



AGENDA REPORT

Meeting of the San Marcos Planning Commission

MEETING DATE: April 7, 2014

SUBJECT: The Oakcreek Project Owner, LLC

CASE: P13-0035: General Plan Amendment (GPA 13-008) & Rezone (13-005)

Recommendation

That the Planning Commission recommend denial to the City Council of the proposed General Plan Amendment & Rezone from "Light Industrial" to "SPA" (Medium Density Residential (MDR2 (15-20 du/ac).

Introduction

Oak Creek proposes 232 condominium units consisting of single-family detached, attached and courtyard product types on 13.8 acres within the Bosstick Industrial Park (see attached Aerial Map). Oakcreek also proposes the construction of 7,200 square feet of additional commercial space and retrofitting the existing liquor store within the "commercial" General Plan designated area at the northwest corner of South Santa Fe Road and Las Flores Drive. In order for the residential component to proceed, it requires a General Plan Amendment & Rezone changing the designation from "Light Industrial" to SPA (Medium Density Residential (MDR2 15-20)) and "Commercial" (C). Prior to submittal of the application, staff indicated to the applicant that staff could not support the request, however, the applicant still desires to pursue this land use change.

Public Response:

Attached (**Attachment "D"**) to this report are letters and e-mails received from both nearby residences and industrial business owners addressing their concerns with the proposed project.

Discussion

Land Use Change Justification

San Marcos has only 83.84 acres of light industrial designated property to be developed within the city. Approximately 44 acres or 53% of the vacant light industrial is constrained by access, topography, habitat, or irregular lot configuration. The proposed land use change will reduce the City's remaining vacant prime

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light industrial inventory by 15%. More importantly, the subject site is one the largest remaining rough graded non-constrained light industrial sites with established industrial access.

Relative to multi-family residential inventory, the medium and higher density designated properties exceeds over 100 acres in the more compatible in-fill locations. This would generate 5,400 to 5,500 additional units. The comprehensive General Plan update completed in 2012 resulted in an additional 11,208 residential units and a population increase of 37,655.

Over the 2.5 year general plan update process there were concerns raised by industrial stakeholders over elimination of industrial designated properties. Although two members of the industrial community involved with the General Plan update supported the proposed change staff feels the proposed change would adversely affect the City's employment base and the potential for retention, expansion of existing light Industrial businesses, and attraction of new businesses in the future. During the processing of this application staff was contacted about relocating an existing light industrial user to a larger property and the difficulty of finding adequately sized properties (5 acres +). Light Industrial allows flexibility of other type of uses. For instance, the site could also accommodate a higher education facility similar to the St. Augustine College in the light industrial area at Borden Road and Windy Way. More recently, Stone Brewery indicated that they were looking for a large refrigeration facility which could be accommodated at the site. So there are light industrial related opportunities that could be accommodated on the subject property.

Land use compatibility is another concern related to the proposed land use change. Being located contiguous to a business park raises inherent conflicts. The mixing of residential traffic with heavy industrial traffic is a safety concern, especially if some industrial users have to back into the site. With residents being located within the Bosstick Park raises the potential for complaints in terms of noise, odors, and industrial operations being conducted within the industrial park.

Based on the above discussion there is no justification for a change in land use to medium density residential.

General Plan Policy Analysis:

Policy LU-1.1 Ensure that adjacent land uses complement one another by considering compatibility of activities, development patterns and architectural character elements and access to various mobility choices.

Project Consistency with Policy:

As indicated above, changing the land use from light industrial to medium density residential creates an incompatibility with the adjacent light industrial land use with operations, noise, visual, traffic, and possibly



overflow parking. The proposed residential will not have access to transit or transportation alternatives.

Policy LU-1-5: Provide for and retain a variety of complimentary industrial uses that offer employment opportunities.

Project Consistency with Policy

Currently, there is only 83.84 acres of vacant/available light industrial property remaining to be utilized in San Marcos. Of this total, 53% is constrained and is questionable whether it could develop. The proposed change substantially reduces the City's light industrial inventory by 15%. Not only is that a substantial decrease in light industrial inventory, it removes the largest, ready to go light industrial lots from the limited light industrial inventory that remains in San Marcos.

