

Meeting Dates: November 12, 2008  
Item Number:

## **Staff Report**

**November 6, 2008**

**TO:** Planning Commission

**FROM:** Katherine Hess, Community Development Director  
Michael Webb, Principal Planner  
Sarah Worley, Economic Development Coordinator  
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**SUBJECT:** Business Park Viability Study: Lewis (Cannery Park) Site

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### **Recommendation**

Staff recommends that the Planning Commission:

1. Review the Business Park Viability Study that was prepared for the Lewis (Cannery Park) site;
2. Discuss the key policy questions that staff has identified; and
3. Make a recommendation to the City Council that they direct the applicant, Lewis Operating Corporation, to redesign the project site with the following components:
  - a) Increase the proposed Business Park/ Office land use to a minimum of 40 acres.
  - b) Seek and incorporate suggestions from the Open Space and Habitat Commission and the Recreation and Parks Commission.
  - c) Gradation of uses either by building form or actual land uses (such as a mixed use area, rather than an abrupt split between the non-residential and residential areas).

### **Executive Summary**

The results of both the ESG study of this site and the Steering Committee's report on housing sites show that the Lewis (Cannery Park) site can be a desirable location for either residential or business park development. These studies also underscore the fact that the City's overall land supply is very limited. Excluding the recently approved "Verona" project the City has approximately 382 potential housing units on planned and residentially zoned sites.

Approximately 70-80% of the potential sites may be built incrementally over the next five years and the remainder may be built within ten years. All other potential housing sites (see attached Graph 2, 3A, 3B and 5) require rezoning. The most probable of these sites provide the potential for approximately five years of growth within the city limit, and the other sites within and outside the City provide the potential for many more years.

Based on the ESG study there is approximately 139 acres of land (assuming that the existing non-residential land is not rezoned for residential or mixed land uses and that the entire Lewis site is only developed with non-residential land uses) in the existing City boundaries that is zoned for non-residential land use. Assuming that the non-residential land continues to be absorbed at a rate of 8 to 10 acres per year, then that land supply will be depleted in 14 to 17 years or by the year 2025.

At this time staff seeks input and direction from the BEDC, Planning Commission, Council, and public on the important policy questions this project raises. A decision supporting a greater proportion of one type of use on the Lewis site will affect the ability of the City to accommodate the other type of use. A determination of the appropriate land use or mix of uses could vary greatly depending on the context of the assumed land supply within which a recommendation is made. The choices available to increase the available land to meet the long term demand for residential development or business park development will require rezoning of private property and may require initiation of an annexation and Measure J process. Possible development or redevelopment sites that have been evaluated for their merits for residential use also need to be evaluated for their relative merits for business park uses. A recommendation made relying solely on the existing land supply would be different from one that acknowledges an eventual increase in supply.

At its meeting on October 27, 2008, the BEDC recommended the Planning Commission and City Council continue processing an application for mixed use development at the Lewis (Cannery Park) site. However, the BEDC made no recommendation on the specific project, or proportionate mix of uses; requesting to stay involved in the review process.

Given the existing land supply, the question raised for the Planning Commission is what mix of residential and non-residential uses would best benefit the City in balancing the need for housing with the needs to accommodate business growth.

### **Background**

On October 28, 2003 the City Council passed a motion to require a non-residential feasibility analysis, prepared at the applicant's expense and hired by the City, when an applicant requests conversion of land from non-residential to residential land use.

The City Council's action was largely in response to several property owners throughout the city who have been interested in land use changes from non-residential to residential. This interest stems from a high demand for housing and a short supply of residential zoned vacant land in the city. Davis also has a limited inventory of non-residential land. This dynamic creates tensions in land use policy that are fundamental basis for this study. The City's Business and Economic Development Commission (BEDC) had reviewed this policy and recommended that the Council:

- Discourage the conversion of non-residential land uses to residential as a general principle, while acknowledging that some sites may not be feasible or desirable for non-residential development.

- Obtain additional information on the feasibility of non-residential uses for consideration in the review of proposed land use changes.

