



Agenda Report

MEETING DATE: Tuesday, October 25, 2022

TO: City Council

**FROM: COMMUNITY DEVELOPMENT DIRECTOR MERRIAM
JUSTIN MEEK, AICP, PRINCIPAL PLANNER**

THROUGH: CITY MANAGER MENDEZ

**SUBJECT: UPDATE ON THE DOWNTOWN WATSONVILLE SPECIFIC PLAN
AND PRELIMINARY FINDINGS ON THE INITIAL STUDY**

RECOMMENDED ACTION

Staff recommends that the City Council, by motion, accept the final draft of the Downtown Watsonville Specific Plan (DWSP) and direct staff to complete the Environmental Impact Report (EIR) for the Downtown Watsonville Specific Plan.

BACKGROUND

The DWSP has been in development since 2019 and has included a robust public engagement component. Last June, the Draft DWSP document was released to the public, and environmental analysis of the document began. The last Advisory Committee meeting was held on July 22, 2022, with the goal of receiving final feedback on the draft plan. There were a total of 32 meeting attendees, and the City received comments on the plan that have resulted in changes to the document. Staff is providing the final draft of the DWSP to Council for review.

The Notice of Preparation and Initial Study have also been prepared in compliance with the California Environmental Quality Act (CEQA). The Initial Study has found that the plan could cause significant impacts to the environment, and therefore an EIR is being prepared for the project.

DISCUSSION

Draft Downtown Watsonville Specific Plan Document

The Draft DWSP provides a comprehensive land use and mobility plan along with development and design regulations that support the Specific Plan's goals and policies and guides future public and private development. In addition, the DWSP includes an implementation strategy and mechanisms to ensure that development will be coordinated and will meet the intent of the Specific Plan. The Draft DWSP consists of the following nine chapters: (1) Introduction; (2)

Downtown Vision, Goals & Policy Direction; (3) Design Framework; (4) Mobility & Transportation; (5) Public Realm Improvements; (6) Land Use & Zoning; (7) Historic Preservation; (8) Infrastructure; and (9) Implementation.

The City issued the Draft DWSP for public review in June 2022, which was followed up with a joint Community Workshop and Advisory Committee meeting on June 30, and then another Advisory Committee meeting on July 22. The June 30 meeting provided a chapter-by-chapter breakdown of the document and collection of further comments on the Draft DWSP. The July 22 meeting included a summary of public comment on the document to date as well as further discussion from Advisory Committee members and the public.

There was general support for the DWSP as drafted. The following are the main discussion topics and concerns raised during the June 30 and July 22 meetings:

- **Residential uses on the ground floor on Main Street.** The Draft DWSP proposes to allow a “retail-ready” design for the first floor of buildings fronting on Main Street to give flexibility to developers in how to use the building’s first floor in a situation where retail may not be profitable. The “retail-ready” design allows for easier conversion of the first floor to a retail use at some point in the future. While the public was generally supportive of allowing office uses on the ground floor, there was significant pushback to allowing residential uses on the first floor on Main Street. Staff has revised the document to remove first-floor residential fronting on Main Street.
- **Second-hand stores on Main Street.** There was spirited debate regarding the appropriateness of allowing thrift stores and antique stores in the downtown core. Currently, second-hand stores are allowed conditionally with issuance of a Special Use Permit and there are several second-hand stores in the downtown, including ReStore, Goodwill and Teen Challenge Thrift Store. Some people believe that second-hand stores do not contribute to a thriving downtown, while others believe that thrift stores and antique stores are necessary for Watsonville residents. The Specific Plan has been modified to prohibit thrift and antique stores on Main Street but allow them elsewhere in the Specific Plan area. Second-hand stores are also allowed in other parts of the City zoned for neighborhood shopping, thoroughfare commercial, and visitor commercial uses.
- **Industrial uses allowed by-right in the Industrial Flex neighborhood.** The Draft DWSP allows for residential, commercial, and industrial uses in the Industrial Flex neighborhood, with the goal of creating a mixed-use area that includes all of these types of uses in a harmonious way. In order to achieve this, the Draft DWSP proposed to allow residential uses administratively, while requiring a Conditional Use Permit for industrial uses. Some Advisory Committee members and the public indicated that Watsonville has a thriving industrial center and we should continue to promote industrial uses administratively, thus requiring a Conditional Use Permit for residential uses. Additional screening standards for residential uses have also been added to protect future residential uses from impacts from industrial uses. The DWSP has been changed to reflect this sentiment.

