



Staff Report

City Council

Item No. {{section.number}}.{{item.number}}

Meeting Date: November 13, 2024

From: Andrew Firestine, Community and Economic Development Director

Title: Discussion of Future Land Uses within the North City Specific Plan

RECOMMENDATION:

Discuss and provide direction on the buildout of the North City Specific Plan and the negotiation of affordable housing as part of a specific plan amendment.

BACKGROUND:

In 2007, Cathedral City undertook a bold new vision for its expansion and enhancement by developing a plan for approximately 5,000 acres located north of Interstate 10 through the North City Specific Plan (NCSP). At the time, the City's population had grown to over 53,000 people. The Coachella Valley was expected to increase from approximately 400,000 people to one million residents over the coming decades. Long-term market demand was projected to be strong for regional, community and neighborhood retail, employment and residential uses; and moderate for hotel uses, visitor-serving recreational uses and entertainment.

The NCSP established four new zoning districts: Mixed Use-Urban (MU-U), Mixed Use-Neighborhood (MU-N), Business Park and Edom Hill Light Industrial (EH-LI). Several other existing zoning districts were also incorporated.

Mixed Use-Urban (MU-U)

- Takes advantage of freeway visibility and accessibility to capture regional and community scale commercial projects for both shopping and recreation.
- Provides for higher density housing in a variety of styles ranging from residences directly over retail uses to condominiums, townhomes, and flats.
- Promotes walking and biking for shopping, dining and entertainment uses, as well as for connecting with the local and regional bicycle and hiking trails.

Mixed Use-Neighborhood (MU-N)

- Provides for a variety of lower density housing types from mid-rise condominiums to townhomes, row houses, flats and single-family housing.
 - Promotes walking and biking to shopping, dining and entertainment uses in the
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adjacent MU-U districts, as well to the local and regional bicycle and hiking trails.

The MU-U and MU-N designations are located primarily north of the I-10 and on the east side of Date Palm Drive.

North City Extended Specific Plan (NCESP)

The North City Extended Specific Plan was adopted in January of 2014 as an extension of the NCSP to include 590 acres to the east of North City. The NCESP extended the land use planning approach and design guidelines of North City.

North City Specific Plans Economic Development Resolution No. 2022-57

On November 30, 2022, the City Council adopted Resolution No. 2022-57 expressing the City's openness to consider alternative high quality land use development proposals not currently contemplated in the North City and Extended North City Specific Plans, supported in part that the population growth projections contemplated in the specific plans have not materialized due to a variety of unanticipated events and changing market trends.

In fact, Coachella Valley's population has remained fairly consistent since the 2009 adoption of the NCSP. At that time, Cathedral City's population was 53,000 people and the Valley's was around 400,000. The Coachella Valley Economic Partnership reported in its 2023 Economic Report a 2010 population in the Coachella Valley of 423,154 compared to a 2020 population of 443,023, compound growth of roughly 0.5 percent annually over the decade and a stark contrast from the 2.7 percent annual population growth in the prior decade. While there has been significant construction in the Coachella Valley in the last year, population growth has lagged behind the aggressive projections developed at the time of the specific plan.

The City Council found that land uses in the specific plans may not be compatible with current private development demands and economic challenges and the goal of the Resolution is to communicate the City Council's interest and support to encourage the investment of private dollars in high quality development which benefits the Cathedral City community.

More specifically, the City would support and facilitate alternative land use proposals which:

- 1) create industrial, manufacturing, office, and/or commercial spaces which improve Cathedral City's ability to attract a diverse array of traded sector businesses;
- 2) generate increased city revenues beyond simple increases in annual property tax revenues;
- 3) create a diversity of quality employment opportunities, with benefits, for Cathedral City residents;
- 4) provide backbone infrastructure which facilitates the future development within one or both plans; and
- 5) propose developments enhance the visual attractiveness of Cathedral City.

By adopting Resolution No. 2022-57, the Council removed some of the uncertainty in the process to bring forward changes to the NCSP and NCESP to better align development proposals with current conditions and restated Council goals for new development north of I-10. While there has been some development interest expressed in the area, development within the NCSP and NCESP has continued to present challenges, largely due to changing

market conditions and the lack of infrastructure, which have collectively made the formulation of financially viable projects more difficult to materialize.

DISCUSSION:

Blue Fern Development reached out to the City on a development concept for land within the NCSP, and north of the I-10, between DaVall and Date Palm Drives. The land is approximately 577 acres (415 net acres). The land north of Valley Center is primarily designated MU-U and the land south of Valley Center is primarily designated MU-N within the NCSP.

Staff has met with Blue Fern Development and discussed their land use concepts. As it is a shift from the NCSP and as it does not accomplish all of the goals articulated through Resolution No. 2022-57, staff is elevating their preliminary concepts to Council for review and discussion so as to be able to provide feedback to the prospective developer that may guide their future application submittals to the City. As well, the discussion may also help the negotiation of affordable housing as part of an application pursuant to Program 1.A.4 of the City's certified Housing Element.

Valley Center Development Concept

Blue Fern Development has prepared two development concepts.

Alternative 1 Market Rate - includes 2,741 dwelling units and about 92 acres of parks and open spaces, of which approximately 50 acres will be utilized as a natural drainage coordinator with pedestrian accessibility and trails. It has a variety of residential typologies and densities. (Concept plan attached.)