The Council also asked that an independent third party, chosen by the City, perform the feasibility analysis. The requirement for a feasibility analysis directly applies to the Lewis Operating Corporation's proposed mix of land use changes that include a residential element for the Lewis (Cannery Park) site. In February of 2008 the City Council authorized a contract to perform a feasibility analysis for the Lewis (Cannery Park) site.

### **Key Reasons to Perform the Study**

It was not expected that this study would provide a definitive answer as to how the land use program for the Lewis (Cannery Park) site ought to be configured. Rather, the study is intended to assist city decision-makers in evaluating land use options for the Lewis (Cannery Park) site. Some of the key factors feeding into why this study was prepared include:

1. The current City and County General Plan land use designations and/or zoning designation of the site as Planned Development – Industrial (for high technology industrial uses). The Cannery Park development proposal includes 610 residential units and 20 net acres of commercial uses, which represents a shift from the zoning.
2. The 2003 City Council policy requires assessment of the non-residential feasibility of the Lewis site in light of the recent application for a mix of uses including residential development. Review of the Cannery Park proposal will be better informed with this analysis.
3. In addition to providing housing opportunities in the City to meet local needs, the City Council has a key economic development goal to “Develop a business attraction program to attract higher paid employment opportunities (such as high tech/biotech) that will provide economic growth for the community”. There is a limited supply of vacant land within the city with which to accommodate non-residential development, and this site represents the only large undeveloped parcel in the city.
4. The analysis will help inform the City on the various attributes that might make this site or other sites more or less viable for non-residential land uses and give the City insights into current and future non-residential development trends and land needs.

### **Key Conclusions from the Study**

**Note:** *Staff recognizes that the Business Park Viability Study is lengthy and contains a great deal of information. However, the Executive Summary (contained in the study) broadly covers the analysis and conclusions. The consultant gave a presentation on the study at the Joint meeting of the City Council and Business & Economic Development Commission that is available on DVD, and will be made available to the Planning Commission upon request.*

The study made three over-arching conclusions:

1. **Development in Davis and at the subject property occurs in a regional context, but Davis is unique.** The market for non-residential development in Davis is distinct from the remainder of the region and stems from internally-generated needs, including support to the UC Davis and business owners seeking the high quality of life in Davis.
2. **Development of a business park on the Lewis site would be viable, with a projected 14-17 year buildout.** The timeframe for buildout will vary depending on the range of non-residential uses that are permitted, rather than on the proportion of residential uses that are allowed. However, including a residential component could allow restrictions on the type of non-residential uses that would be permitted (such as a prohibition on medical office).
3. **City regulations and process are critical for the viability of any business park development on the site.** The existing Planned Development zoning on the property is confusing and acts as a barrier to potential developers. Successful business park development requires clarity for use and development standards, and limited discretionary review of individual buildings or businesses.

### **Key Policy Questions**

Staff has identified several key policy questions that should be evaluated as the project evaluation proceeds. At the joint meeting of the City Council and Business and Economic Development Commission on September 22, 2008 and the following meeting of the Business and Economic Development Commission on October 27, 2008, the policy questions below were identified.

The questions were derived from the results of the ESG study and are directly related to land availability and the land use proposal for the Lewis (Cannery Park) site.

### **Policy Questions Derived from the ESG Study:**

- a) Is this the right time for the City to process an entitlement request for the Lewis (Cannery Park) site? If so, should we also consider an alternate, but equal weight, project similar to Scenario 1 in the Business Park Viability Study?
- b) What is an appropriate land use mix for the City as a whole?
- c) What is an appropriate land use mix for the Lewis (Cannery Park) site?
- d) Do the findings of the Business Park Viability Study support retaining the current zoning? If not, what are the recommended amendments to the existing zoning?
- e) Do the findings of the Business Park Viability Study support the land use mix contained in the Lewis site project proposal? If not, what land use or mix there of would best address city needs?
- f) Is 15 years of non-residential land supply sufficient to meet city needs?
- g) How could we encourage growth of non-residential development to meet city needs for employment and revenue generation?

