket parks and publicly accessible trail connections to the Otay Valley Regional Park (“OVRP”) and includes several improvements, including parking, landscaping, drainage, stormwater infrastructure, and associated utilities.

Because the Project Site can only be accessed and receive services from the City of San Diego, the Applicant additionally proposes to have the Project Site annexed into San Diego. Prior to applying for annexation with the San Diego County Local Agency Formation Commission (“LAFCO”), the Applicant must first have the Project entitled by the City of Chula Vista. After the project entitlement process is completed, San Diego will go through their entitlement process for the project. It is anticipated that the San Diego Planning Commission will consider the project at their December 19, 2024 meeting. Should LAFCO deny the annexation of the Project Site into San Diego, the Project would comply with Chula Vista development policies and procedures, as amended.

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 would create significant environmental impacts related to the following: biological resources, paleontological resources, greenhouse gas, hazardous materials, historical resources, vehicle miles traveled, tribal cultural resources, and hydrology and water quality. In accordance with Sections 15080 through 15097 of the CEQA Guidelines, and consistent with Section 15121 of the CEQA Guidelines, the Director of Development Services has called for the preparation of an EIR and Mitigation Monitoring and Reporting Program (“MMRP”) (EIR22-0001; SCH #2022060260) to analyze and disclose the significant environmental impacts of the Project, identify possible ways to minimize significant effects, and describe reasonable alternatives (Attachment 2). Impacts to greenhouse gas and vehicle miles traveled are considered significant and unavoidable, even with mitigation measures proposed in the Project’s MMRP (Chapter 10 of Attachment 2). Therefore, the Director of Development Services has additionally prepared a Statement of Overriding Considerations in accordance with Section 15093 of the CEQA Guidelines (Attachment 3).

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

The Project was presented to the Planning Commission on October 9, 2024, and they voted to recommend approval to the City Council by a vote of 4-1. The lone dissenting vote accompanied concerns about how the City would benefit from allowing the Project site to be annexed into San Diego’s jurisdiction. Staff explained that the benefit to the City is primarily in avoiding the very expensive cost of servicing the property because it is physically separated from City services by the Otay Valley River Park and can only be accessed from San Diego. The configuration between the two jurisdictions requires services to be provided by San Diego. After additional general discussion about the consequences of annexation of the subject property into San Diego’s jurisdiction and whether an alternative to annexation had been considered, the Planning Commission recommended approval of the Project. Attendees at the meeting were all in support of the proposed Project.

DISCUSSION

The Project Site is currently zoned for agricultural, park, and large-lot residential uses and carries a Chula Vista General Plan land use designation of Open Space (“OS”). Constructing up to 221 homes in a subdivision with an internal private street network and access to public utilities is a significant shift from what has historically been envisioned for the site.

Chula Vista General Plan and Zoning

To accommodate the Project, the Applicant proposes to amend the Chula Vista General Plan to change the land use designation of the Project Site from OS to RM. The zoning of the site would also need to change to accommodate the mixed residential development, with unique characteristics and requirements ascribed to it through the proposed Specific Plan. Zoning for the Project Site would change from Agricultural (A-8) to Medium Residential (R-3 in the Specific Plan) to accommodate a planned community of up to 221 homes.

The Nakano Specific Plan (Attachment 4) includes an analysis of the Project’s consistency with the Chula Vista General Plan and addresses its relationship to other regulatory and policy documents that may be impacted by its implementation. This analysis can be found in table form in Appendix B of Attachment 4 of this report.

The analysis indicates that the Project:

- Contributes to strong community character and image by providing additional recreational amenities and housing units that are consistent with the Project Site’s surroundings;
- Supports a healthy and sustainable economy by providing workforce housing, improving local infrastructure, and investing in the area, which will attract business and enhance the region’s economic vitality;
- Promotes strong and safe neighborhoods by implementing a mobility network with sidewalks on all interior streets and paseos offering safe navigation of the Project Site, as well as a small network of parks and open space that will be routinely maintained;
- Improves mobility by adding street connections, sidewalks, paseos, trail connections, and bicycle facilities serving residents and visitors and tying into the existing local and regional mobility network;
- Supports a healthy and sustainable environment by successfully mitigating any impacts to adjacent sensitive habitat;
- Promotes effective growth and General Plan implementation by providing a mix of housing types in a compact, efficient manner that is compatible with surrounding land uses; and
- Will shape the future through the present and past by incorporating landscaping elements that represent and recognize the agricultural history of the Project Site and acknowledge the former agricultural heritage of the area.