- Apartments – 25 du/ac and 35 du/ac
- Townhomes – 17.5 du/ac
- Paired Homes – 10 du/ac
- Detached Condos -7.5 du/ac
- Single Family Detached – 4.5 du/ac and 3 du/ac

Alternative 2 Active Adult - Focuses on an active adult community with 2,141 dwelling units and around 134 acres of parks and open space, of which approximately 50 acres will be utilized as a natural drainage coordinator with pedestrian accessibility and trails. The Active Adult concept also has a variety of residential typologies and densities, albeit at lower densities. (Concept plan attached.)

- Paired Homes – 10 du/ac
- Cluster Homes – 10 du/ac
- Detached Condos – 7.5 du/ac
- Single Family Detached – 5.5 du/ac, 4.5 du/ac, and 3 du/ac

Development of either concept would include substantial infrastructure improvements, including roads, water, sewer, drainage, which is currently lacking in the area which has also been an impediment to development.

The NCSP contemplated that the MU-U designation (that area immediately adjacent to the

I-10) would include varying scales of commercial development from regional mall big boxes to community serving retail, high density residential in proximity to employment and pedestrian oriented activities to achieve compact walkable areas, to achieve smart growth initiatives, including mixed uses. The MU-U identified residential densities of up to 45 du/ac consisting of apartments, townhomes, stacked flats and live work units.

The MU-N designation intended for housing types at lower densities placing residential uses in proximity to supportive neighborhood commercial services in a mixed-use environment, and promotes walking and biking to shopping, dining and entertainment uses in adjacent MU-U districts. MU-N permits single family residential, small lot clustering, and multiple family residential. Density for single family residential is a range of 5-10 du/ac, for multiple family residential the density range is 10-25 du/ac, and residential in a mixed-use environment allows a range of up to 25 du/ac.

Much has happened since the adoption of the NCSP, the growth projections did not materialize, a recession occurred, and market trends have changed. The face of commercial and retail has changed with the growth of online purchasing, and much of what is being built or proposed to be built are supportive commercial uses such as markets and food and car services.

Housing Considerations

At the October 23, 2024, Economic Development Manager Erick Becerill presented a study session on housing. The City's Regional Housing Needs Allocation (RHNA) is 2,549 housing units, 1,350 units designated for affordable households. The City's 6th Cycle Housing Element plans for the 2,549 new units. It demonstrates there is adequately zoned land to accommodate the units at the identified income levels and establishes goals and policies to facilitate their development.

The challenge is that other than those parcels identified in the Housing Element for affordable housing, the market typically builds housing at moderate and above moderate-income household levels.

There is an opportunity for the Council to consider incentivizing the production of affordable housing by requiring a percentage of affordable housing in conjunction with legislative acts, such as re-zoning, including specific plan amendments, and general plan amendments, practices that are deployed in other communities and as is supported through Housing Element Program 1.A.4, which calls for the City to negotiate the inclusion of affordable housing, including units targeted for extremely-low, very low-, low-, and moderate-income households when feasible, in specific plans, PUDs, tentative tract maps with each developer as applications are made. A requirement of 10 to 15 percent affordable housing, for instance, would establish a new goal for consideration of amendments to the NCSP that would help spur the production of affordable housing while supporting alternatives to the development of the NCSP as it was originally envisioned.

Further, as part of any future application, an evaluation will be conducted to ensure that the City is compliant with Government Code section 65863 (No Net Loss Law), the purpose of which will be to demonstrate the City still has the capacity to accommodate its remaining RHNA by each income category or identify and make available sufficient sites to accommodate the remaining unmet RHNA for each income category. This is not a significant factor in the discussion at this stage, although it is noted as analysis that would also need to

be performed as part of a specific plan amendment.

Council Consideration

The purpose of including the development concepts in this agenda report is to provide the Council a sense of the scale of the residential development concept, in relation to the NCSP.

In adopting the North City Specific Plans Economic Development Resolution, the City Council recognized the land uses and intensities contemplated in the NCSP may not be realistic in this market and provided an opportunity for the City Council to support and facilitate alternative land uses generating increased revenues beyond increases in annual property tax revenues, provides backbone infrastructure facilitating future development within the specific plans, and enhancing the visual attractiveness of the City could be considered.

The NCSP mixed use designations, particularly the MU-U designation, expected a high-density urban buildout which due to the lack of development almost 20 years later, may not be realistic. Therefore, the question before the City Council is, is the City Council open to another concept that does not have the urban buildout of higher density mixed use and what direction does it offer for the negotiation of affordable housing as part of a specific plan amendment.

FISCAL IMPACT:

Discussion of this item does not have a fiscal impact.

FIVE-YEAR STRATEGIC PLAN:

Goal F - EMBRACING, INCLUSIVE COMMUNITY

Objective: Cathedral City is valued and respected as a community that welcomes and embraces diversity, has an abundance of high quality and affordable housing options and vibrant businesses. Our neighborhoods are attractive, well-maintained, and issues surrounding homelessness have been compassionately addressed with thoughtful, coordinated, and collaborative programs.

ATTACHMENTS:

1. North City Specific Plan Zoning Districts
2. North City Extended Specific Plan Zoning Districts
3. North City Economic Development Resolution No. 2022-57
4. Valley Center Development Concepts