- h) Given the diminishing land supply for non-residential and residential uses, should we look at sites outside the City limits? If so, should those sites be suitable for non-residential only, residential only or mixed use development?
- i) What land use /supply actions should the City take to attract and retain high revenue generating businesses and start up companies?

**Policy Questions Related to the Lewis (Cannery Park) site Proposal:**

- The Cannery Park site represents the largest vacant developable parcel within the City limits. The city has a limited supply of land that could be developed for either residential/work force housing or for non-residential development. How should our limited supply of developable land be allocated to best meet the community needs? Will development of the Cannery Park site for either residential or nonresidential uses result in greater pressure to look for development opportunities outside the current city limits?
- What, if any, agricultural buffer should be required along the north and east property lines of the project site?
- How will access to the site be accommodated and is it adequate? Access via J Street only? Access via J Street and an F Street connection? Access via J Street and a connection to Pole Line Road (across the adjacent agricultural site)? All of the above?
- What public services and infrastructure will be needed to support the proposed development?

**Business and Economic Development Commission Recommendation**

On October 27, 2008 the Business and Economic Development Commission considered the conclusions of the ESG report and policy issues raised by staff. After discussion and public comment the BEDC recommended the following action (4 to 1 vote in favor, two members absent):

*Given a mixed use concept for the Cannery Park site aligns with BEDC business attraction and community enhancement goals and merits further consideration, the BEDC recommends the Planning Commission and City Council continue processing the application. BEDC also requests continued involvement in further project reviews throughout the application process.*

This recommendation was based on the following conclusions:

- 1) The project merits further consideration,
- 2) It is understood that the project is still in process,
- 3) It is aligned with business attraction; the viability study does show that a business park is viable,
- 4) Housing for workers near jobs and neighborhood shopping reflecting “green” development policies align with community enhancement goals,
- 5) BEDC wants to stay involved in process and EIR as the project progresses.

The Commission also took unanimous action confirming that the Cannery Park Business Park Viability Study was conducted with a sound methodology and was sufficient to inform the commission for the purposes of decision making. It also acknowledged that to be successful a business park had to allow a wide variety of uses.

The minority Commission position was to retain the entire property for development as a business park and revenue generating development. This position was based on concerns about: loss of potential tax base when city doesn't have a lot of land to work with; loss of the ability to bring in light manufacturing uses; and how the city would pay for increased costs resulting from residential development.

### **Council Goals and Priorities**

The City Council has established the following seven goals for the 2007-08 bienniums:

- Achieve long-term financial stability
- Enhance the vitality of downtown
- Provide a mix of high-quality housing to meet community needs
- Conserve natural resources and protect the environment
- Ensure top quality fire, police and emergency services
- Ensure organizational strength
- Promote economic development

Every one of these goals can be affected by the decision on development of the Lewis site. As is further discussed in this report, demands for residential and non-residential land are competing for a limited number of sites. At this time, staff does not believe there is a "right answer" for the question of how the site should be developed.

Emphasis on the goals to *achieve long-term financial stability* and *promote economic development* would favor a decision for the greatest possible area of non-residential use. Emphasis on the goal to *provide a mix of high-quality housing to meet community needs* would favor a decision for the greatest possible area of residential use. Emphasis on the goal to *conserve natural resources and protect the environment* (including sustainability and climate change) might favor a decision leading to the most balanced community with the fewest vehicle trips.

### **Analysis of Land Supply**

Using the information contained in the Steering Committee's report on housing sites and the Business Park Viability Study, staff prepared some graphics to illustrate the existing and future land supply available for both residential and non-residential development. Based on the Business Park Viability Study there are approximately 139 acres of land that are designated for non-residential, specifically business park/light industrial/ office uses, within the City boundaries. Approximately half of this land is the Lewis site (66 net acres). Assuming that the non-residential land continues to be absorbed at a rate of 8 to 10 acres per year (as stated in the study), and then the non-residential land supply could be depleted in 14 to 17 years or by the year 2025.

