



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 6, 2008

TO: Mayor and Councilmembers

FROM: Planning Division, Community Development Department

SUBJECT: Preliminary Economic Development Designation For
101 East Victoria Street Project

RECOMMENDATION:

That Council make a preliminary finding that the project proposed for 101 East Victoria Street meets the definition of an Economic Development Project and grant the proposed project a Preliminary Economic Development Designation for 2,707 square feet of non-residential floor area.

DISCUSSION:

Project Description

The project site is located at 101 E. Victoria Street at the corner of Anacapa and Victoria Streets. The site is zoned C-2, Commercial and has a General Plan designation of Office and Major Public/Institutional.

The proposed project consists of a proposal to demolish an existing two-story 11,900 square foot commercial office building and construct 17,607 square feet of commercial space comprised of 50 condominium office units on a parcel of approximately 19,725 square feet. Each commercial condominium would be approximately 320 square feet. A common locker room and restroom facilities would be located on the first floor and a common conference room would be located on the second floor. This type of office development is a unique concept to be considered for the City's Downtown area (see applicant's letter, Attachment 2). After reconstruction of the existing 11,900 square feet, an additional 5,707 square feet of commercial space would be required for the development of the proposed project. A total of 3,000 sq. ft. would be allocated from the Minor and Small Addition categories and the remaining 2,707 sq. ft. is requested from the Economic Development Project category.

The proposed project requires 50 parking spaces. An additional eight spaces are to be reserved for an easement favoring the adjacent parcel (109 E. Victoria St.) resulting in a total of 58 required parking spaces. Forty-five (45) parking spaces are proposed in an underground garage; therefore, a modification to allow less than the required number of parking spaces will be requested. Both the off-site easement and additional floor area

requested relate to the parking modification, and need to be carefully considered as the Planning Commission reviews the project.

Request for Preliminary Economic Development Designation

As required by SBMC§28.87.300 (Development Plan Review and Approval), a project that has an Economic Development Designation will enhance the standard of living for City and South Coast residents and will strengthen the local or regional economy by either creating new permanent employment opportunities or enhancing the City's revenue base, and will accomplish one or more of the following:

- a. Support diversity and balance in the local or regional economy by establishing or expanding businesses or industries in sectors which currently do not exist on the South Coast or are present only in a limited manner; or
- b. Provide new recreational, educational, or cultural opportunities for City residents and visitors; or
- c. Provide products or services which are currently not available or are in limited supply either locally or regionally.

The applicant states, and staff concurs, that the proposed project consisting of 50 small commercial condominiums could qualify for an Economic Development Designation because it would create new employment opportunities and enhance the City's revenue base. In addition, it would provide opportunities for sole practitioners or small business owners to purchase a small office space that is not currently available in the downtown area. The applicant further states that there is a tremendous unmet need in the commercial market for such facilities. The proposed project could fill that need and, as a result, the small business owners would potentially conduct additional business in the downtown area thereby further enhancing the revenue base of the City.

At present, a total of 398,485 square feet is remaining in the Economic Development Category for allocation. Prior designations granted by the Council are shown in Attachment 3.

On May 10, 2007, the Planning Commission held a concept review of the proposed project. At that time, the Commissioners commented favorably on allowing the project to acquire non-residential square footage through the Economic Development Category. All Commissioners commented favorably on the small commercial condominium concept being unique for Santa Barbara. The Commission liked the architectural approach. Staff and the Commission discussed the downtown parking rate of 1 space per 500 square feet and the Zone of Benefit (ZOB) for the area and how although the site is very near to the Granada Garage it is not within the ZOB. The Commission expressed both interest and caution in terms of the parking demand analysis and parking modification.

Next Steps

If the request for a Preliminary Economic Development Designation is granted by the City Council, the proposed project would continue to the Planning Commission on May 22, 2008 for consideration of project approval. At that time, the Planning Commission would, as part of the review, be asked to make a recommendation to the City Council concerning the Final Economic Development Designation. The application would then be forwarded to the City Council, together with the Planning Commission's recommendation, for a Final Designation as an economic development project.

NOTE: The project plans have been sent separately to the City Council and are available for public review in the Mayor and Council Office and the City Clerk's Office.

ATTACHMENTS:

1. Site Plan
2. Applicant Letter dated April 21, 2008
3. Economic Development Projects

PREPARED BY: Kathleen Kennedy, Associate Planner

SUBMITTED BY: Dave Gustafson, Acting Community Development Director

APPROVED BY: City Administrator's Office

April 21, 2008

Mayor Blum and Members of the City Council
City of Santa Barbara
P.O. Box 1990
Santa Barbara, CA 93102-1990

Eva turenchalk, AICP
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RE: Measure E Allocation Request for Condominium Office Project
101 E. Victoria Street, APN: 029-071-013

Dear Mayor Blum and Members of the City Council:

Our office represents 101 East, LLC, applicants for a condominium office project on Victoria Street. 101 East, LLC proposes to replace the existing building at 101 E. Victoria, on the corner of Victoria and Anacapa Streets (APN: 029-071-013), with individual office condominiums. The condominiums will be approximately 300 sf each, and are intended to allow sole proprietors and very small businesses the opportunity to purchase their own office space. Parking for the project will be provided via a new underground parking garage on the property.

Our application includes a Development Plan request for square footage under Measure E. Measure E defines an Economic Development Project as one which "will enhance the standard of living for City and South Coast residents and will strengthen the local or regional economy by either creating new permanent employment opportunities or enhancing the City's revenue base." An Economic Development Project should also accomplish one of three goals contained in the Zoning Ordinance.

