

Meeting Date: _____

Staff Report

May 13, 2005

TO: Planning Commission

FROM: Bill Emlen, Planning Director
Katherine Hess, Community Development Administrator

SUBJECT: Covell Village Applications

Recommendation

Staff recommends the Planning Commission:

- A Hold a public hearing; and
- B Recommend the City Council approve the following applications for the Covell Village proposal:
1. EIR SCH#2004062089
 2. General Plan Amendment #4-02
 3. Development Agreement #1-02
 4. Annexation #1-02
 5. Phased Allocation Plan #1-02
 6. Affordable Housing Plan #3-02
 7. Resolution Calling for Measure J Election and Establishing Baseline Project Features and Master Plan.

Please note that Prezoning and Preliminary Planned Development #5-02, cited in the public hearing notice, is not recommended for action at this time. This application is anticipated to return to the Planning Commission this summer. It is not a necessary component of the application package to send the project forward for a Measure J.

Staff is recommending the following structure for the Commission's deliberation:

- May 17, joint workshop of the Planning Commission and City Council to introduce the applications and the conclusions of the Final EIR and fiscal analysis
- May 18, Planning Commission public hearing to hear public testimony on the applications and the project

- May 25, final Planning Commission recommendation will be made at a continued public hearing on, 2005. At this meeting, it is anticipated that the public hearing would not be re-opened although certain issues may warrant additional public input at the Commission's discretion. Any correspondence will be distributed to the Commission at the meeting.
- June 1. This date is being held in reserve should additional Commission deliberation be necessary.

Please note that there remain 3-4 blank spaces in the Development Agreement. We hope to provide for those sections next week. Staff's recommendation is contingent upon satisfactory completion of these sections.

City Council goals

Consideration of the Covell Village applications is in furtherance of the City Council goals for Housing and Growth, particularly providing slow steady additions to the housing stock and providing housing for people who live/work in Davis. The project would also contribute to meeting Council goals for Parks and Recreation and Economic Development.

Executive Summary

The Covell Village site has been considered, approved, rejected, and considered again for urban development since the 1980s. It was a key discussion point in the 2001 General Plan Update and was specifically identified as requiring "Measure J" approval in the Measure J ordinance.

Several project proposals have evolved over the years, ranging from the 1466 unit Crossroads project in the early 90's to the 688 unit Covell Center project in 1997. None of these projects reached the point of formal approvals or disapprovals. The City Council acted to change the site's designation from urban uses to agriculture as part of the 2001 General Plan. The current version of the project, which was initially filed in 2002, has evolved from 1515 units to the current 1864 unit proposal. The project site is relatively unchanged from the projects of the 1990's, with the exception being the addition of a 5-acre site along the northern border for a hospice facility. Total project acreage is now 388 acres plus a 34-acre habitat/wetland to the north.

The project, as currently constituted, consists of the following elements:

Residential	Commercial	Public/Semi Public	Open Space Uses
200 Medium Density Acres 40 High Density Acres 1,864 total units - 1,000 single-family - 320 townhouse/condo - 540 multifamily 235 total units restricted to seniors-only	17-acre "Village Center" with retail and office uses 58-room extended stay hotel "Hamlet centers" for corner stores in neighborhoods	10-acre school site 10,000 sf community recreation building Non-profit meeting building Church, hospice, daycare, senior core facility 3-acre fire station site	34-acre habitat/wetland 32-acre Channel A habitat/greenbelt 11.3-acre park 12.1 acres miniparks Expanded medians on Pole Line Road, Covell, and main north/south street

The project proponent has stressed the "New Urbanist" elements on the master plan. Since its initial submittal, staff has focused on the following:

- Ensuring that the project design truly is reflective of "New Urbanist" design principles espoused by the applicant while also reflecting the environmental values of Davis.
- Ensuring the project meets the City Council's housing objectives in terms of phasing, type and size of units provided.
- Maximizing the opportunities presented by this type of multi-year, master plan concept to meet various city/community needs in terms of schools, fire station, greenbelt, trail connections, parks and community facilities, drainage improvements and similar needs
- Promoting a master plan that equitable distributes housing of various sizes, types and prices, with project amenities reasonably allocated and accessible to all neighborhood residents.
- Creating a master plan that seamlessly blends with the adjacent developed neighborhoods and anticipates and creates opportunities for future redevelopment of the Con Agra property.
- Promoting a cutting edge project containing a variety of conservation and environmentally friendly elements.
- Explore all ways to keep environmental impact, particularly traffic, to a minimum.
- Provide for safe and effective integration between the commercial components of the subject project and the existing Oak Tree Plaza center across Covell Boulevard.

Staff is comfortable many of these objectives have been met. There is a certain give and take that goes with the evaluation of large projects of this type. Staff pushed for density increase and site plan changes to truly embrace "New Urbanism" design principles and the SACOG model. The increases and changes that occurred are encouraging, and we recognize that they have to be balanced ultimately against various environmental constraints and other factors such as traffic service levels and public concerns. The plan that has evolved is a reasonable reflection of the

various issue areas and community concerns that have to be considered, including public input received during earlier public outreach efforts.

The Master Plan/GPA and Baseline Project Features is accompanied by a very detailed and comprehensive development agreement. The agreement, which vests the project approvals for many years, is of great value to the project applicants. In return, they have tentatively agreed to a series of measures beyond standard requirements that address various City needs. These include:

- Land and construction funding for a fourth fire station.
- 388 low-moderate income affordable units and 400 middle-income for-sale units
- Land and construction funding for a community recreation building.
- Extensive parks, greenbelts, and natural corridors.
- Contribution to traffic calming for neighboring streets.
- Preservation of Nugget Fields as a community recreation resource
- Space for community-serving retail to meet unmet shopping needs

The developer contributions augment the overall fiscal effects of the project, which have been determined to be positive by an updated fiscal study. The Finance Director is providing a separate report that details the key findings of the study and attempts to overlay the value of the items negotiated in the development agreement to give a better picture of net impact to the City.

While this package is attractive and potentially an asset to the City, it is important not to let the value of DA package cloud evaluation of other aspects of the project. Staff could not support the project if it wasn't consistent with the City's overall policies and objectives. Provided below is a summary pro/con analysis of the project:

Pros	Cons
Provides a location for the City Council's parameter of 1%, with an anticipated 60% from new greenfields sites	Would result in the loss of 388-422 acres of agricultural land
The Covell/Pole Line location is optimally located for urban development because it is surrounded on 3 sides by urban uses	Would cause significant traffic impacts on Covell Boulevard and Pole Line Road
Provides bicycle connections from Wildhorse to Northstar	Would cause air quality impacts that cannot be completely mitigated
Fully mitigates impacts on the school district	Retail uses may pose competition for the downtown
Provides a fire station to meet existing needs for emergency services	Requires much of the remaining capacity of the wastewater treatment plant
Provides 388 low/moderate income affordable units and 400 "middle-income" ownership units	Eliminates a unique viewscape from urbanized areas of the City into surrounding farmlands.