### *Non-Residential Land Supply*

Graph 1 illustrates all of the existing and potential supply of vacant and under-utilized properties that either are or could be designated for non-residential land use. This includes sites that are located inside the city limits and those properties located outside the city that are less than 30 net acres in size and share at least one property line with a property in the city limits. The properties in the graph have been subdivided into four color categories, Purple: Lewis (Cannery Park) site; Red: vacant properties that are designated for non-residential land use; Orange: PG& E site, which is an under-utilized property with non-residential land use designation; and Green: sites that could potentially be designated for non-residential land use if they are annexed, rezoned and go through the Measure J process.

The Red and Green categories are further divided to show some of the individual properties that make up the category. The viability study only looked at Purple and Red categories, because the scope of work for the study was limited to the evaluation of vacant properties located inside the city limits that were already had non-residential land use designation (such as office, business park or industrial). Therefore, Graph 1 represents a broader sampling of properties than the. There are approximately 244.5 net acres of land identified in the graph that make up the potential supply of non-residential land. If the non-residential land continues to be absorbed at a rate of 8 to 10 acres per year (as discussed in the study), then the non-residential land supply that is identified in Graph 1 could be depleted in 27 years or by year 2035.

### *Residential Land Supply*

Graph 2 illustrates all of the vacant or underutilized properties within the city limits, as well as peripheral properties that are less than 10 net acres in size and could realistically be developed with residential units within the next 5 to 10 years. All of the properties were subdivided into four categories, Purple: Lewis (Cannery Park) site; Yellow: Vacant sites with residential land use designation; 3) Orange: PG &E site; 4) Green: Potential residential land use designation if annexed rezoned and/or goes through the Measure J process. The Yellow and Green categories are further divided to show some of the individual properties that make up the category. All of the properties analyzed in Graph 2 were evaluated by in the Steering Committee report. For the purpose of analysis staff evaluated the properties by net acres instead of gross acres. The combined net developable acres of all of the identified sites for potential residential development are 201.5 net acres. If every one of those sites were designated for residential use and developed with medium density (approximately 10 du/ ac net) then those properties could potentially provide the City with approximately 2,015 dwelling units over the next 5 to 10 years.

### *Combined Land Supply and Demand*

Graphs 3A and 3B evaluate all of the properties that were identified in Graphs 1 and 2. There are approximately 288.5 net acres of land available in the city and on the identified peripheral sites that could potentially be developed for either residential, non-residential, or some combination of the two uses. Out of those approximately 288.5 net acres 87 net acres have been identified as sites where the City has a preference for non-residential land use; and there are approximately 44 net acres that the City has a preference for residential land use. There are approximately 75 net

acres (the Signature Properties site, the Wildhorse Horse Ranch, and the Nishi site) that are either located outside the City limits and would require annexation (and a tax sharing agreement with the County), and/or located inside the City and require a Measure J vote to convert the agriculturally zoned land, a General Plan amendment and rezoning to develop the sites for either use, which is why the City has no preference at this time to see those sites developed for one use over the other.

There are two additional sites, the PG &E site and the Lewis site, that deserve separate consideration because of their size and fact that they have been evaluated in both the business park and housing studies. The two sites total 82.5 net acres. Currently PG&E has no immediate plans to redevelop their site, which leaves the Lewis site as the last remaining large site for development for either use. Because of the limited land supply for non-residential and residential uses and the high demand for both, the two land uses are competing for the sites that have not been identified as preferred sites for either non-residential or residential development.

The attraction of almost all of the identified sites for residential use will continue for the foreseeable future. Davis is known to be a community with a high quality of life, and people want to move or stay here. The University of California at Davis employs thousands of people, many of whom would prefer to live in Davis. On the other hand, the City has historically seen a consistent stream of start-up and established businesses that want to be located in Davis. This trend continues today and is demonstrated by several new and expanding companies with projects underway in Davis, even in the current economic climate. Those businesses recognize that the City offers a highly educated work force, a high quality of life for residents, direct access to a top notch cutting-edge research university, is in close proximity to the state government (which gives them easier access to grants, lobbyist, decision makers, etc.) and is centrally located for investors/venture capitalist located in the bay area and along the 50-corridor.

