



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 25-713

Agenda Date: 5/21/2025

Agenda #: 24.

DATE: May 21, 2025

TO: Honorable Mayor and City Councilmembers

FROM: Development Services Department

TITLE: ADOPTION OF RESOLUTION UPHOLDING PLANNING COMMISSION RESOLUTION NO. 2024-P16 APPROVING A DEVELOPMENT PLAN (D23-00009) AND DENSITY BONUS (DB23-00004) TO ALLOW THE DEMOLITION OF AN EXISTING TWO-STORY OFFICE BUILDING AND THE CONSTRUCTION OF A SIX STORY MIXED-USE DEVELOPMENT CONSISTING OF 73 APARTMENTS, INCLUDING EIGHT AFFORDABLE UNITS, FOUR LIVE WORK UNITS, AND 688 SQUARE FEET OF GROUND FLOOR COMMERCIAL SPACE ON A 1.739-ACRE SITE LOCATED GENERALLY AT 503 VISTA BELLA - VISTA BELLA MIXED USE - APPLICANT: VISTA BELLA INVESTMENTS GROUP LLC; APPELLANT: ELLEN MARCIEL

RECOMMENDATION

Staff recommends that the City Council adopt a resolution upholding Planning Commission Resolution No. 2024-P16 approving Development Plan (D23-00009), and Density Bonus (DB23-00004) on a 1.739 -acre site located at 503 Vista Bella.

BACKGROUND AND ANALYSIS

On January 22, 2025, the City Council considered an appeal of the Planning Commission decision to approve the proposed Vista Bella Mixed Use Project. During the agenda item, presentations were provided by Planning staff, Ellen Marciel representing the Oceanside Community Association ("Appellant"), and Gary Miller representing the project applicant. The public hearing was opened, during which several residents expressed project concerns and opposition to the proposed project. After receiving public testimony, the public hearing was closed. The City Council began discussions regarding the proposed project, raising concerns relative to the following issues:

1. Geotechnical Study: Questions arose pertaining to slope stability and the inaccurate geotechnical analysis of a four-story building, rather than the six-story building included as part of the proposed project. In addition, members of the public raised concerns regarding potentially unsafe conditions and slope failure at the project site. As such, the City Council requested that the applicant provide an updated geotechnical study for the proposed six-story project.
2. Incentives/Concessions: As explained in the January 22, 2025 staff report, the applicant requested two incentives/concessions for relief from the requirement to provide renewable energy onsite (estimated cost of \$847,800) and relief from fully meeting parking standards (estimated cost of \$556,040). At the meeting, the City Council directed staff to prepare an

independent economic study that analyzes whether the requested incentives would result in identifiable and actual cost reductions to provide for affordable housing costs or for reduced rents for income-restricted units.

3. Parking: The Appellant asserted that the Planning Commission's action did not consider Coastline Baptist Church's easement/parking agreement. Based upon statements provided by the Appellant's representative and the Chairperson of the Planning Commission, the City Council indicated a potential conflict with previous City approvals for Coastline Baptist Church or obligations on the part of the City to enforce the parking agreement.
4. Emergency Operations Plan: The City Council questioned the City's ability to evacuate transportation-dependent persons (like those who are more likely to reside in the Oceana community) as stated in the City's Emergency Operations Plan.

Ultimately, the City Council item was continued to a future date to allow staff to return with additional information requested on these four issues.

Since the January 22, 2025 City Council meeting, staff has acquired additional information that addresses the four project issues described above. The following are staff's findings:

1. Geotechnical Study: In response to concerns pertaining to slope stability and adequacy of the geotechnical study submitted to the City, the applicant prepared an updated geotechnical study that accurately analyzes the proposed six-story project and outlines site-specific measures for the development of the project at this location (Attachment 5). The study determined that if the conclusions and recommendations presented in the report are incorporated into the design and construction of the proposed development, the site is suitable for the project. The updated geotechnical report has been reviewed and approved by City Engineering staff. With the updated geotechnical report provided, staff recommends the City Council find no basis to overturn the Planning Commission's approval of the proposed project due to safety concerns of slope stability and the site's geological conditions.
2. Incentives/Concessions: Since the City Council's direction to prepare an independent economic study that analyzes whether the requested incentives would result in identifiable and actual cost reductions to provide affordable housing costs or reduced rents for income-restricted units, staff solicited the services of Keyser Marston Associates Inc. ("KMA") to prepare an economic analysis (Attachment 4). Staff also engaged directly with HCD on this issue and HCD has provided a letter of technical assistance and support. (Attachment 9).

Per State Density Bonus Law, a city shall grant the concession or incentive requested by the applicant unless the city makes a written finding, based upon substantial evidence, of any of the following criteria 1) the concession or incentive does not result in identifiable and actual cost reductions to provide for affordable housing costs or for rents to be set at the levels required by statute, 2) the concession or incentive would have a specific, adverse impact upon public health and safety or any real property listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact without rendering the development unaffordable to low-income and moderate-income households, or 3) the concession or incentive would be contrary to state or

federal law.

The KMA study provided a comparison between the proposed Vista Bella project and an alternative project developed at the base density for the project site, not utilizing incentives/concessions. The study calculated the total cost savings related to the requested incentives/concessions is \$1,403,840 and determined that the net cost to provide eight very low-income units is estimated at \$3.1 million. These identified cost reductions provide an incentive for the developer to construct the affordable units and ensure they remain affordable for 55 years. HCD supports this methodology.

