City of Oceanside

Development Services Department

Memorandum

DATE: **January 24, 2024**

TO: **Downtown Advisory Committee**

FROM: **Rob Dmohowski, Principal Planner**

SUBJECT: **CONSIDERATION OF A DEVELOPMENT PLAN (RD23-00003) AND DENSITY BONUS REQUEST (DB23-00006) FOR THE REVISION OF AN APPROVED MIXED-USE PROJECT TO ALLOW THE CONVERSION OF 64 HOTEL ROOMS INTO RESIDENTIAL UNITS. THE CONVERSION WOULD RESULT IN 179 APARTMENT UNITS WITH 10-PERCENT (18 UNITS) RESERVED FOR LOW-INCOME HOUSEHOLDS AND A 1,581 SQUARE-FOOT COMMERCIAL SPACE AT 712 SEAGAZE DRIVE – 712 SEAGAZE MIXED USE DEVELOPMENT- REVISED – APPLICANT: ELSEY HOLDINGS, LLC.**

Location & Background

The project site consists of three legally created parcels totaling 15,589 square feet and is located on the northwest corner of Seagaze Drive and N. Nevada Street within the Townsite Neighborhood Planning Area. The site was previously a parking lot and has been fenced off for several years. The property has a General Plan designation of Downtown (D) and a corresponding zoning designation of (D) Downtown Subdistrict (D-2), which permits mixed-use development with approval of a "Mixed-Use Development Plan". Surrounding uses include a mix of commercial uses to the north, east, and west, with both multi-family and single family residential to the south.

On January 26, 2022, an application for a Development Plan (RD21-00002), Conditional Use Permit (RCUP21-00001), and a Density Bonus request (DB21-00002) was approved by the Community Development Commission (CDC) for a mixed-use development project consisting of the construction of an eight-story building with 115 apartment units, 64 hotel rooms located on the 7th and 8th floors, and 1,910 square feet of ground floor commercial space. Prior to

CDC approval, the Downtown Advisory Committee (DAC) considered the application on December 21, 2021 and recommended approval of the project.

Subsequent to approval of the project, the applicant applied for grading and building permits in August and November of 2022, respectively. In 2023, the applicant informed City staff that recent changes in the economic environment made hotel financing more challenging and decided to pursue additional housing for the project rather than a hotel. The applicant filed an SB 330 application with the City on August 25, 2023 and submitted a formal application for a Development Plan and Density Bonus request on November 7, 2023. A conditional use permit is no longer required since it is only applicable to the hotel component of the project.

Project Description

The project application is comprised of two components, a Development Plan and Density Bonus as follows:

Development Plan (RD23-00003) represents a request for the following:

A revision to an approved mixed-use development plan to convert the space reserved for hotel rooms into 64 apartment units. The overall design and height of the approved eight-story, contemporary designed vertical mixed-use building would remain unchanged. As proposed, the revised project would include 1,581 square feet of ground floor commercial at the corner of Nevada Street and Seagaze Drive, 179 studio apartment units on the upper five levels, above ground parking on the first two levels, and a subterranean parking garage with three levels.

The first floor of the building would consist of a commercial space, a residential lobby, a leasing office and administrative area, a trash room, enclosed bike lockers, and equipment room space. An entrance from the alley between N. Ditmar Street and N. Nevada Street would provide access to first floor parking spaces and subterranean parking levels. The commercial space, which was previously intended for the hotel lobby, would provide for a flex space to accommodate uses such as retail, personal services, or food services.

The second floor would be a dedicated parking level accessed from a ramp on the alley. Building maintenance and equipment rooms would also be located on the second level. Floors three through eight would consist of 179 studio apartments. The project would include an amenity area on the third floor consisting of an outdoor pool and 1,620 square-foot deck, and 3,200 square feet of indoor common space with a dining area and fully equipped gym.

Parking for the project would be designed with three levels of subterranean parking and two levels of above grade parking within the structure and would accommodate a total of 149 parking spaces, where 132 spaces are required based upon the Zoning Ordinance which allows a 25% reduction in parking for Transit Oriented Development (TOD) within a half-mile of the Oceanside Transit Center and maximum parking ratios per Density Bonus Law. The previously entitled project with the hotel component required 139 parking spaces and provided 146 spaces. In addition, seven on-street angled parking spaces would be created along Seagaze Drive to support the commercial component of the project along with one commercial loading zone along the west side of N. Nevada Street.

The following table provides a comparison of development standards for the approved mixed-use project with 64 hotel rooms and the revised project with a proposal to convert the hotel rooms into 64 residential units.