#### *Depleting Non-Residential Land Supply*

Graph 4 illustrates the potential years of non-residential land supply.. Our current non-residential land supply, excluding the Lewis site, is approximately 73 acres (East Davis Mace and South Davis) and it is identified in the graph as the base of the non-residential land supply. The Business Park Viability Study identified our annual non-residential land use absorption rate as approximately 8 to 10 acres per year (for purpose of analysis staff used an absorption rate of 9 net acres per year to determine the years of non-residential land supply). Therefore, if the base non-residential land supply is absorbed at the same rate, it will be depleted by the year 2016, or in 8 years. If we add additional land to that base supply the years of potential land supply extends. For example, if only the Lewis site was developed for non-residential use, then the non-residential land supply will be depleted by the year 2023, or in 15 years. The Lewis site alone, almost doubles the City's non-residential land supply. If all of the identified properties in Graph 1 were included in the City's non-residential land supply, the non-residential land supply could carry the City through the year 2035, or could be depleted in approximately 27 years.

### *Depleting Residential Land Supply*

Graph 5 illustrates the number of residential units that could be developed depending on which sites are identified for residential uses. The Steer Committee report identified four groups of potential housing units. Group 1 is the “Primary Sites”; these sites are currently planned and zoned for housing. Group 2 is the “Secondary Sites” also known as the “Green Light” sites. These sites are recommended for housing. Group 3 is the “Alternate Sites” also known as the “Yellow Sites”. These sites are to be considered for housing only if needed prior to the year 2013 to be consistent with the Housing Element of the General Plan. Group 4 is the “Sites Not Need Prior to 2013” also known as “Red Light Sites”; this analysis did not look at any “Red Light Sites”.

There are approximately 382 units that have been identified as “Primary Sites”, and for the purpose of this analysis those sites represent the housing base in the graph. The General Plan Update Steering Committee recommended that the City manage the 1 % growth cap by using the site rankings and groupings in the development of housing projects. The 1 % growth cap, that translates into approximately 300 units per year would equal approximately 1,500 dwelling units would be added over the next 5 years.

If only the Cannery Park site was added to the “Primary Sites”, then an additional 660 units (using a density of 10 du/ac net) could be added to the housing supply. If the PG & E site was also added, then an additional 165 units (also using 10 du/ac net) could be added to the supply.

For the purposes of this analysis all of the potential housing sites that the Steering Committee identified were not included. Only sites that were less than 10 acres, located in the city limits, and could realistically (property owner has shown interest in redevelopment) be developed within the next 5 to 10 years were included in the “Secondary (Green) Sites”, and the “Alternate (Yellow) Sites” that were identified in Graph 2 were also included.. If all of the select “Secondary (Green) Sites” were also added to the residential land supply, then an additional 315 units would be added to the housing supply. If all of the sites identified in Graph 2 were added to the residential land supply then there could be the potential for an additional 2,015 dwelling units that could provide the City with approximately 8 years of housing at 300 dwelling units per year.

### **Consideration of Site Context**

The adjacent property to the north and east of the Lewis site is in agricultural use. The Yolo County General Plan designates the adjacent 383-acre property as Industrial. The current Yolo County zoning for the site is Limited-Industrial (M-L). The purpose of the Limited Industrial Zone is to accommodate a limited group of business, professional, research, and technical manufacturing uses that have unusual requirements for space, light, and air, and the operation of such uses are clean and quiet.

While the County zoning designations allow for non-agricultural uses, the City of Davis and Yolo County have entered into a “pass-through” agreement that stipulates that any “urban” development proposed within the County, but within the city planning area, is subject to review

by the City Redevelopment Agency Board/City Council. There are financial consequences for the County if it approves urban development over the objection of the City.

This adjacent land has been the subject of past applications for housing development. The most recent proposal was known as “Covell Village” but was rejected by voters in a 2005 ballot measure.