Nakano Specific Plan and Chula Vista Municipal Code Compliance

The Nakano Specific Plan was developed to implement the Project in a manner consistent with the provisions of the Chula Vista Municipal Code (“CVMC”) related to medium-density residential development with some deviations. Such deviations from the CVMC are detailed in Project-specific development regulations that would become part of the zoning for the Project Site and are summarized in Table 1 below.

The entire Project Site is designed to belong to the same land use designation (“RM”) and zoning (R-3), and each building in the specific plan area would be subject to the same development standards. Nonresidential uses would only be allowed through home occupations.

Table 1 – Comparison of Development Standards

Development Regulations	CVMC R-3 Requirements	Nakano Specific Plan Requirements
Minimum lot size	7,000-square foot building area	1,000 square feet
Maximum lot size	N/A	4,000 square feet
Floor area ratio (FAR)	N/A	1.5
Front setback (minimum)	15 feet	10 feet
Driveway length	22 feet	15 feet
Interior side setback (minimum)	Five (5) feet	Five (5) feet or 10 percent width
Street side setback (minimum)	10 feet	10 feet or 10 percent width
Rear setback (minimum)	15 feet	15 feet
Building height (maximum)	54 feet	30 feet
Off-street parking <ul style="list-style-type: none"> ▪ One bedroom ▪ Two bedrooms ▪ Three bedrooms ▪ Four bedrooms 	<ul style="list-style-type: none"> ▪ 1.5 spaces ▪ Two (2) spaces ▪ Two (2) spaces ▪ One additional space per bedroom for four bedrooms and above 	<ul style="list-style-type: none"> ▪ 1.5 spaces ▪ Two (2) spaces ▪ Two (2) spaces ▪ Three (3) spaces
Common area parking	N/A	15 percent of total required parking
Common open space	400 square feet per dwelling	25 square feet per dwelling
Private open space	60 square feet per dwelling	Per dwelling: <ul style="list-style-type: none"> ▪ <u>One bedroom</u> 400 square feet ▪ <u>Two bedrooms</u> 400 square feet ▪ <u>Three bedrooms</u> 480 square feet ▪ <u>Four bedrooms</u> 560 square feet

Review of individual development projects within the Project Site would be subject to the Design Review process as outlined in CVMC sections 19.14.582 through 19.14.600.

Tentative Map

If approved, the Project would be consistent with the applicable provisions of the Subdivision Map Act, the Chula Vista General Plan (as amended), the Subdivision Manual, and the CVMC. The RM designation in the General Plan allows a density between six (6) and 11 dwellings per acre, and the Tentative Map indicates an approximate density of 9.05 dwellings per acre for the Project. Although the Applicant requests approval of up to 221 dwellings for the Project, the Tentative Map only shows 215 dwellings, including 61 detached condominiums, 84 duplexes, and 70 townhomes (Attachment 5). Approval of the additional units would provide the Applicant with the flexibility to respond to changes in site conditions and/or market conditions and must be recorded in the Final Map should they be developed. The Project as detailed in the Tentative Map layout is designed to provide sensible transitions from the intensity of development along Dennery Road to the OVRP north of the Project Site.

The Project includes several pocket parks, paseos, and trail connections to the OVRP, emphasizing the latter for residents and members of the surrounding community. An existing trail connection running along the western side of the Project Site would be retained to provide connection to the OVRP trail system. In addition to the north-south trail connection, the Project would provide trail improvements within the parcel to the north to enhance the OVRP trail system. Trail improvements would be constructed consistent with OVRP trail guidelines.

Primary access for the Project Site is provided from Dennery Road, a four-lane collector road in San Diego. The site cannot be accessed from the City because it is separated from the rest of the City by the Otay River and San Diego. Secondary access is provided by way of an emergency-only connection to the neighboring RiverEdge Terrace development to the east. The internal street network is intended to be private and would contain all utility and drainage connections.