Policy LU-4.1: Continue to encourage the development, expansion, and upgrade of higher education facilities such as Palomar Community College, California State University San Marcos, and private educational facilities.

Project Consistency with Policy:

There have been other large educational facilities that have developed in light industrial parks like St. Augustine. Staff is currently working with another college to possibly locate in San Marcos. This site could be utilized for such a use. By changing the land use from light industrial to residential, eliminates any future opportunity to consider a potential higher educational facilities that would be considered a compatible use with proper conditioning.

Policy LU-4.3: Promote the growth of research, development, and high tech businesses and organizations associated with California State University San Marcos to further develop the connection between academic innovation and community development and to identify new areas of growth for local businesses.

Project Consistency with Policy:

If the medium density residential were to go forward in lieu of the current light industrial designation, it would also eliminate opportunities for research, development, and high tech businesses that could tie into business associated with CSUSM. The proposed land use change would also eliminate the potential for new growth of local businesses looking for larger industrial lots currently available at this site.



Policy LU-4.4: Establish a “Business Park” zone that promotes the intent of the Business Park land use, and allows for attraction of high tech businesses like green-tech and bio-medical industries.

Project Consistency with Policy

Although the site isn’t zone Business Park, this property is one of the City’s largest remaining vacant light industrial properties that would be immediately available to consider a business park setting to accommodate highly technical business within the City of San Marcos. The 12.61 acres of light industrial land use needs to be retained in order for San Marcos to be competitive with the surrounding industrial markets.

Policy LU-6.2: Encourage businesses and existing employers to remain and expand in San Marcos.

Project Consistency with Policy:

Approximately 12.61 acres of prime light industrial land would be eliminated reducing an opportunity for future jobs for the San Marcos residence.

Policy LU-6.3: Encourage and actively promote the location of clean, high tech, telecommunications, and research and development uses within designated industrial and business park areas. This is intended to provide jobs for highly skilled manufacturing and research/ development employees, create local revenue sources, support other business sectors, and provide other benefits to local residents and the City.

Project Consistency with Policy:

The proposed land use change from light industrial to residential eliminates all possibilities for companies looking for a reasonably sized industrial lot to establish jobs for highly skilled manufacturing and research. Nor will this land use change, allow any additional light industrial support for existing businesses in San Marcos.

Policy LU-6.7: Promote development and revitalization of revenue-generating land uses in areas designated for commercial and industrial uses that will support business and employment growth.

Project Consistency with Policy:

Even with the small positive fiscal impact with medium density residential, there is a greater net fiscal benefit with retaining the current land use. There is



also increased General Fund expenditures with the medium density residential that far exceed that of the light industrial development.

Safety Policies

Policy S-4.4: Avoid locating sensitive uses near established hazardous materials users or industrial areas where incompatibilities would result, except in cases where appropriate safeguards have been developed and implemented.

Project Consistency with Policy:

Staff is concerned that converting light industrial to medium density residential, would cause potential operational issues for the existing businesses that are established and currently consider compatible light industrial with surrounding uses in this area. Regardless if there is an attempt of disclosure, it would likely be insufficient for future residents due to potential nuisance issues associated with the existing industrial. The same issue could occur with the light industrial experiencing nuisance issues with the residential that currently do not exist today. Staff is also concerned about the remaining light industrial lot to the west and adjacent to the proposed multi-family residential. The conversion of light industrial to residential will most likely impact the market availability of the remaining vacant light industrial property to the west given the proximity of the residential project.

Noise Policies

Policy N-1.1: Address the potential for excessive noise levels when making land use planning decisions in accordance with Table 7-3 Land Use Compatibility Noise Standards.

Project Consistency with Policy:

The proposed land use change seems to have the potential to create nuisance noise complaints onto the existing light industrial users. This is indicated in one of the attached letters. This may be a very difficult and expensive transition for the existing light industrial businesses in effort to remedy any potential noise issue due to the incompatibility proposed by the applicant.

Policy N-3.5: Require industrial land uses to locate vehicular traffic and operations away from adjacent residential areas as much as possible.