Pros	Cons
Provides a location for small- to medium community retail	Large size of project limits consideration of other growth options for many years under the current growth parameter.
Preserves Nugget Fields and includes a City community recreation building plus nonprofit facilities	May reduce current strong push for creative infill development.
Serves as an example project for a blend of New Urbanist planning with the Davis goal of environmental sensitivity	Despite the diversity of housing anticipated in this development, project will still contain a significant number of high priced homes
Phasing plan provides greater certainty, assisting in infrastructure and budget planning	
Provides a positive fiscal benefit to the City	

In the end, most significant land use decisions involve trade-offs. Absolute win-wins are rare if not impossible. Staff has weighed the trade-offs in this case, and determined the positives outweigh the negatives. We continue to believe the subject site is the best option available if the City were to consider opening up new lands for urban development. The key questions have been how much of the site should be developed, what would the form of development be, and how fast? We believe answers to these questions have evolved during review of the project.

Legitimate issues have been raised and will continue to be raised. Some will argue that the need for a project of this size has not been established. Staff's response, derived both from our internal housing needs study, the SACOG process, and a general consideration of home price trends, is that housing demand in the community is at a critical level. From a professional planner's standpoint, we simply cannot ignore the growth pressures that exist. Infill is part of the solution, but not all of it. The preferred response is to find ways to channel growth that embrace community values and reduce community impacts. We believe this project can accomplish those goals.

A solid Master Plan for the project has evolved from the process. A conservative phasing plan is proposed that ensures growth occurs in a slow, metered fashion. The housing plan provides for a wide variety of home sizes, types and prices. Could the project be more dense? It is possible, but there would be challenges in addressing environmental and community impact issues. Could the project be on a smaller footprint? The answer is yes, although it is unlikely we would gain an equivalent level of benefits contained in the development agreement. How can we allow agricultural land to be converted? This is always a difficult question, but there is little doubt the adjacent agricultural mitigation package accompanying this project will help limit future urban sprawl and agricultural land conversion.

There is more work to be done. We need to take the project vision and translate it into a workable set of design guidelines and zoning standards. The Measure J Baseline Features and Master Plan will guide our efforts. Preferably, they will be complete and approved in early fall to further inform voters on this project. Overall, staff is comfortable with the progress that has occurred, and looks forward to further evaluation and improvements to the project as we enter this phase of project review.

Background and Analysis

Covell Village is a proposed residential and commercial development at the northwest corner of Covell Boulevard and Pole Line Road. The current proposal includes 1,864 residential units, a 17-acre “Village Center” across Covell Boulevard from Oak Tree Plaza, numerous parks and greenbelts, and sites for the Davis Joint Unified School District and a fire station. The entire site is 388 urbanized acres, plus a wetland/drainage area to the north.



Since the original applications were submitted in 2002, the proposed project has evolved significantly. Major changes include:

- An increase in the total number of units, from 1,515 to 1,864
- Addition of two small neighborhood commercial clusters in the residential area north of the channel
- Addition of a mini-park in the southwest portion of the site
- Improved street connections to the Lewis / ConAgra parcel
- Deletion of the gas station on Covell Boulevard
- Addition of a City community building / gymnasium in the Village Center
- Increase in buildout term from seven to ten years
- Refinement of the affordable housing and middle-income housing proposals

The Covell Village proposal has been before the Planning Commission for initial application review and for a public hearing on the adequacy of the Draft Environmental Impact Report. The Planning Commission also had representatives participate in the City Council workshops on the applications that were held in January.

This staff report has two main sections:

1. An analysis and update of the ten major policy issues that were raised for the Council's January workshop; and
2. An outline of each of the formal documents being presented to the Commission, and decisions available to the Planning Commission and City Council.

As the public review process ensures, it will be very important to draft "Baseline Project Features" that are as clear as possible. They are required under Measure J, and are critical to establish what this project will be. Staff and the applicant have worked to provide a preliminary draft "Baseline Features" document. We fully expect they will be perfected as the Commission and Council review and comment on the proposal.

A. Major Policy Issues

The January workshop included information and discussion of ten specific issue areas:

1. Density, housing mix, and phasing in context of City's overall housing needs analysis (page 7)
2. Location and configuration (above/below the channel) (page 11)
3. Schools (page 12)
4. Fire Station (page 12)
5. Parks & open space location, configuration, and maintenance (page 13)
6. Development Agreement and fiscal implications (page 16)
7. Agriculture mitigation (page 18)
8. Affordable housing and middle-income component (page 19)
9. Traffic, air quality, and noise (page 21)
10. Retail components (page 22)

These topic areas were generated based upon public comment, Commission reviews, and staff analysis of the policy aspects of the proposed project. At its January 25 meeting, the City Council gave preliminary direction on some of the identified issues. Minutes of that meeting are included as Attachment 5 to this report.

1. Density, housing mix, and phasing

The original application requested 1,515 residential units, predominantly single-family. Average densities were approximately 14 units per acre for the multifamily parcels and 5.4 units per acre for the single-family areas. Average lot size was in the range of 6,000 square feet, with median sales price anticipated to be approximately \$600,000. Planning Commissioners and the public made extensive comment that the proposal was not dense enough, too expensive, and would not result in an efficient use of land for homes meeting community needs.

The revised proposal has been increased to 1,864 units. Of these, 506 are multifamily, 341 townhouse or condominiums, and 1,017 single-family attached and detached units. The single-family parcels have a median lot size in the range of 4,500 square feet. Maximum lot size is approximately 9,000 square feet. The majority of the land is medium-density residential, averaging 6.4 units per gross acre. The high-density residential land has an anticipated average density of 15-18 units per gross acre.

The proposal continues to be predominantly single-family, but less so than with the 1,515 unit proposal. The applicant notes, and staff concurs to a degree, that the University of California, Davis will be building multifamily student housing units in its West Village development and there is less demand for apartments farther from campus. It may be that the proposed small-lot single-family units are an appropriate choice for the workforce housing that has been identified as a City Council goal. Multifamily housing would be included as affordable and market-priced apartments. One cluster of apartments is intended for future conversion to condominiums, pending resolution of liability issues.

We should note that the “residential” lands include the single-family units, townhouses, condominiums and apartments. It does not include the hospice, which will have 16 beds, and the senior core facility, with 130 beds. Although these are not counted as housing units, they will provide a place to live for 130-150 residents.

The proposed phasing plan calls for a ten-year buildout of the subdivision. Approximately one-fourth of the units would not be subject to allocation restrictions. The 1,362 phased units would be allocated from 175 units in the first year through 107 units in phase ten. Although unused allocations could be carried over to later years, the total number of phased units in any given year could not exceed 175. Year-by-year allocation is shown below, as incorporated in Attachment J of the Development Agreement.

<u>Allocated (1,362 units)</u>	<u>Unallocated (502 units)</u>
▪ 750 Market ownership units	▪ 144 low-mod affordable units
▪ 400 Middle-income ownership units	▪ 74 nonprofit low-income apartments
▪ 212 Market apartments	▪ 30 cohousing townhouses
	▪ 170 land dedication units
	▪ 34 work-live units
	▪ 50 Village apartments

Resolution 05-27, adopted by the City Council on March 8, 2005, establishes an annual growth guideline of one percent. Peripheral units are to be strictly controlled to a maximum of 60% of that one percent per year. Low/mod affordable housing is exempt from the growth parameter, as are units within “vertical” mixed-use buildings. If Covell Village is approved by the voters in

November 2005, the likely earliest completion for residential units is fall 2007. Assuming 26,000 units in the City of Davis, 60 percent of a one percent growth rate would be 156 units per year.