The Tentative Map contains an analysis of the site's ability to accommodate emergency vehicles utilizing the proposed layout. Fire apparatus would be able to successfully navigate the Project Site whether entering from Dennery Road (primary access) or the adjacent development (emergency access). Grading would occur on approximately 21 acres within the Project Site and adjacent land areas. Offsite grading areas include a small portion of the OVRP to the north for remedial grading and trail improvements, as well as the adjacent property to the east, where the emergency-only access road is proposed.

Legislative Actions

Approval of the Project requires certification of the EIR for the Project, approval of a General Plan Amendment, approval of the Nakano Specific Plan, approval of a Tentative Map for the Nakano Project, and approval of various agreements among the Applicant, the City, and San Diego. Each of the actions is required to be performed by the City Council after conducting a public hearing.

The Project would then go through a similar process in San Diego, navigating public hearings before their respective Planning Commission and City Council, after which an application for reorganization (annexation) would be filed with LAFCO. It is anticipated that San Diego will present the Project at their Planning Commission on December 19, 2024. The Project EIR identifies three development scenarios. The first, the No Annexation Scenario, would allow the Project to be entitled, permitted, and developed primarily in Chula Vista. Scenario 2a considers that the Project will be entitled in Chula Vista, and annexation will occur prior to any development activity (permitting), while Scenario 2b considers that annexation will occur after all

entitlements and site development activities have been approved and completed. Staff and the Applicant prefer Scenario 2a, and this is the development scenario under which the Planning Commission recommended approval of the Project. Additionally, the Annexation Agreement discussed below assumes that the Project will be developed under Scenario 2a.

Annexation

Procedurally, annexation of the Project Site into the jurisdiction of San Diego would follow approval of the General Plan Amendment, Specific Plan, and Tentative Map and certification of the EIR by the City. This would simplify development of the Project by bundling required entitlements in one jurisdiction and implementing the Project's development in the other. The Project Site can only be accessed from San Diego and would receive utility and public safety services from that jurisdiction. Annexation ensures the efficient and cost-effective delivery of those services without sacrificing public benefits like access to the existing OVRP.

Tax Exchange Agreement

The annexation process entails a sphere of influence boundary amendment and resolutions from the City and San Diego necessary to initiate an application with LAFCO. This action would ultimately detach the Project Site from Chula Vista and annex it into San Diego for development. In anticipation of the annexation of the Project Site, the City is prepared to agree to a property tax exchange with San Diego as required by Section 99 of the California Revenue and Taxation Code. The Tax Exchange Agreement (Attachment 6) indicates that the City will receive all property tax revenue generated by the Project Site before the annexation date, which is defined in the Tax Exchange Agreement as the date established by LAFCO as the effective date of the annexation of the Project Site. On and after the annexation date, all property tax revenue will go to San Diego.

Annexation Agreement

As part of the annexation process, the City will enter into an agreement with the Applicant and San Diego regarding the responsibilities of each jurisdiction/party as they pertain to the annexation of the Project. The Annexation Agreement (Attachment 7) establishes the process for and the terms and conditions by which the Project Site would be annexed into San Diego after approval. For the purposes of CEQA compliance, the City agrees that it will serve as the Lead Agency for review of the Project, and San Diego will serve as a Responsible Agency. However, San Diego is responsible for leading the LAFCO application process after approval of the Project and must file an application for reorganization within 60 calendar days of the effective date of the Annexation Agreement, which can be the same date as the approval of the Project. The City must adopt a resolution supporting the reorganization within 10 calendar days of the effective date of the Annexation Agreement, and the Applicant must submit a landowner consent form in support of the reorganization to LAFCO within 30 days of the effective date of the Annexation Agreement. The Annexation Agreement defines the effective date as the first date on which all three parties have approved and executed the Annexation Agreement.

The Annexation Agreement further stipulates that the City will process the development entitlements for the Project, while San Diego will process development permits and recordation of a Final Map after the reorganization/annexation. The two jurisdictions will coordinate on the application and enforcement of any conditions attached to the Project through the Chula Vista approval process. San Diego is obligated to provide municipal services to the Project Site on a cost-neutral basis, which means that the Applicant is responsible

for ensuring that San Diego’s cost for providing these services will be equal to or less than the anticipated revenue generated by the Project Site.