Table 1 – Project Comparison		
	AS APPROVED	**AS REVISED**
Apartment Units	**115**	**179**
Reserved Affordable Units (Low Income)	10% Low Income 12 units	10% Low Income 18 units
Hotel Rooms	64	0
Commercial Flex Space	0	1,581 sf
Ground Floor	Allocated to apartment leasing and hotel lobby, with possible café associated with hotel use.	Leasing office and admin. space plus approx. 1,500 sf of commercial/flex space for retail, personal services, or food services.
Parking (mixed-use parking reduction)	139 total spaces required 146 garage spaces provided 7 on-street spaces **153 total spaces provided** **14 in excess of required**	132 total spaces required 142 garage spaces provided 7 on-street spaces **149 total spaces provided** **17 in excess of required**
Bicycle Storage Space	46 racks and 5 lockers located inside garage	No change
Exterior Open Space	1,700 sf	1,620 sf

Density Bonus (DB23-00006) per State Law represents a request for the following:

To allow a residential development that would provide 18 or 10% of the total 179 apartment units for low-income qualifying households. At the time of application submittal (SB 330 – August 25, 2023 and Entitlement Application – November 7, 2023), the City did not have a maximum density established for mixed-use projects in the Downtown District. Therefore, the project is not subject to the 86 dwelling unit per acre density cap approved by the CDC on October 18, 2023. As proposed, the project would have a realized density of 500 dwelling units per acre on the 15,589 square-foot project site. The previously approved project had a realized density of 321 dwelling units per acre.

By reserving 10% of the overall unit count for affordable housing, the developer is entitled to all the benefits of Density Bonus Law, including incentives or concessions, unlimited waivers from development standards, and reduced parking ratios. The 18 affordable units would be proportional, with respect to area and bedroom count (all proposed units are studios), to the market rate rentals and dispersed throughout the project.

State law entitles projects to certain incentives or concessions and also provides for waivers from development standards that would physically preclude the project at the density proposed. The granting of waivers does not reduce the number of incentives allowed on a project, and the number of waivers that may be requested and granted is not limited. State Law prohibits the City from denying any requested incentives/concessions or waivers unless findings are made that the incentives/concessions or waivers would have a "*Specific Adverse Impact*," which is defined as "*a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete.*" State law further establishes that *"inconsistency with zoning ordinance or general plan land use designation shall not constitute a specific, adverse impact on public health or safety,*".

By reserving 10% of total units for low-income households, this project is entitled to one incentive/concession and unlimited waivers, as outlined below:

Incentive/Concession No. 1: A request to eliminate the requirement to underground overhead utilities along adjacent public streets.

The previously entitled project was approved with one permitted incentive/concession applied to the utility undergrounding requirement along public streets across from the project site, but lines in the alley adjacent to the site would be undergrounded. Such an incentive/concession would result in identifiable and significant cost reductions towards construction of the project.

Waivers: The applicant requests waivers or reductions in development standards as follows:

1. Setbacks
    - Setbacks have been reduced to zero as shown on the plans to reflect the existing urban commercial development conditions.
2. Height
    - Building height - The height of the building would be permitted in the applicable zone with a CUP, which is not required for density bonus projects.
3. Site landscaping minimums
    - Reduction and alteration of on-site landscaping requirements as shown on plans.
    - Inclusion of all onsite planting, including rooftop trees and planters as shown on plans, and all offsite planting in adjacent rights-of-way permitted to count towards urban forestry requirements (tree canopy and permeable surface).
4. Open space requirements
    - Reduction of open space standards (private and shared) as shown on plans.
5. Required façade modulation
    - Modulation has been reduced from typical standards as indicated on plans.
6. Parking
    - Reduction in parking width next to columns.
    - Compact Spaces in lieu of standard sizes.
    - Parking requirement for commercial uses set under the mixed-use development plan.
7. Ramp grades
    - Ramp grades permitted for the parking garage are based on typical construction standards for parking garages in urban areas and do not exceed grades on the prior approved project.
8. Garage drive aisle widths
    - Reduction in minimum width of aisles where there is not parking on both sides

Table 2 – Development Standards/Regulations Comparison			
Note: This tables presents Mixed-Use Development Plan and waiver requests. All codes sections are references to Article 12 – Downtown District of the Zoning Ordinance.			
Standard/ Regulation	Typical City Standards/Regulations	Mixed Use Plan Standards/Regulations	Project as Proposed
Maximum Potential Density OZO 1232.D.2	No density cap downtown per Zoning Section1232 (D) (2)	No density cap downtown at time of SB330 application acceptance	n/a
Minimum Lot Area	5,000 sq. ft.	5,000 sq. ft.	15,589 sf. ft.
Minimum Lot Width	50 feet	50 feet	Abt. 120 feet
Minimum Setbacks OZO 1232:			
Front	10 feet (residential) 10 feet (non-residential)	0 feet	0 feet **DBL Waiver**
Side/Corner Side	10 feet (residential lots over 75' ft. wide) 0 feet side / 10 feet corner side (non-residential)	0 feet	0 feet **DBL Waiver**
Rear	5 feet (residential) 0 feet (non-residential) A 5-foot side or rear yard setback shall be provided along all alleys. 1232 (I).	0 feet	0 feet **DBL Waiver**
Daylight Plane 1232.I	n/a only if adjacent to residential zone	n/a	n/a
Height:			
Maximum Height of Structures OZO 1232.N.2.e OZO 1232.N.1.d	65 feet 90 feet with a CUP	65 feet 90 feet with a CUP	87'8" top of parapet No CUP required per DBL
Exception to Height	10 feet above base zoning limit	10 feet above base zoning limit	Meets standard requirements