Phases	# of Allocated Units	Cumulative Allocated Permits
1	175	175
2	175	350
3	148	498
4	122	620
5	131	751
6	130	881
7	124	1005
8	120	1125
9	122	1247
10	115	1362

The allocation plan included in the draft Development Agreement calls for a range of 107 to 175 units per year, with an average of 136 units. The first two years would exceed the 156-unit parameter by 21 units, while all following years would be below the parameter. There would be minimal capacity for other peripheral development until completion of Covell Village (estimated 2017).

Some of the City benefits included in the Development Agreement are tied to issuance of building permits. These include the fire station site, land and funds for the community recreation building, and the middle-income housing units.

Development will occur generally from east to west, so that vehicle access can be provided to Pole Line Road through the construction period.

Exhibit J of the Development Agreement delineates the infrastructure improvements that would occur with each Final Map of the development. In general, parks and greenbelt improvements would be constructed concurrently with adjacent residential uses. The Village Center infrastructure, Covell Boulevard improvements, and Covell undercrossing would be completed with the Phase 3 improvements. The majority of the park and Channel A improvements would be completed by Phase 5 of development.

COVELL VILLAGE PHASING PLAN



2. Location and Configuration (above/below the channel)

Staff has continued to believe that the northwest corner of Covell Boulevard and Pole Line Road is the appropriate location for new peripheral development when and if the City wishes to grow. The location is predominantly surrounded by urban development, including the former City landfill and sewer treatment plant on the north edge of the site. Covell Boulevard and Pole Line Road are major arterials. The site is well-served by transit, neighborhood services, and schools.

During the City Council’s January discussions, staff raised the issue of restricting urban development to the 250 acres south of Channel A. The northern portion of the site could be identified as urban reserve (after 2015) or perhaps programmed for small urban farming. This “Reduced Acreage Alternative” was analyzed in the DEIR, although not at the level of the proposed project. In January, the City Council determined that the entire site would be considered during the formal public hearing process.

A number of staff’s initial concerns have been resolved as the proposal has evolved over the past few months. Originally, the area north of the channel was predominantly open space and large single-family lots. The area south of the channel contained all the multifamily housing and public/semipublic uses, with less open space. Modest but meaningful changes have been made in response from public, staff, Commissioners, and Councilmembers. These include the overall increase in density, as noted in the previous section. The applicant has also increased the mix of housing types in the northern portion of the site and added a 2.7-acre minipark nearest the multifamily parcels. The additional density and extended buildout period make an “urban reserve” designation for the northern portion of the site less desirable. These modifications have substantially addressed staff’s concerns with the original proposal.

The General Plan amendment, zoning, and development agreement all reflect the requested 388 acres of urban development, plus additional wetland/habitat area to the north of the residential portion.

	South of Channel A	North of Channel A
Acres	224	175
Residential Acres	129.2	107.9
Residential Units	1,275	519
Single-family	805	519
Multifamily	470	0 <i>the units above the “hamlet centers” are treated as SF for this purpose</i>
Park/Greenbelt	31.34 acres total 11-acre Neighborhood Park Three mini-parks	13.75 acres Three mini-parks

3. Schools

The Covell Village site plan includes a 10-acre site to be given to the Davis Joint Unified School District. Covell Village Partners and the District have entered into a preliminary agreement calling for a DJUSD site within the project, Covell Village Partners acquisition of Nugget Fields, and a financing package for District capital projects. From the onset of processing applications for Covell Village, City Councilmembers have been very clear that the District needs to be protected from negative fiscal impacts. The DJUSD has stated that the proposed package provides full mitigation.

From the City's perspective, a major issue of concern has been how and whether the DJUSD site will be developed, and what the site will look like in the interim. There are no formal plans for use of the 10-acre DJUSD site in Covell Village. The EIR analyzed its development as an elementary school because that is the most intensive "worst-case" use. The District does not need another elementary school at this time. Another option might be a satellite high school, but that would not occur until after the satellite high school on the UCD campus. District representatives have asked for the maximum flexibility in zoning and future uses allowed for the site. In January, the City Council made a preliminary determination that the site would be subject to "all normal City processes and decisions."

The City does not expect the District to build a facility it cannot use. However, the site is in a prominent location in Covell Village. The City can take steps to ensure that the site does not become unkempt, and to ensure that future uses – if other than school-related – are consistent with City goals.

The General Plan identifies the site for Public/Semi-Public Uses. It is anticipated that the Planned Development ordinance will do the same. Allowable uses would be schools, child care facilities, religious institutions, hospitals, and similar uses. Change in the use, such as to a residential use, would require subsequent land use approval and environmental review, including a subsequent Measure J vote.

4. Fire Station



The 1,515-unit plan included a 1.7-acre site to be dedicated to the City for a fourth fire station. The site was on Covell Boulevard, separated from the L Street intersection by a proposed gas station. The Covell Village site, along with much of North Davis, is outside the five-minute emergency response time established as a General Plan goal. A fire station on Covell Boulevard would address the response time concern as well as alleviating the increasing number of simultaneous calls that may leave an area of Davis with inadequate fire protection services. Although a fourth fire station has been a goal of the City, the necessary funds for construction and operation have not been identified. The Draft EIR concluded that placing residence outside the targeted response

time, without funds for building and operating the fire station, would have a “significant and unavoidable” impact.



Recent changes include a shift in the fire station site to the southwest corner of Covell Boulevard and the main north-south street. This provides better access for the station and eliminates potential conflicts from emergency vehicles attempting to turn left on Covell in order to head east.

As a result of the Development Agreement discussions, the fire station site has been increased to the three acre size requested by the Fire Chief.

As discussed under “Fiscal,” the Development Agreement makes provision for both construction and operating subsidies for the fire station. This includes the site, \$4.2 million for construction, and \$465,000 for the apparatus. The site will be transferred to the City with the second final map. Construction would be complete one or two years later. Prior to completion of the station, the Fire Department would add another crew to the Headquarters Fire Station on Russell Boulevard. This would not improve response times, but would provide additional protection during simultaneous calls.

As is further discussed in the “EIR” section of this report, the increase in size of the fire station site, provision of funds for construction, and provision of funds for public safety operations allow the City to determine that there are no significant impacts from residences outside the five-minute response time.

