



Legislation Text

File #: 16-152, **Version:** 1

General Plan Conformity Finding Regarding the Disposition of Property Located at 1188 East 14th Street (APN: 077-0447-007-01), the City-owned parking lot that is a parcel within a development opportunity site within the City's Downtown Transit-Oriented Development (TOD) Strategy (Strategy), which will facilitate a higher density and mixed use development to advance the Strategy's goals.

SUMMARY AND RECOMMENDATION

On February 16, the City Council authorized the City Manager to execute a Purchase and Sale Agreement (PSA) for \$1.29 million with Sansome Pacific Properties, Inc. (Sansome Pacific), to sell the City-owned parking lot at 1188 East 14th Street. Sansome Pacific's development plans include constructing approximately 90 residential units above ground floor retail.

Staff recommends that the Planning Commission find that the proposed disposition of the City-owned parking lot (APN 077-0447-007-01) at 1188 East 14th Street is consistent with the San Leandro General Plan.

BACKGROUND AND DISCUSSION

The adoption of the Strategy in 2007 included the identification of several opportunity sites that were determined well-suited to the high-density, walkable development characteristics envisioned in the plan. One of the opportunity sites is the block bounded by East 14th Street, Callan Avenue, Hyde Street, and Chumalia Street, which is comprised of a corner parcel and building owned by CVS Health ("CVS"), a mixed use property controlled by the Portuguese Fraternal Society of America ("PFSA"), and a City-owned parking lot. This block was selected because of its central location at the most significant intersection in Downtown San Leandro.

When the TOD Strategy was adopted there was little opportunity for new development at this location because CVS (then known as Long's Drugs) was operating a pharmacy on the corner parcel and had a long-term lease for non-exclusive use of the City-owned parking lot at no cost. When the City Council approved the development entitlement for The Village retail center at 1550 East 14th Street in 2009, a pathway for development was established. The Village project included a new CVS store, which allowed CVS to close the store at 1188 East 14th Street. At the time of the approval for The Village, CVS committed to close their 1188 East 14th Street pharmacy and to partner with the City on a joint sale that included the City-owned parking lot.

The CVS store at 1188 East 14th Street closed in November 2014. The City and CVS began work to market the adjacent properties for sale early in 2015. Combined, the site comprises a 1.2 acre development opportunity that is centrally located in Downtown San Leandro. The City-owned parcel (APN 077-0447-007-01) is approximately 34,676 square feet (0.80 acres) and the CVS-owned site is about 17,232 square feet (0.40 acres). This opportunity site has great potential to serve as a catalyst project that will positively impact the greater area and the completion of a mixed use residential/retail

project that will support and enhance the community.

Marketing/Developer Selection

In early 2015, the City and CVS partnered with Jones Lang LaSalle, who served as the listing agent, marketer and broker for the two properties. The was to cast a wide net and ensure that a large number of qualified developers were aware of this opportunity site. In addition to fielding inquiries from potential buyers, the listing agent reached out to over 40 Bay Area developers and City staff reached out directly to approximately 30 others.

After several months of marketing the site, the City and CVS called for offers in Summer 2015. Eight offers were received and narrowed down to four finalists. All four were competitive and came from experienced, reputable developers. All four of the finalists have plans to construct approximately 90 units of rental housing above ground floor retail, which is consistent with the Zoning Code. After a careful review of the offers, interviews, and direction from the City Council, Sansome Pacific was selected due to its strong track record in both retail and residential properties, including numerous successful projects in the Bay Area. In contrast to the other finalists, Sansome Pacific's retail component anticipates building as much as 20,000 square feet of retail on the ground level, whereas other offers had as little as 4,000 square feet.

City staff and Sansome Pacific will work on developing more detailed development plans. Sansome Pacific also intends to engage in further discussions with representatives from PFSA, which may or may not result in the inclusion of the adjacent parcels into the project.

The completion of the design and the issuance of entitlements are likely to take the majority of 2016. The pending General Plan Update may result in slightly higher allowed residential density. If that occurs, Sansome Pacific may consider whether it wishes to consider an expanded number of residential units in the project, without affecting the amount of ground floor retail proposed.