On November 5, 2008 the City Council took action on the General Plan Housing Element Steering Committee recommendations on residential development through 2013. The Council directed staff to expedite commencement of a full General Plan update. Council direction also included the Housing Element Steering Committee recommendation that planning for the Lewis site be done in consideration of the adjacent Covell Village site. Specifically, this action includes the following:

*The Lewis site should be planned, at a minimum, with thoughtful consideration to circulation and land use compatibility with the adjacent Covell Village site, even though the Covell Village site may or may not be approved for future urban use.*

*Rationale: The Lewis Cannery site of approximately 98 acres and the Covell Village site of approximately 383 acres comprise the land area bounded by the former city landfill and Ag land on the north, Covell Boulevard on the south, Pole Line Road on the east, and F Street on the west. Planning should occur first for the Lewis Cannery in consideration of the following factors:*

- (1) The Lewis Cannery site is a higher ranked site (#21 ranking as compared to #32 ranking for the Covell Village site). Both are in the “Alternate Sites” grouping.*
- (2) Separate development would still allow for effective circulation and connectivity within the larger area context.*
- (3) Land uses and edge conditions can provide compatibility with any future adjacent land use(s) that could occur, including continued agricultural operations.*
- (4) It is more critical to coordinate land use compatibility between the two sites at their common boundary than over the entirety of the sites.*
- (5) The planning for the Lewis Cannery site should be able to stand alone and not be delayed by a Measure J vote.*

Planning efforts for the Lewis property should ensure that the above factors are taken into consideration and fully integrated into any project re-design efforts. Discussion of land use continuity, border treatments, ag/open space interactions, and planning of parks, greenbelts, utility and transportation networks can be initiated with appropriate commissions. The Open

Space & Habitat and Recreation and Park Commissions are recommended as a venue to begin these discussions.

**Analysis of Alternative “Splits” for the Lewis site.**

The Lewis proposal for the 100-acre site includes approximately 20 acres of Business Park use and 46 acres of residential use. The remaining lands include public areas such as roadways, parks, and greenbelt. Lewis has noted that the proposed mix of uses is balanced, generating 610 units and an estimated 600-850 jobs. This mix is consistent with the assumption of 1.3 jobs per employed resident that is noted in the viability study. Staff evaluated other ways that the site might be evaluated to determine the optimal mix between residential and non-residential uses on the site. Three are analyzed and mapped here: Extension of Picasso Avenue; Jobs/housing Balance in the Surrounding Neighborhood; and Comparison with Existing Business Park Areas.

**Acres Split Based on Extension of Picasso Avenue (Map 1)**

The proposed business park is located in the southern portion of the Lewis site. Staff believes that the southern portion of the Lewis site is the most appropriate area for business park land uses. The southern end has direct access to Covell Boulevard and J Street, and it is not a desirable location for residential development due to noise impact. The same could be said for the adjacent Covell Village site property. It is critical that any development that occurs on the Lewis site take into consideration the potential for development on the Covell Village site and the neighborhood context.

There is a small business park that is located on the northeast corner of the Covell Boulevard and Pole Line Road intersection, just off Picasso Avenue. Staff believes that there should be continuity between any new business park developments and the existing ones. If both the Lewis site and the Covell Village site were developed, there would be several new road connections to Covell Boulevard and Pole Line Road. On logical connection would be at the intersection of Picasso and Pole Line Road. Staff conducted an exercise, see Map 1, that explores that connection. If Picasso Avenue was extended west across the Covell Village site and onto the Lewis site it would dissect the site in two. Approximately 42 acres would be located south of the Picasso Avenue extension and approximately 56 acres would be located in the northern portion.

**Acres Split based on Jobs/housing Balance in the Surrounding Neighborhood (Map 2)**

There are approximately 2,302 dwelling units located within ½ mile radius of the Lewis site, and approximately 4,385 dwelling units within ¾ mile radius of the site. 1½ to 2 miles is a commonly accepted distance that promotes bicycling to work. Given the access constraints to the Lewis site staff chose ¾ of a mile as the outside radius. Using the average number of employees per household of 1.3, and that approximately 47% of those jobs are within the City, then we can estimate based on the existing number of dwelling units how many acres of land would be needed to provide jobs for those residents. This is simply an exercise and staff is aware that any new business park development on the Lewis site would draw employees that live outside the radius and outside the City.