5. Parks & open space location, configuration, and maintenance

The Covell Village site plan has extensive open space areas, including:

- 60 acres of wetland/habitat, at the north of the site and along the current location of Channel A
- An 11.3-acre neighborhood park in the center, adjacent to the DJUSD site
- Seven miniparks of 0.85 to 2.95 acres, totaling 12.26 acres
- Greenbelts running along Channel A, west from Nugget Fields, east from Northstar Park, and north/south through most of the site

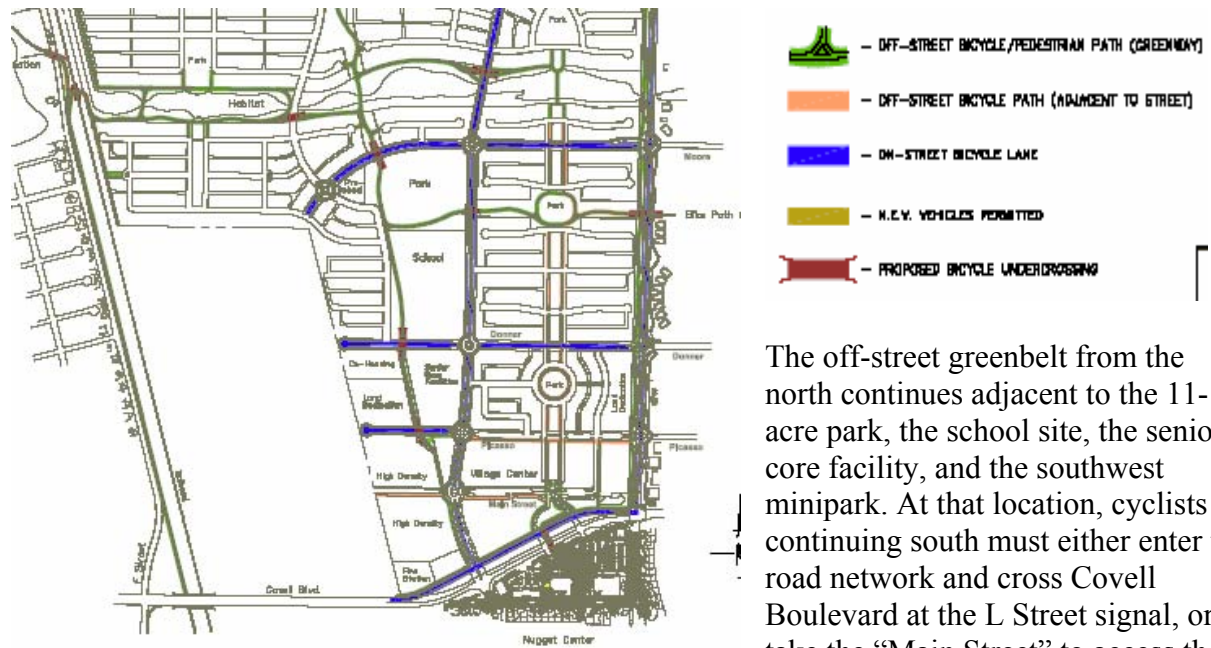
The agreement with the school district calls for Covell Village Partners to acquire Nugget Fields. The draft Development Agreement calls for the fields to be transferred to the City. It is the City’s expectation that they will continued to be used and maintained by the sports groups.

the maximum 3/8 mile from a neighborhood park. The DEIR noted that a few residences at the north edge of the site and the area at the Covell/L intersection exceeded that distance.

Revisions since then include the minipark adjacent to the high-density housing, elimination of a portion of the linear green, and addition of funds and land for a 10-20,000 square foot community recreation building in the Village Center. The Parks Master Plan shows a need for two community buildings that the City currently cannot afford. Adding this to the Covell Village site provides a significant contribution to community recreation needs. Nugget Fields, which are part of the community’s current inventory of athletic fields, are at risk of being lost and would be preserved with this proposal.

The site plan revisions do not change the technical interpretation of the General Plan proximity standard. However, staff is comfortable that none of the residences is “under-parked.” The DEIR analysis did not include the miniparks, because they do not meet the General Plan standard of five acres for a neighborhood park. Nor did the analysis include the Channel A corridor, Nugget Fields, or the northern habitat/wetland. Staff is comfortable recommending that the Planning Commission and City Council conclude that the site plan provides parkland equivalent to that required by the General Plan.

Staff continues to have concern about the bicycle connection from the center of the Covell Village site to Covell Boulevard and areas to the south.



The off-street greenbelt from the north continues adjacent to the 11-acre park, the school site, the senior core facility, and the southwest minipark. At that location, cyclists continuing south must either enter the road network and cross Covell Boulevard at the L Street signal, or take the “Main Street” to access the

Covell undercrossing. At least during the beginning of the development, elementary school children will not have a completely off-street path to school. The applicant notes that continuing

the greenbelt system through the Village Center would severely compromise its “New Urbanist” vision and that an on-street bicycle network can be designed for safety. Final location and design of the bicycle routes would be reviewed by the Public Works Department at the time of tentative subdivision map and construction drawings.

In addition to making suggestions on the location and configuration of the greenspace, the R&P Commission and the City Council both expressed a strong desire to have the parks and greenbelts developed concurrently with the residential development. The draft Development Agreement makes provision for all parks and greenbelts to be improved within two years of the final map creating the adjacent residential properties (See phasing plan, Attachment J to the Development Agreement). In addition, the developer will maintain all green spaces for a total of five-and-a-half years from the final map, plus the additional time to accommodate transfer of maintenance responsibility to the City in January. This will significantly reduce City maintenance costs during the initial years of the project.

6. Development Agreement and Fiscal Implications

From the onset, Councilmembers have been clear that Covell Village, if approved, should “pay for itself.” In January, staff presented a draft fiscal analysis that showed operating revenues from Covell Village and its residents approximately equal to the costs of providing City services. Over the past months, the fiscal model has been fine-tuned as the proposal has evolved. The most recent fiscal analysis concludes that the development would have a net positive impact on the City’s operational cash flow. This is a conservative estimate based upon previous Council direction. In January, the Council appointed a subcommittee of Mayor Asmundson and Councilmember Saylor to negotiate a Development Agreement for review by the Council. The subcommittee met several times with Covell Village representatives over the course of the past few months.

As part of the draft Development Agreement, the applicants have committed to a series of contributions to assist the City’s operating budgets. The prime contributions will be annual operating subsidies, beginning with \$1.8 million fifteen months after recordation of the first final subdivision map. The payments decline to \$1 million in years eight and nine. These contributions total \$12.1 million to the City General Fund. Although the Council subcommittee’s vision is that these will be used for provision of police and fire services to serve the project (and the remainder of the community) final determination will be made during the annual budget process.

The applicant has also committed to maintain parks, greenbelts, habitats, and greenstreets for approximately four years from completion. This benefits both the City and the future residents of the project, because otherwise green space improvement might be delayed due to City concerns about maintenance costs.

The draft Development Agreement also calls for Covell Village contribution to City capital programs. The developers will be providing funds for the fire station and apparatus, 10,000 square feet of the community building, and a police car.