LOCATION & LAND USE DESIGNATIONS

Attachment A provides an aerial view of the City-owned parking lot that is the subject of this General Plan conformity finding and the adjacent CVS-owned parcel at 1188 East 14th Street, as well as the surrounding vicinity. Attachment B is the General Plan and Land Use Map of the City-owned parking lot at 1188 East 14th Street. The primary land use designation for the subject property and adjacent CVS-owned parcel are Downtown Mixed Use (MUD). Under the General Plan, the MUD land use designation applies historically to the central business district of the City and allows a variety of uses (such as retail, services, offices, cultural and residential) to foster a pedestrian-oriented environment.

To the north of the subject property is San Leandro Creek (Resource Conservation or RC land use designation), Root Park (Parks & Recreation or PR land use), retail (Corridor Mixed Use or MUC land use), multifamily residential (High Density Residential or RH land use) and the Civic Center (Public Institutional or PI). To the east of the site is primarily multifamily residential (RH land use), while to the south and west of the site are commercial/retail uses like Wells Fargo Bank, Downtown parking garage, San Leandro Plaza shopping center (including Safeway) that fall primarily under the MUD land use.

The site is zoned Downtown Area 1 - Special Overlay Zone [DA-1(S)]. The DA-1 zone was adopted

in conjunction with the Strategy and represents the high-density section of E. 14th Street in Downtown San Leandro. The allowed uses include, but are not limited to:

- **Mixed Use Residential:** Retail uses required on ground floor on parcels fronting on East 14th Street. Residential density of 35-75 units per acre.
- **Retail Sales:** Tenants over 10,000 sq. ft. require a conditional use permit.
- **Office, Business and Professional**

The “S” Overlay Zoning designations may be applied to other zoning districts to provide land use and development regulations and guidance for geographic areas with unique needs. Shortly after the adoption of the Strategy in 2007, the City Council approved “S” Overlay Zones for the multiple opportunity sites, including the subject property, identified in the Strategy. Key “S” zoning conditions for the City-owned parking lot, along with the CVS-owned parcel and nearby Town Hall Square site, include: encouragement of ground floor retail uses along Davis Street and Callan Ave frontages and requirement of mixed use development.

REQUIRED PLANNING COMMISSION ACTION

Under Government Code Section 65402, the Planning Commission must find that the proposed disposition of property by the City is in conformance with the General Plan. There is a strong policy direction in the General Plan to support the sale and development of the subject property per the following goals, policies and/or action in the San Leandro General Plan:

3.01 MIXED USE TRANSIT CORRIDORS

Encourage mixed use projects containing ground floor retail and upper floor residential uses along major transit corridors. Such development should be pedestrian-oriented, respect the scale and character of the surrounding neighborhood, and incorporate architectural themes that enhance the identity of adjacent commercial districts.

6.01 DOWNTOWN PLAN

In accordance with the adopted...Downtown San Leandro Transit Oriented Development Strategy, ensure that new Downtown Development is attractive and creates an image conducive to revitalization.

6.05 PEDESTRIAN-FRIENDLY ENVIRONMENT

Provide public and private improvements that create a safe, friendly, and pleasurable environment for pedestrians.

In addition below are goals, policies and/or actions from the updated Housing Element adopted in 2015:

53.01-A DOWNTOWN TOD STRATEGY IMPLEMENTATION

Continue to promote the San Leandro BART Transit-Oriented Development (TOD) Area as a major regional opportunity for mixed use development....

53.05-B MARKETING OF HOUSING DEVELOPMENT OPPORTUNITIES

Facilitate land assembly and/or mixed use development, including housing, on the following two sites:

- Town Hall Square (block bounded by Davis, Hays, and East 14th)
- CVS (1188 East 14th)

...The CVS site contains an active drug store that will be vacated after a new CVS opens in the new Village shopping center. The store adjoins a City-owned parking lot and two older offices....

ENVIRONMENTAL REVIEW

This matter is categorically exempt from the California Environmental Quality Act (CEQA) Article 19. Categorical Exemptions Section 15301, Class 1.

An Environmental Impact Report (EIR), certified in conjunction with the adoption of the TOD Strategy in 2007, contained an assessment of the environmental impacts related to development throughout the Strategy study area including this project. Additional environmental review required, if any, will be determined as part of the entitlement process for Sansome Pacific as plans for the proposed project are further defined in the coming months.

PUBLIC OUTREACH

This item was noticed by posting of the Planning Commission meeting agenda.

ATTACHMENTS

Attachment A- Aerial Photograph of 1188 East 14th Street and surrounding vicinity
Attachment B-General Plan Land Use Map

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