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Minimum Site Landscaping OZO 1232	25% (residential) 15% (non-residential)	0%	Urban infill project site does not provide on-site street level landscaping. Landscaping in parkways adjacent to site will be enhanced with vegetation and maintained by the project. **DBL Waiver**
Open Space	200 sq. ft. per unit of total open space inclusive of 48 sq. ft. minimum of private open space per unit (residential)	A minimum of 4,000 square feet of common open space (total of indoor and outdoor) shall be provided, with 30% minimum of the total (1,200sf) to be common outdoor open space No minimum is required for private outdoor space.	Approximately 4,800 square feet of common open space including 1,620 sq. ft. shared outdoor space, over 3,181 sq. ft. shared indoor area is provided An additional 2,379 sq. ft. is included in private outdoor space on balconies. **DBL Waiver**
Courts Required OZO 1232.EE	See Section 1232 (EE) for courts (residential) No courts required (non-residential)	Courts opposite windows are required for all multifamily development in accordance with Section 1232.EE	Courts meet minimum size requirements. No change per typical standard
Required Façade Modulation	25% of front and side street elevation horizontal and/or vertical must be set back at least 5 feet from setback line (residential) No modulation required (non-residential)	Minimum 25% total over all front and side street elevations (not incl. alleys) for facades above commercial and parking levels, with a minimum of 8% on any one façade facing a public street, must be set back at least 5 feet from setback line.	East Elevation (S. Nevada Street) 47% South elevation (Seagaze Drive) 8% **DBL Waiver**
Off Street Parking with Density Bonus OZO 3103, OZO 3105.B, OZO 1232.W			
Number of Spaces Residential Visitor Commercial	1.0/unit for market-rate studios; 0.5/unit for inclusionary studios None Varies by use	1.0/unit for market-rate studios; 0.5/unit for inclusionary studios None 1 per 300 sf	142 spaces in garage 7 spaces on Seagaze Drive on contiguous street frontage **149 spaces provided** (Spaces on contiguous street frontage on Nevada Street not included in total)

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	Reductions to required parking may be taken under State Density Bonus law City allowances per OZO 3105 and OZO 1232.W for the Transit Overlay District and mixed-use projects within the TOD.	**TOTALS** Residential – 170 spaces Commercial – 6 spaces Less 25% TOD reduction **132 spaces required** Note: Compact parking spaces may be permitted as part of the required spaces with a density bonus project	None **DBL Waiver**
Parking Garage Design:			
Dimensional Requirement OZO 3110.A OZO 3110.B	All spaces shall be large-car spaces. Spaces provided in addition to the number of required spaces may be small car spaces. Each parking spaces adjoining a wall, column, or other obstruction higher than 0.5 feet shall be increased by 1 foot on each obstructed side. Amended under Mixed Use Development Standards and with waiver under density bonus to accommodate development at density proposed.	Compact spaces may be used in lieu of standard sized spaces. Each parking space adjoining a wall or other obstruction higher than 0.5 feet shall be increased by 1 foot on each obstructed side. This includes columns except where the column is located within the rear 5 feet of the parking stall. Then no increase is required	Compact spaces are provided for some of the required spaces. Spaces where the column is within the rear 5 feet of the parking space do not include increased width. **DBL Waiver**
Ramp Grade	Various City standards-see Engineering Manual and City Zoning standards.	Ramp grades into parking garage shall not exceed 20%. Ramp grades over 15% shall have a minimum 8-foot transition slope.	As shown on plans **DBL Waiver**

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Driveway / Drive Aisle Width in Parking Garage OZO 3111	Various City standards- see Engineering Manual and OZO 3111.	For aisles that do not have parking on both sides, drive aisle widths may be reduced to 21 feet wide. The minimum width for aisles that have parking on both sides of the aisle shall be 24 feet.	As shown on plans **DBL Waiver**
Screening of Mechanical Equipment	Section 3021	Section 3021	Project meets requirements
Underground Utilities	Section 3023	No undergrounding of utility lines across street from project.	**Incentive/concession requested under density bonus.**
Renewable Energy Facilities	Section 3047	Section 3047	Project meets requirements with purchase of renewable energy portfolio as providing 50% onsite renewable energy is not feasible.
Electric Vehicle Parking and Charging Facilities	Section 3048	Section 3048	Project meets requirements
Urban Forestry Program	Section 3049	Section 3049, with the allowance of street trees and permeable surfaces in the adjacent ROW (parkways) and trees and vegetation on upper decks to count towards the minimum tree canopy and permeable surface requirements.	Project meets minimum tree canopy using alternative to include street trees in adjacent public parkway and all onsite deck planting. Project meets minimum of permeable surface with landscaped public parkways and all onsite planters, with credit applied from overage of tree canopy. **DBL Waiver**