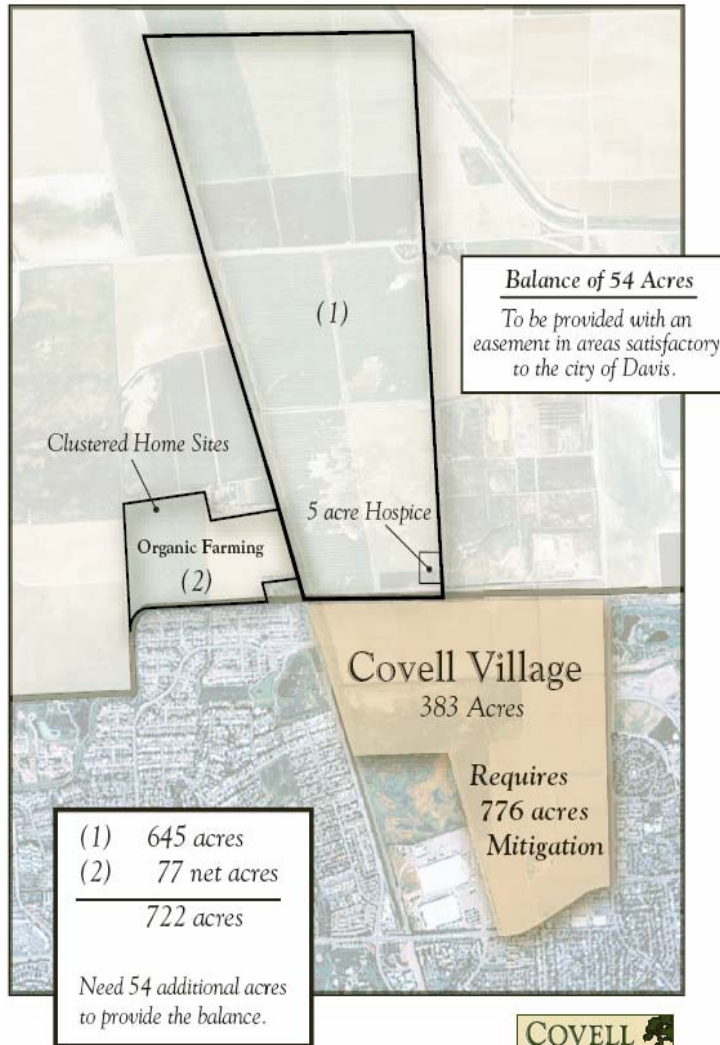
The total financial benefit from the Development Agreement is approximately \$14 million over the 10 years of project buildout.

The Development Agreement does establish that the City will reimburse the developer from impact fees collected for some capital facilities through the Major Projects Financing Plan. These facilities are those with community-wide benefit, such as the water wells and the bicycle undercrossings of Covell Boulevard, Pole Line Road, Anderson Road, and the railroad tracks. Internal undercrossings are proposed to be reimbursed from zero to 80 percent in accordance with their benefit to the overall community network.

As part of the fiscal review of the proposal, the City assumed the property taxes would be shared with Yolo County in accordance with the Master Property Tax Sharing Agreement adopted in 1982. Recently, Yolo County representatives have raised the question of whether the County would receive a sufficient share of revenues under that assumption. The City has prepared a preliminary analysis of the County's fiscal impacts of the proposed project. Final details on property tax sharing will be resolved through the LAFCO annexation process if the applications are approved by the City Council and the voters.

7. Agricultural Mitigation

The General Plan standard for agricultural mitigation is to preserve twice as many acres as will be converted to urban uses. It also states that the mitigation land shall be adjacent to the project. For Covell Village, this is 776 acres in mitigation for the 388 urbanized acres, including the hospice site but not including the 33-acre habitat/wetland north of the developed area.



The draft agricultural mitigation concept has three main components:

- 645 acres directly adjacent to the Covell Village urbanized area, extending north to intersect with the corner of Willow Slough;
- 77 net acres directly north of Northstar to be deeded to the City of Davis for organic farming; and
- 54 acres to be provided through easement in one of the areas identified by the City Council as target preservation locations. The exact location will be specified and secured no later than the fourth final map for Covell Village.

The general location of the agricultural preservation land is consistent with that included in the application packet. During the January discussions, the City Council determined that the agricultural mitigation proposal should explicitly identify the parcels for agricultural mitigation, and that if the locations differ from that previously

seen, the proposal should be reviewed by the Open Space Commission. With the exception of the 54 acres, all mitigation lands are consistent with that direction.

The Open Space Commission and City Council also directed that no provision for homesites on the mitigation lands be approved without a determination by the City that the homesites do not reduce the likelihood that the land can be used for active agriculture. This provision has been incorporated into the draft Development Agreement. The applicant's proposal does incorporate a

location for five one-acre homesites adjacent to the agricultural mitigation land, a location determined to be acceptable to the City. The concept would require review and approval by Yolo County and a Pass-Through referral to the Redevelopment Agency. Should the County deny the entitlement application, placing the allowed five homesites elsewhere within the mitigation lands would be a City Council determination that the location does not significantly impair the land's use for agricultural purposes.

The City had originally anticipated that agricultural mitigation be 2:1 for 422 acres, based upon the urbanized area plus the northern wetland/habitat. The current proposal is 2:1 for 388 acres, not including the northern wetland. The applicant may also propose that the agricultural mitigation land include provision for a drainage pond of up to 90 acres. This concept was included in the draft and final EIRs.

8. Affordable housing and middle-income component

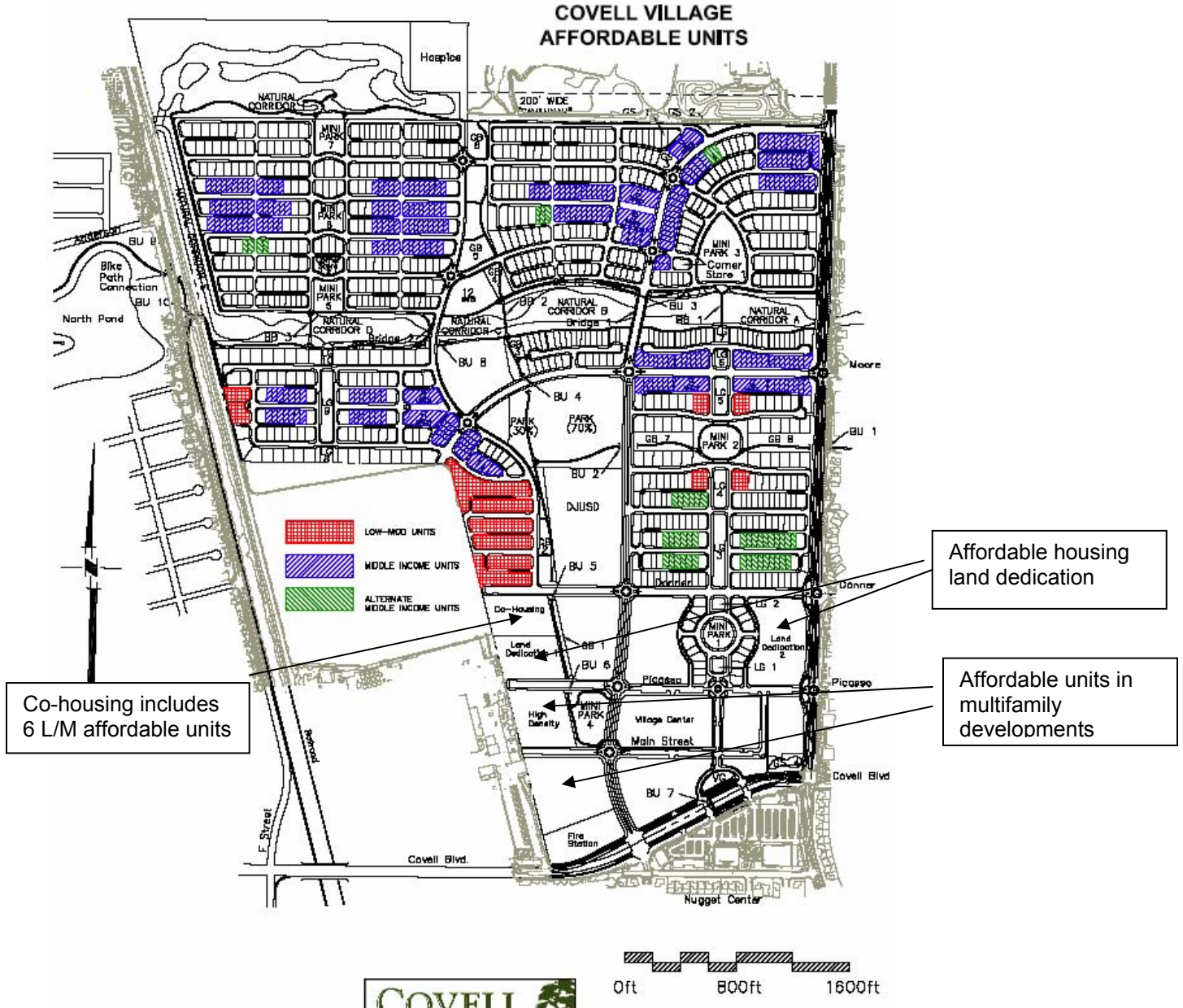
Covell Village would be subject to the City's standard requirements for low- and moderate-income housing, plus the newly-established middle-income goals. From the onset, the applicant has proposed a Project Individualized Plan with alternative methods for providing the low/mod and middle-income housing. During its January discussions, the City Council directed that the proposal should include the same number of affordable units, at the same affordability levels, as the City's standard requirements.