Public Participation

Pursuant to Section 15087 of the CEQA Guidelines, the draft EIR for the Project was circulated for public review from April 26 to June 26, 2024. After receiving five (5) comment letters, responses were prepared and incorporated into the final EIR. In addition to public participation generated through the circulation of the EIR for the Project in accordance with the CEQA Guidelines, the Applicant sought public input from two advisory groups spanning three affected jurisdictions. As the Project is expected to be annexed into San Diego, public participation was solicited consistent with the noticing and public meeting requirements of the OVRP Citizens’ Advisory Committee (County of San Diego/City of San Diego/City of Chula Vista) and the Otay Mesa Community Planning Group (City of San Diego). The Otay Mesa Community Planning Group is the recognized Community Planning Group for the planning area in San Diego that this property would be located should the annexation be approved by LAFCO.

The OVRP Citizens’ Advisory Committee met on December 14, 2023, and by a vote of 6-2, the committee recommended approval of the Project. The Otay Mesa Community Planning Group met on March 20, 2024, and recommended approval of the Project by unanimous vote (with one abstention).

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council members and found no property holdings within 1,000 feet of the boundaries of the Project Site. 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 nor has 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

All costs associated with processing the proposed rezone and associated documents are borne by the applicant, resulting in no current-year fiscal impact to the General Fund or Development Services Fund.

ONGOING FISCAL IMPACT

The Development Planning & Financial Group (“DPFG”), a consultant hired by the Applicant to conduct an analysis of the Project’s ongoing fiscal impacts to City revenues and expenditures, concluded that the Project would result in a net fiscal deficit for the City in all but its first year if approved and were to remain in Chula Vista’s jurisdiction. This conclusion was based on incorporating three assumptions into the City’s standard model for fiscal analysis: (1) an increase in the assessed value of residential property due to turnover (resale) using an annual escalation factor of 3.5 percent, consistent with the historical average of several recognized indices; (2) a 50 percent capture rate of sales tax revenue generated by the proposed Project; and (3) increased costs related to public safety service provision resulting from increased travel distances. The analysis is part of the justification for annexation of the subject property into San Diego’s jurisdiction and is explained in more detail in Exhibit F of Attachment 7 of this report.

ATTACHMENTS

1. Location Map
2. Final EIR22-0001
 - a. Notice of Preparation and Comment Letters
 - b. Environmental Policy Consistency Analysis
 - c. Air Quality Technical Report
 - d. Biological Resources Technical Report
 - e. Geotechnical
 - i. Geotechnical Investigation
 - ii. Update to Geotechnical Investigation
 - iii. Addendum to Geotechnical Report and Response to City of San Diego Comments
 - iv. Response to City of San Diego Comments
 - v. Infiltration Feasibility Condition Letter
 - vi. Response to City Comments
 - f. Paleontology
 - i. Paleontology Report
 - ii. Paleontology Addendum Letter
 - g. Greenhouse Gas Technical Report
 - h. Environmental Site Assessment
 - i. Final Phase I ESA - Nakano
 - ii. Phase I – Davies Property
 - iii. Davies Soil and Groundwater Sampling Report
 - iv. Health Risk Assessment
 - v. Public Notice Results of Site Investigations for Site Closure
 - vi. Results of Site Investigations and Request for Site Closure
 - i. Fire Protection Plan
 - j. Evacuation Plan
 - k. Cultural Resources
 - i. Cultural Resources Inventory Evaluation Report
 - ii. Archeological Addendum Letter
 - iii. NAHC List
 - l. Noise Report
 - m. Transportation
 - i. Vehicle Miles Traveled Analysis
 - ii. Local Mobility Analysis
 - n. Storm Water Quality Management Plan
 - o. FEMA Map Amendment
 - p. Public Facilities
 - i. Public Facilities Financing Plan
 - ii. Plan for Services Letter
 - q. Service Letters and Responses
 - r. Correspondence from the City of San Diego
 - s. Sewer Study
 - t. Water Analysis – Dennery Ranch
 - u. Waste Management Plan
3. Findings and Statement of Overriding Considerations
4. Specific Plan
5. Tentative Map

6. Property Tax Exchange Agreement
7. Annexation Agreement
8. Planning Commission Resolution No. 2024-15
9. Disclosure Statement

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