The proposed project meets both of these standards. In addition to increasing the City's revenue base, the project would accomplish goal (c) which is to "provide products or services which are currently not available or are in limited supply either locally or regionally." We know of no other condominium office space in the City or the region that allows sole practitioners or very small businesses the opportunity to purchase their own office space. There is a tremendous unmet need in the commercial market for such facilities. Approving this project as an Economic Development Project would fill that void and, further, would allow many of the future owners to relocate their offices from their homes into the downtown area, where, in addition to conducting their businesses, they are likely to go out for lunch and run their errands. As a result, this project will provide economic benefit to the small business owners looking for their own space in the downtown area, to the existing downtown merchants that will benefit from having these business owners downtown, and to the City by way of increased sales tax.

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**CITY OF SANTA BARBARA
PLANNING DIVISION**

Measure E Allocation Request

The existing office building on the property is 11,900 sf and the proposed project would include 17,607 sf of office space. In addition to applying the 3,000 sf allocated to the property under the Small Addition provision of Measure E, we are requesting an additional allocation of 2,707 square feet under the Economic Development Project provision of Measure E.

Project Details

The existing 11,900 sf commercial office space will be demolished and replaced with 50 commercial condominiums totaling 17,607 sf. The units are configured in clusters to create a village atmosphere with paseos and courtyards which will allow for landscape opportunities throughout the site.

The project height will vary throughout the project, with a maximum height of three stories. The proposed project includes 22 units on the first floor, 17 units on the second floor and 11 units on the third floor. Each unit is approximately 300 sf in size. The first floor will also house locker/restroom facilities and a community conference room will be located on the second floor.

The office condominiums are intended to serve sole proprietors and very small businesses looking for the opportunity to own their own office space downtown. While we believe that the size of the units will discourage uses outside of this category, we are happy to incorporate language in the project CC&Rs that prohibits medical office or retail use.

The project will be providing bicycle parking as well as a locker room with showers to facilitate the use of alternative transportation for the building occupants.

An underground parking garage will provide 45 parking spaces, eight of which will be reserved for the property owner at 109 E. Victoria based on an existing easement agreement. Upon project approval, the existing easement will be revised to allow tenants at 109 E. Victoria access to the underground parking garage as detailed in the Memorandum of Understanding between 101 East, LLC and the adjacent property owner included as part of this submittal. Also included in the Memorandum of Understanding are the details of how other existing easements will be revised and new easements will be created to allow openings along the property line, a portion of the parking garage to encroach into the 109 E. Victoria property, and a landscape easement between the two properties.

Replacing the existing at-grade parking with an underground parking garage, combined with the proposed landscape easement provides the opportunity for greatly enhanced landscaping on this key, corner property. Site landscaping will go from just over 5% of the site to approximately 20% of the site as part of the proposed project.

This project was reviewed by HLC on February 21st, March 7th and April 4th of last year. Overall, we received favorable comments on the architecture and the size, bulk and scale of the project.

Additionally, this project was before your Planning Commission on May 10, 2007 for Conceptual review. During this hearing we received favorable comments on our request for Measure E square footage under the Economic Development Project category.

Sustainability

101 East, LLC will be a model project for sustainable development and has been designed to achieve a LEED[®] Silver Rating. Some of the sustainable aspects include:

- Bicycle storage and locker rooms for non-auto commuters
- Alternative fuel refueling stations for plug-in hybrids, electric bikes and segways.
- Stormwater treatment and rainwater retention for landscaping
- 2,223 square feet of "green" roofs to reduce heat islands
- 4 KW photovoltaic system
- Dual flush toilets, waterless urinals and water-efficient landscaping
- Construction waste management plan to divert 75% of construction waste

We see this project as very beneficial to the City in many ways, and hope you concur in this assessment. Should you have any questions as you review this proposal, please do not hesitate to contact me. We look forward to working with you towards the successful completion of this project.

Sincerely,



Eva A. Turenchalk, AICP
Land Use Planner/LEED[®] Accredited Professional

**PROJECTS WITH PRELIMINARY OR FINAL
ECONOMIC DEVELOPMENT DESIGNATIONS**

PROJECT/ADDRESS	PRELIM. DESIG. (SQ. FT.)	FINAL DESIG. (SQ. FT.)	STATUS/ COMMENT
Gateway Project (Miravant) 6100 Hollister Avenue MST97-00715		80,000	Approved 5/28/2000
Architectural Millworks 815 Quinientos Street MST97-00320		15,000	C of O 1/20/2004
Penfield and Smith 111 E Victoria St MST2002-00243		7,905	BP 2/11/2005
Software.com 630-634 Anacapa Street MST97-00520	26,493		Withdrawn
Alliance Manufacturing Software 1035 Chapala Street MST98-00051	30,257		Withdrawn
Fielding Institute 4151 Foothill Road MST2001-00840	22,499		Expired 4/23/2005
Airport Mobile Structure 500 Fowler Rd MST2002-00265		720	Approved 6/20/02
Cottage Hospital 320 W Pueblo St MST2003-00152		182,541	Under Construction
Granada Theatre 1216 State St MST2004-00005		13,360	Approved 3/23/04
SUBTOTALS	0*	299,526	SUBTOTALS
ALLOCATED TO DATE: 299,526 SQFT*			
REMAINING UNALLOCATED: 398,484 SQFT			

04-30-08

*Does not include SF from Software.Com or Alliance, which have been withdrawn