However, if we use the assumption that approximately 3 employees utilize 1000 gross sq.ft of non-residential (office/business park/light industrial) space and that the typical non-residential building would have an FAR of 0.30 then we can estimate that approximately 36.4 net acres of non-residential land would be needed to provide employment to 47% of the people who reside within ½ mile radius of the site, and approximately 69.10 net acres would be needed for the people who reside within ¾ mile radius of the site. Therefore, if we want to provide employment that is within walking/biking distance for residences, a business park development on the Lewis site that is between 36.4 net acres and 69.10 net acres may meet that goal.

#### Acres Split based on Comparison with Existing Business Park Areas (Map 3)

There are two large business parks that are in the City, Interland located in South Davis and the Mace Ranch Light Industrial/Business Park area located north of 2<sup>nd</sup> Street in East Davis. The Interland site is approximately 64 acres and the Mace Ranch area is approximately 204 acres. In comparison the Lewis site is 98.4 acres. If the entire Lewis site was developed it would be similar in scale to the Interland site.

#### Conclusion

According to the consultants who prepared the Business Park Viability Study, the City should have or should plan for 15 to 20 year supply of non-residential land. The City Council is currently considering how best to meet the City's housing needs during the next few years, while maintaining a 1% annual growth cap (260-325 units), prior to the adoption of a Comprehensive General Plan Update. Given the current land supply for both non-residential and residential land in the City, there is not enough land to meet the recommended non-residential land supply and the Housing Element identified residential land supply. Theoretically, the Lewis site is needed to meet either scenario. In order to maintain a balance between non-residential land and residential land (jobs vs. housing), the City will need to consider annexation of sites in addition to the ones identified in this analysis.

For the Lewis site, staff has concluded that a mixed-use development is appropriate on the Lewis site, but not in the proportions requested by the applicants. Based on the ESG Study findings, the jobs/housing balance of the surrounding neighborhood and the comparison to existing business park areas the Lewis site could likely support a business park development that is 36.4 acres to 69.10 acres. Staff is recommending that the applicant for the cannery park proposal look at increasing the size of the proposed business park to a minimum of 40 acres.

#### Exhibits

1. Graph 1: Existing and potential Land Supply of Vacant and Under-Utilized Properties for Non-Residential Use
2. Graph 2: Housing Supply/Potential Dwelling Units
3. Graph 3A: vacant and Under-Utilized Non-Residential and Residential Land Supply
4. Graph 3B: Land Use Preference for vacant and Under-Utilized Non-Residential and Residential Land Supply

5. Graph 4: Years of Non-Residential Land Supply
6. Graph 5: Years of Residential Land Supply
7. Map1: Acreage Split Via Extension of Picasso Avenue
8. Map2: Proximity of Dwelling Units within ½-mile and ¾-mile radius of the Lewis Property
9. Map3: Comparable Business Park Sites
10. Publication by NAI/BT Commercial: “The Davis Market Office Report Q3/08”

**Enclosure**

1. Business Park Viability Study: Cannery Park, Prepared by ESG on September 4, 2008, (Available online at: <http://www.cityofdavis.org/cannerypark/pdfs/viability-study/Business-Park-Viability-Study-Cannery-Park-200809-Final.pdf> )
2. Study and identification of Potential housing Sites in Davis: Recommendations of the General Plan Update Steering Committee, (Available online at: [http://www.cityofdavis.org/cdd/GPUUpdate/pdfs/Housing\\_SC\\_FINAL\\_REPORT\\_3\\_20\\_08\\_S M.pdf](http://www.cityofdavis.org/cdd/GPUUpdate/pdfs/Housing_SC_FINAL_REPORT_3_20_08_S M.pdf) )