During the review in the fall and January, staff and the Social Services Commission raised concerns about the applicant's original proposal. Specific issues were whether the units would have sustained affordability, and whether the proposed units would be affordable to the City's targeted households. Extensive revisions and refinements have been made over the past few months to better align with City requirements.

Under the provisions of the draft Development Agreement, the proposal includes the following components:

- Dedication of 8.5 acres of land in two parcels, with a credit of 20 units per acre, for 170 units affordable to very-low and low-income households.
- Equivalent of 21 permanently affordable rental units for clients of Yolo Continuing Care Coalition. (Exact units to be based on proportion of square feet, rather than dwelling units)
- Equivalent of 53 permanently affordable rental units for low-income households in two mixed-income multifamily developments. (Exact units to be based on proportion of square feet, rather than dwelling units)
- 144 for-sale units affordable to low and moderate-income households. These units could potentially be a limited-equity cooperative, subject to further City review.
- 400 middle-income units, for households ranging from 120 to 180 percent of median. (Households with incomes of \$72,000 to \$119,000 per year).

The total number of affordable low/mod units meets City standards. The affordable units required for the live-work units, the Village Center units, and the co-housing would be provided through additional land dedication or affordable housing elsewhere in the site.



The moderate-income proposal exceeds the city-standard requirement of 272 households affordable to households with incomes up to 160% of median. The additional units would be for households in the 150-160% range (28 units) and households from 160-180% of median (100 units). City-approved standards for qualifying and resale requirements would apply to all but the extra units, with two exceptions:

- The purchase prices and resale requirements could be adjusted for buyers who opted to add second dwelling units or supplemental photovoltaic systems; and
- The topmost required tier (146-160% of median) could have qualifying incomes adjusted by 10 percent above Yolo County median income. This is the only deviation from the direction of the City Council on January 25, 2005.
- *The units in the 160-189% tier would also have resale restrictions expiring after five years.*

The affordable housing plan establishes phasing parameters for the low-mod and middle-income for-sale affordable units. The middle-income units would not necessarily be provided every year, but would have benchmark requirements so that one-third must be built with the first 30 percent of the development, one-third within the second 30 percent, and the remaining units by the next 30 percent. Specific language is included in Attachment F to the Development Agreement. The low-mod units would be provided within 2½- 3 years of the first five final maps. Buyer selection and qualifying would be done by the developer in accordance with guidelines adopted by the City.

On the whole, staff is comfortable that the affordable housing proposal is respectful of the goals of the Affordable Housing Ordinance and middle-income policy direction, reflecting the difficulties of a large subdivision with a variety of housing types and a ten-year buildout.

9. Traffic, air quality, and noise

The Draft and Final Environmental Impact Reports contain extensive analysis of the traffic impacts of the proposed project. The EIR analyzed two equal-weight alternatives: the “Proposed Project” of 1,515 units, and the “High Density Alternative” of 1,990 units. The two alternatives were selected to provide bookends so that the Council would have flexibility to choose a variant within that range. The traffic subconsultant analyzed the recommended “1,864” alternative and determined that the traffic impacts would be similar to the “Proposed Project.” Although there are more than 1,515 units, there are more multifamily and townhouse units, which have lower trip generation rates. In addition, the gas station was removed, which led to a substantial reduction in Village Center trips.

The EIR did identify significant traffic impacts from the recommended project. These include:

- Impacts to the Covell/Pole Line Road intersection (Cumulative Plus Recommended Project scenario) that could be mitigated with intersection improvements.
- Impacts to the Covell/ L Street intersection (Existing and Cumulative Plus Recommended Project scenarios) that could be mitigated with traffic signal improvements.

- Impacts to the Pole Line Road / Picasso intersection that could be mitigated with a roundabout or signal for the Existing Plus Project impact, but would require a traffic signal for cumulative impacts.
- Impacts to the Pole Line Road / Donner and Pole Line Road / Moore intersections (Cumulative Plus Recommended Project scenario) that could be mitigated with roundabouts or traffic signals.
- Impacts to Pole Line Road north of Covell (Existing and Cumulative Plus Recommended Project scenarios) that could be mitigated with street widening.
- Impacts to Pole Line Road south of Covell (Existing and Cumulative Plus Recommended Project scenarios) that cannot be mitigated because the City has determined that Pole Line Road will not be widened.
- Impacts to Covell Boulevard between F Street and Pole Line Road (Cumulative Plus Recommended Project scenario) that cannot be mitigated because the City has determined that Covell Boulevard will not be widened.

Staff is considering a recommendation that the City “override” the impacts to Pole Line Road to retain the two-lane configuration. This would allow roundabouts at Donner, Picasso, and Moore rather than traffic signals. Roundabouts are more efficient and less expensive to install, operate, and maintain and can be more attractive than signals.

The EIR establishes traffic mitigation measurements which will be required with development of the site. In addition, the draft Development Agreement requires the developer to provide \$500,000 to the City of Davis for traffic calming on J Street, L Street, and Claremont Avenue. Staff and the subcommittee envisioned improvements similar to those in the Pole Line Corridor Plan but final project decisions will be made only after consultation with neighborhood residents and property owners.

10. Retail components

During the January discussions, the City Council heard concerns about whether the proposed uses in the Village Center will conflict with the downtown. Preliminary direction from the Council was to limit the amount of neighborhood-serving retail while encouraging small-scale community retail uses. Votes on hotel and office uses were split.

The recommended Planned Development zoning is expected to be consistent with the Council’s preliminary direction. Up to 57,000 square feet of retail uses are allowed in the Village Center, with anything over 20,000 to be community-serving retail. Up to 10,000 square feet of office uses are principally permitted, with additional office allowed through the CUP process. The proposed hotel is required to be suites-style extended stay. The gas station has been removed from the plan.