Project Consistency with Policy:

The existing light industrial businesses have already established their vehicular traffic patterns on Bosstick Boulevard and Norman Strasse Road. The applicant proposes access off of Norman Strasse Road and Las Flores which could result in traffic issues.

Housing Policies



Policy 1.1: Designate land for a variety of residential densities sufficient to meet the housing needs for a variety of household sizes and income levels, with higher densities being focused in the vicinity of transit stops and in proximity to significant concentrations of employment opportunities.

Project Consistency with Policy:

Currently, there is capacity for 5,500 residential units zoned under the classification Medium Density Residential 2 (MDR2) or higher densities including University District Specific Plan or the San Marcos Creek District which are available for development that would yield multi-family residential units. The City has adequate housing inventory to comply with the State Housing law. The proposed site is not in close proximity to transit stops as indicated in the above policy.

Market Assessment:

The City retained Keyser Marston Associates (KMA) to conduct an independent market assessment (**Attachment "A"**) of the proposed land use change which is attached. The applicant also produced a marketing, economic and fiscal analysis which is also attached. The market assessment addressed key strengths and weaknesses affecting the site's development potential as light industrial. Amongst the strengths was that; the site is accessible and ready to build; is one of the largest contiguous light industrial sites within the City, consisting of 15% of the City's light industrial inventory. Additionally development of the remaining light industrial sites within the City will be challenging due to accessibility, topography, and environmental constraints. Other less constrained light industrial sites are either too small or oddly configured to accommodate larger users. The site is also separated and buffered from the nearest residences and retaining the current general Plan designation will allow the City to maintain the site for future employment opportunities.

The weaknesses cited for light industrial are that; the site is unable to attract potential industrial users; there is little or no industrial construction that has occurred recently in the City, that the average rent is less than other industrial spaces within the City and current rents at Bosstick Industrial Park do not support the cost of new construction. The first two weaknesses are influenced by the intent of the property owner and the selling price of the site and not an indication that the property can't be developed as light industrial. The General Plan is also a long term document that was established to set aside and reserve employment land for a balanced land use base. The other two weaknesses are a function of the down turn in the economy which doesn't mean it will be a long-term detrimental condition. Staff feels the strengths far outweigh the weaknesses.

The assessment also compared strengths and weaknesses of the site developed as residential. The conclusion is that there is a growing demand for housing within the City, as well as demand from the



first time homebuyer placing demand for lower-priced homes. Also interest rates remain low and unemployment continues to decrease. Staff doesn't dismiss these strengths; however there are more than enough adequate existing designated housing sites for this product type within the central core of the City and closer to transit. The weaknesses can also potentially result in incompatibility requiring residents to drive through the Bosstick Industrial Park, heavy truck traffic volume and the lack of pedestrian-friendly infrastructure.

Fiscal impact Analysis:

KMA also prepared a fiscal impact analysis (**Attachment "A"**) of the requested land use change to compare with the applicant's report. Although the applicant's report projected revenues it did not project costs so it wasn't a true balanced fiscal analysis. The KMA analysis concluded that both the existing General Plan light industrial land use and the proposed medium density residential resulted in a positive fiscal impact on the City. However, the fiscal impact for light industrial (\$129,000) was more than that of the proposed project (\$76,000). The residential land use has significantly higher costs to the City than that of the light industrial land use with \$385,000 compared to \$34,000. These results in a revenue to expense ratio of 4.8 for light industrial compared to 1.2 for medium density residential.

Attachment(s)

Resolutions (General Plan Amendment & Rezone)

Aerial Map

A - Oak Creek Market & Fiscal Analysis Report (by City's Consultant)

B - Oak Creek London Report & Market Pointe Realty Advisors (by Applicant)

C - Oakcreek Specific Plan

D - Letters/E-mails received from residential neighborhood & Industrial businesses

E - 2012 General Plan Industrial Market Assessment

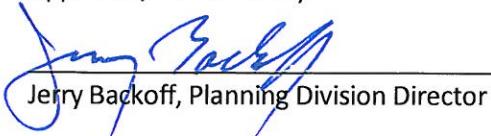
F - GPAC Meeting #7 Notes

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ATTACHMENT

Aerial/Vicinity Map



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