The KMA study demonstrates identifiable and actual cost reductions resulting from the requested incentives/concessions. Furthermore, no evidence has been presented that the proposed incentives/concessions would have a specific, adverse impact to public health and safety as defined by statute, and there are no historical buildings located in the vicinity of the project site. Neither has there been a showing that granting the incentives/concessions would violate state or federal law, including as it relates to the City's Climate Action Plan in relation to state greenhouse gas mandates per HCD and CARB review. As such, staff recommends approval of the applicant's requested incentives/concessions.

3. Parking: Staff conducted further research into City approvals for Coastline Church, the rights afforded to Coastline Church by the parking easement/agreement, and the City's evacuation capabilities for transportation-dependent individuals. Parking requirements for the church have been analyzed under three separate City approvals (at their present location). In February 2005, Coastline Church obtained City approval to occupy a portion of the church's current site through Conditional Use Permit (CUP) C-24-04, as well as City approval for a 20 percent reduction (22 parking spaces) in required parking through CUP C-40-04. This approval allowed the church to move locations from 503 Vista Bella to 547 Vista Bella. As part of this review, it was noted that the church still owned and had access to 44 additional parking spaces at their original location, 503 Vista Bella. A condition was added for a reciprocal access agreement for the parking lot located at 503 Vista Bella to be utilized as overflow parking for the church located at 547 Vista Bella should the church sell or lease the 503 Vista Bella site. The Agreement for Reciprocal Parking Easement ("Parking Agreement") was subsequently recorded in August of 2005. In May 2008, Coastline Church revised its CUP to incorporate an additional 2,800 square feet of area to the existing church. Although the church's parking lot was shared with other tenants, including a restaurant, parking was deemed adequate as the church had entered into the Parking Agreement with 503 Vista Bella (project site) for an additional 44 parking spaces. The third church-related approval occurred in 2021 (ADP20-00005 and ACUP20-00002), permitting 2,499 square feet of additional building area, incorporating the remaining portions of the center for Coastline Church use, and reducing parking by seven on-site stalls. Although parking was reduced, it was determined that the remaining 194 on-site parking stalls exceeded City requirements, as all previous tenants had left the center. The analysis for this entitlement also notes, "while existing reciprocal parking agreement allocates the parking spaces at 503 Vista Bella to the church use on Sundays, the church would not need utilization of those spaces to satisfy the parking requirements of Article 31." Because Coastline Church currently meets parking requirements on its site, the City has no reason to require or enforce the Parking Agreement and views it as a civil matter between private parties.

4. Evacuation Capacity: With regard to the City's ability to evacuate residents, it is important to note that the City has entered into a Memorandum of Understanding with North County Transit District to deploy its buses, para-transits, and other specialty vehicles during times of disaster. In addition, during the 2017 Lilac Fire, the Oceanside Fire Department was able to deploy lifeguards in City recreation vans to evacuate non-mobile individuals and move them to established shelters. Although the City's Emergency Operations Plan states that the City will attempt to ensure that evacuation vehicles have the capacity to move individuals with functional needs, including transportation-dependent persons such as elders, group home residents, and those without access to a vehicle, the plan does not obligate the City to provide this evacuation capacity. No formal requirement exists to condition projects to implement an evacuation process in conjunction with the City Council's consideration of a development project.

In summary, staff finds no grounds for the City Council to overturn the Planning Commission's decision to approve the proposed project. As determined by the City's independent economic analysis conducted by KMA, requested incentives/concessions would result in reduced development costs to provide for lower rents for affordable units. Additionally, the proposed project would not result in significant health and safety impacts pertaining to slope stability or emergency evacuations nor would approval conflict with previous City approvals for Coastline Baptist Church or obligate the City to enforce the existing Parking Agreement.

The additional analyses provided above, along with the analyses previously provided in the January 22, 2025 staff report, support staff's recommendation to uphold Planning Commission Resolution No. 2024-P16 approving a Development Plan and Density Bonus for the proposed Vista Bella Mixed Use Project.

FISCAL IMPACT

None.

COMMISSION OR COMMITTEE REPORT

The Planning Commission reviewed the project on October 28, 2024. During the public hearing, the Planning Commission received testimony from the applicant and the public and, voted to approve the project by adopting Resolution No. 2024-P16 approving Development Plan (D23-00009), and Density Bonus (DB23-00004) (3-1 vote; Commissioner Balma - no; 3 Commissioners absent).

CITY ATTORNEY'S ANALYSIS

On January 22, 2025, after hearing public testimony, the public hearing was closed. The City Council is authorized to hear additional input from staff, the applicant, and the appellant at this time. The public testimony portion of the hearing has been concluded and the hearing continued for the limited purpose of providing additional information requested by the City Council pursuant to Oceanside City Code section 2.1.40. Consideration of the matter should be based on the testimony and evidence presented at the hearings. After conducting the continued hearing and deliberating, the Council shall affirm, modify or deny the project. No further continuance should be provided. The supporting documents have been reviewed and approved as to form by the City Attorney.

Prepared by: Manuel Baeza, Principal Planner
Reviewed by: Darlene Nicandro, Development Services Director
Submitted by: Jonathan Borrego, City Manager

ATTACHMENTS:

1. Staff Report
2. City Council Resolution
3. Vista Bella Apartments - Concession Analysis
4. Updated Geotechnical Investigation for Vista Bella Apartment Building
5. City Council Staff Report of January 22, 2025
6. Letter of Appeal and Response
7. Planning Commission Staff Report
8. Planning Commission City Presentation
9. Letter of Support and Technical Assistance from the Department of Housing and Community Development