Staff and the applicant are also recommending two small “corner store” nodes in the residential areas north of the channel. One would be adjacent to the arrowhead park, and the other would be between two miniparks south of the habitat. These nodes could include office or small-scale neighborhood retail uses on the ground floor. Upper stories would have residential uses. The goal for these nodes is to provide a location for convenience retail or worksites to serve local residents. We recognize that it may take time for these spaces to become financially viable but we are pleased to see this component of the New Urbanist vision be incorporated into the site plan.

B. Recommended Actions and Documents

There are seven formal actions recommended of the City Council for its approval of the Covell Village applications. Please note that Rezoning and Preliminary Planned Development #5-02, cited in the public hearing notice, is not recommended for action at this time.

1. Resolution Certifying EIR#2004062089
2. General Plan Amendment #4-02
3. Development Agreement #1-02
4. Annexation #1-02
5. Rezoning and Preliminary Planned Development #5-02
6. Phased Allocation Plan #1-02
7. Affordable Housing Plan #3-02
8. Resolution Calling for Measure J Election and Establishing Baseline Project Features and Master Plan

1. Environmental Impact Report

The EIR for Covell Village has two components: The Draft EIR, released in December and provided to the Planning Commission at that time, and the Final EIR. The Final EIR is primarily responses to the 113 comment letters that were received on the Draft EIR. The Final EIR also includes City-initiated amplification and clarification of the DEIR, and an analysis of consistency of the 1,864-unit alternative with the bookends analyzed in the Draft EIR.

As a reminder to the Commission, CEQA does not prohibit the City from approving a project that will have adverse impacts on the environment. It does require that we:

- Identify those impacts;
- Mitigate them where feasible; and
- Make a determination that specific benefits of the project override the adverse impacts.

As noted in the report for the Commission’s hearing on the DEIR, most impacts analyzed would either be less-than-significant or could be mitigated to less-than-significant levels. The DEIR analysis found that the following impacts could not be adequately mitigated and would remain *Significant and Unavoidable*:

- Visual impacts from altering the existing agricultural nature of the project site
- Loss of prime agricultural land (mitigation proposed, but not sufficient)

- Long-term impacts to prime farmland (mitigation proposed, but not sufficient)
- Impacts to segments of Pole Line Road and Cowell Boulevard (mitigation proposed, but not sufficient)
- Emission of exhaust and fugitive particles from construction activities (mitigation proposed, but not sufficient)
- Air pollution resulting from vehicle trips to and from the project site (mitigation proposed, but not sufficient)
- Long-term air quality impacts
- Residences outside the five-minute response time goal (mitigation proposed, but not sufficient)

The DEIR concluded that there would be a significant and unavoidable impact from placing additional residences outside the Fire Department's five-minute response time. Although a new fire station would mitigate the impact, the City had not identified funds for constructing or operating the station and therefore mitigation was not feasible. The draft Development Agreement now provides for Covell Village to contribute funds that would allow the City to build and operate the necessary fire station along with the residential development. For that reason, the Final EIR concludes that the impact is not significant.

One impact identified for mitigation in the DEIR is now identified as *Significant and Unavoidable*. The DEIR noted inconsistency with Action "e" of General Plan Policy LU 1.1, which calls for a City population below 64,000 in 2010. The DEIR noted that this population had already been exceeded and suggested the impact could be eliminated by removal of the Action. Several commenters noted that amending General Plan language to eliminate a conflict was less than a true mitigation. After review of the comments, city staff concurs. Although the language is still proposed for deletion, the impact is now noted as *Significant and Unavoidable*.

Staff notes that any greenfields development would generate impacts on agricultural land, aesthetics and air quality corresponding to the size of the project. Unless the City were willing to change its policies on road widening, there would also likely be circulation impacts. Staff continues to believe that the location of the Covell Village site is the optimal location for a greenfield type development if it is to be approved. As revised, the recommended project provides significant city and community benefits to be enumerated in the findings for override, including

- Equivalent of 388 low/moderate and 400 middle-income housing units;
- Fire station and community recreation buildings that will serve the broader community;
- Community retail uses to meet existing unmet needs
- Grade-separated bicycle connections from Wildhorse to Northstar
- Preservation of 645 acres of agricultural land directly north of Davis, including 77 acres to be given to the City for organic farming

2. General Plan Amendment #4-02

The General Plan Amendment changes the land use designation for the Covell Village site from Agriculture to a mix of urban uses. In summary, the site would include

Designation	Acres
Residential – Medium Density	198.49
Residential – High Density	38.57
Neighborhood Retail	16.77
Public/Semi-Public	20.16
Parks/Recreation	23.57
Neighborhood Greenbelt	14.01
Natural Habitat Area	58.80

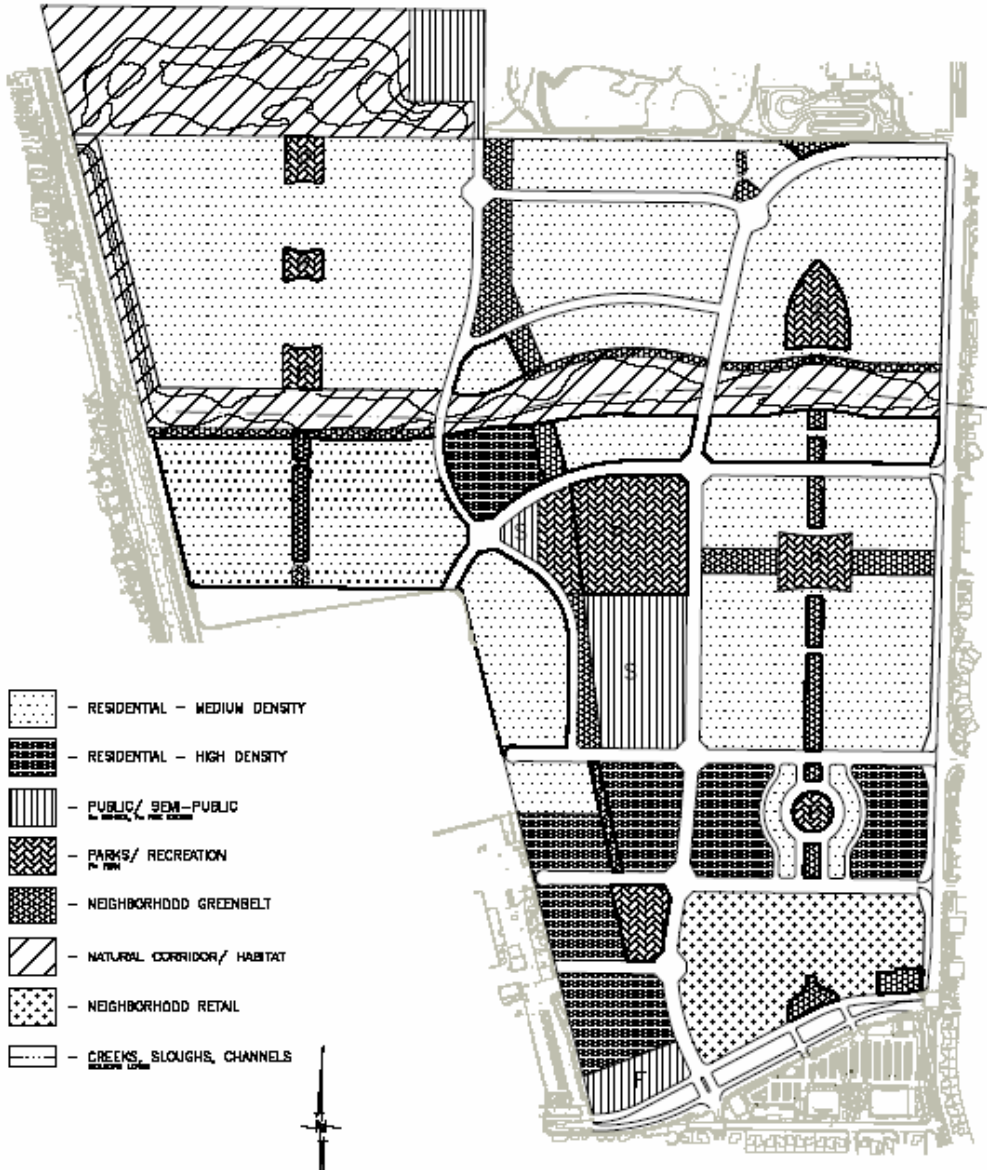
The recommended General Plan Amendment also includes a text change allowing densities to be averaged over subareas as established in the zoning for a specific project. This encourages the range of dwelling types and lot sizes that is envisioned for Covell Village without requiring parcel-by-parcel evaluation of densities. Other text and table changes are necessary to reflect the project approval, such as the addition of the parks into the “Existing and Planned Parks” table and figure.