ANALYSIS

KEY PLANNING ISSUES

1. GENERAL PLAN CONFORMANCE

The General Plan Land Use Map designation for the subject property is Downtown (D). The proposed project is consistent with this land use designation and the policies of the City's General Plan as follows:

A. Land Use Element

Goal 1.12 Land Use Compatibility

Objective: To minimize conflicts with adjacent or related uses.

Policy B: The use of land shall not create negative visual impacts to surrounding land uses.

The project site is located in close proximity (0.22 miles) to the North County Transit District Oceanside Transit Center and is within the Oceanside Transit Overlay District. The vertical mixed-use building is consistent with the pattern of redevelopment in the downtown area and would bring forward high density vertically-oriented mixed-use development in order to accommodate the City's regional fair share of housing growth, support commercial establishments in the downtown area, enhance walkability, and support transit service. The revised project would maintain the previously approved design with a modern style of architecture comprised of quality materials and design in keeping with the vast variety of architectural designs in the surrounding downtown area. The project site is also in a highly urbanized area, consisting of commercial and civic type land uses, and would be consistent with the surrounding built environment.

B. Housing Element (2021-2029)

The Regional Housing Needs Assessment (RHNA) for the Sixth Housing Element Cycle (2021-2029) estimates that the City of Oceanside will experience demand for 5,443 new dwelling units, including 718 low income units, over the next eight years. By contributing 179 rental dwelling units, including 18 reserved for low-income households, the proposed project would help to meet the City's projected housing demand and provide an opportunity for much needed work force housing within the core downtown area and in proximity to a variety of transit options. The project is consistent with the following policies in the Housing Element:

Policy 1.1: Promote a high quality urban environment with stable residential neighborhoods and healthy business districts.

Policy 1.6: Encourage higher-density housing development along transit corridors and smart growth focus areas in order to encourage preservation of natural resources and agricultural land; reduce energy consumption and emissions of greenhouse gasses and other air pollutants; reduce water pollution occasioned by stormwater runoff; and promote active transportation with its associated health benefits.

Policy 2.1: 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, smart growth focus areas, and in proximity to significant concentrations of employment opportunities.

Policy 3.5: Encourage the development of housing for low and moderate income households in areas with adequate access to employment opportunities, community facilities, and public services.

Policy 3.7: Encourage the disbursement of lower and moderate income housing opportunities throughout all areas of the City.

2. DOWNTOWN ZONING ORDINANCE COMPLIANCE

The proposed project is located in Subdistrict 2 of the Downtown District and is subject to the land use and development standards within Article 12 of the Zoning Ordinance. With respect to development standards, the revised project complies with the requirements of Downtown Subdistrict 2, except where the applicant is seeking waivers consistent with State Density Bonus Law, as highlighted in Table 2 of this report.

As previously noted, the project benefits from a parking requirement reduction of up to 25 percent for being located within the downtown TOD area per Article 12, Section 1232 W.5. of the Zoning Ordinance as well as maximum parking ratios per Density Bonus Law. The project would provide a total of 149 parking spaces, which exceeds the minimum required 132 spaces for the mixed-use development project.

The establishment of this use within proximity (.22 miles) to the NCTD Oceanside Transit Center makes it an authentic Transit Oriented Development (TOD) which encourages a mix of commercial and residential uses that will encourage an efficient pattern of development in Downtown that supports alternative modes of travel.

Environmental Review

Pursuant to the California Environmental Quality Act (CEQA), staff finds that the proposed project is categorically exempt pursuant to Article 19 Categorical Exemptions, Section 15332 "In-fill Development Projects" of the California Environmental Quality Act.

Recommendation

Staff recommends that the Downtown Advisory Committee (DAC) recommend to the Community Development Commission (CDC) approval of the Development Plan and Density Bonus request for a revision to an approved mixed-use development plan to convert the space reserved for hotel rooms into 64 apartment units in conjunction with the construction of an eight-story mixed-use building consisting of 179 apartment units, including 18 (10%) reserved for low-income households, and 1,581 square feet of ground floor commercial space at 712 Seagaze Drive.

Attachments:

1. Description and Justification Letter (Online)
2. Project Plans (Online)