The Village Center is proposed to have a Neighborhood Retail designation. The same designation applies to the Oak Tree Plaza center across Covell Boulevard to the south. When taken as a whole, the proposed blend of retail, office, and residential uses is consistent with that allowed by the General Plan. The required food store is the Nugget Market.

Staff is not proposing separate Neighborhood Retail designation for the “corner store” hubs. A range of office and retail uses is proposed to be permitted. The sites would not accommodate the size grocery store envisioned in the General Plan policy. The General Plan allows up to three acres of commercial uses within an area with residential designation. These locations total less than an acre. The Planned Development zoning is intended to ensure compatibility with adjoining residential uses.

As noted previously, the Davis Joint Unified School District site is proposed to be designated public/semi-public with an “S” designation. This is the same designation that was established for Frances Harper Junior High during the annexation process.

COVELL VILLAGE GENERAL PLAN USE DESIGNATIONS



3. Development Agreement #1-02

California law allows cities and property owners to enter into Development Agreements governing specified real property. The Development Agreement gives the property owner a contractual “vested” right to proceed with the described development, under the rules in place at the time. The city may not stop that development from occurring, rezone the property, or take similar actions.

The recommended Development Agreement vests the project description equivalent to the Measure J baseline project features. The DA describes an extensive series of financial provisions, including developer financing for the fire station and community building, and City reimbursement for certain capital projects. (see fiscal section earlier in this report).

In addition to the fiscal components, the Development Agreement also includes requirements for project features not previously described. These include

- **Environmental components:** Each single-family attached or detached unit will have a minimum 1 kW photovoltaic system, all residential units will exceed Title 24 standards by 10 percent, and shallow-well irrigation systems will be installed for parks and greenbelts unless precluded by law.
- **Visitability:** Senior homes, and a portion of the other single-family homes, will meet minimum visitability standards. Visitability features will be an option for middle-income buyers. There is an exemption from this provision if precluded by site grading. Because the engineering for the homesites has not been completed, we do not know at this time how many visitable units will result from this Development Agreement provision.
- **Transit district:** The developer and property owners will indefinitely fund a transit district to support Unitrans and offer free bus service to and from Covell Village.
- **Public art:** To be funded by Covell Village as a percentage of public infrastructure and private non-residential construction. The public art funds will subsidize and amphitheater and other public art within the Covell Village site.

4. Annexation #1-02

The recommended entitlements anticipate that the Covell Village site will be annexed to the City of Davis. This includes the hospice site and the 34-acre habitat area north of the residential neighborhoods. At this time, we are not proposing annexation of the organic farm land on the “Meyer Property,” although that may be considered at a future time if County zoning regulations prove to be a bad fit for the small urban farm concept.

If the project is approved by the voters, the property owners will submit application to the Yolo County Local Agency Formation Commission (LAFCO) for annexation approval. The site is within the ten-year sphere of Influence adopted by LAFCO in 1988. LAFCO is expected to rely on the EIR prepared by the City. Prior to final approval of the annexation, the City and County must approve an agreement for sharing property taxes.

Annexation requires a Prezoning approval from the receiving jurisdiction before it can be approved by LAFCO. As discussed below, this is anticipated to happen within the next few months with approval of the Preliminary Planned Development.

5. Prezoning and Preliminary Planned Development #5-02

City staff had anticipated having the Prezoning and Preliminary Planned Development ordinance to the Planning Commission along with the General Plan Amendment and Measure J resolutions. Due to the complex nature of crafting zoning for a New Urbanist vision, additional time is required. The Development Agreement and the Baseline Features component of the Measure J description are intended to provide the framework for the Preliminary Planned Development and the subsequent approval processes.

Our goal is to have the Preliminary Planned Development through the Planning Commission and approved by the City Council by early fall, before the Measure J vote. This way the voters will have the necessary assurance that the project construction will be consistent with the vision. The Preliminary Planned Development would then become vested upon the effective date of the Development Agreement.

6. Phased Allocation Plan #1-02

As discussed in the beginning of this report (page 7), the application includes allocation of building permits through the construction of the subdivision. The proposed buildout is generally consistent with the City Council's resolution establishing a baseline growth parameter.

7. Affordable Housing Plan #3-02

As discussed earlier in this report (page 19), the applicant is proposing a Project Individualized Plan for affordable housing that is generally consistent with the requirements of the Affordable Housing Ordinance and previous City Council direction. Middle-income provisions are generally consistent with the Council's Resolution 05-27A, plus the addition of the "Tier 4" households.

8. Resolution Calling for Measure J Election and Establishing Baseline Project Features and Master Plan

If approved by the City Council, Covell Village would be the first development project presented to the voters under "Measure J." Measure J, Article 40.40 of the Municipal Code, requires voter approval before certain General Plan Amendments can go into effect. The Covell Village site is explicitly covered by Measure J.

Once a project is approved by the voters, baseline project features may not be changed without subsequent voter approval. These baseline project features include recreation facilities, public facilities, significant project design features, and phasing. For the Covell Village project, this is expected to include a description of the essential project components, a description of the New Urbanist vision and design of the project, and a list of the community benefits that would be provided through the Development Agreement. Attachment 4 includes a preliminary draft of the

baseline project features that has been prepared by staff, with the assistance of the applicant. It is expected that these baseline features will be modified and refined as the applications are reviewed by the community and decisionmakers.

Measure J does allow modifications to developments consistent with the number of permitted units and baseline project features. The updated Housing Element to the General Plan includes a policy that the City will develop procedures and criteria to clarify the types of modifications and changes that are and are not subject to subsequent voter approval. The second portion of the Measure J resolution will establish these procedures and criteria.

Attachments

1. Final Environmental Impact Report SCH#2004062089 (*separate package*)
2. Resolution amending the General Plan
3. Draft Development Agreement
4. Baseline Project Features
5. Minutes of January 25, 2005 Preliminary Council Directions
6. Summary of fall-winter Commission discussions and outcome (*to come week of May 16*)