- **Flexibility in design standards.** The Draft DWSP contains comprehensive design standards to ensure that future development in the Specific Plan area is “sited and oriented to appropriately define and engage new and existing streets, public spaces, courts and paseos.”¹ Further, “all new buildings should contribute to the Downtown environment, respecting its context and building on its history.”²

State regulations passed in the last few years included SB 35 (Wiener, 2017) and SB 330 (Skinner, 2019), which both require cities to review projects against objective design standards.³ Objective standards are now the only basis a city can use to deny or reduce the density of housing projects. The goal is to provide much more predictability for developers, the public, and decision makers, in that a developer has the assurance that as long as they design to the objective standards, their project will be approved. This is in contrast to the previous (and no longer allowed) process of using subjective design guidelines—things that can be open to subjective judgment and interpretation—such as neighborhood compatibility, paint colors or specific finish materials to delay, deny or reduce the density of projects. State law has also limited the number of public hearings at which a project may be reviewed.

Because developers, the public, decision makers and staff want to be able to rely on objective standards in design review, staff has not made modifications to the design standards included in the Specific Plan, because we believe that the standards, as written, provide for creative design while ensuring that new development will enhance the downtown area. Without these standards, a developer may ignore all the non-objective standards.

Initial Study for the Downtown Specific Plan

Rincon Consultants, Inc. is the consultant responsible for undertaking environmental review for the DWSP, and has completed an Initial Study and Notice of Preparation for the project. The Initial Study found that the buildout of the DWSP could have significant impacts in the following categories:

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| • Aesthetics | • Noise |
| • Air Quality | • Population/Housing |
| • Biological Resources | • Transportation |
| • Cultural Resources | • Tribal Cultural Resources |
| • Hazards & Hazardous Materials | • Utilities/Service Systems |

With any significant planning document such as the DWSP, that has a vision to bring substantial improvements and increased housing to the downtown area, potentially significant environmental impacts are expected, and it is important that the City study each of these to fully understand how project buildout may impact the environment. Once we understand the impacts, we can then develop strategies to mitigate and reduce those impacts

¹ Draft Downtown Watsonville Specific Plan (June 2022), Section 6.6 Form Regulations, p. 168.

² *Ibid.*

³ GOV § 65913.4, subs. (a); GOV § 66300, subs. (a)(7) & (b)(1)(c).

so that they are less than significant. This is the role of the EIR, which Rincon will continue to work on through Spring 2023.

Next Steps

Staff is requesting that the City Council, by motion, accept the final draft of the Downtown Watsonville Specific Plan and direct staff to continue to work on the EIR for the DWSP. The EIR will address the potential physical environmental effects of the DWSP for each of the environmental topics outlined in Appendix G of the *State CEQA Guidelines*. During the EIR process will be a 45-day public review period⁴, which is anticipated to occur in early Spring 2023. This will provide the general public as well as federal, state, regional and local agencies the opportunity to comment on the environmental analysis conducted for the DWSP. Once an EIR has been prepared and any comments are addressed, the DWSP and EIR will be formally considered by the Planning Commission and the City Council at public hearings anticipated to be scheduled in late Spring/early Summer 2023.

STRATEGIC PLAN

The DWSP meets Goals 1, 2, 3, 4, 5 and 6 of the 2021-2023 Strategic Plan, as follows:

1. Housing: The DWSP will increase housing options in the downtown area, including ownership, rental, market rate and affordable housing by allowing up to 3,800 new housing units in the downtown.
2. Fiscal Health: The DWSP will encourage increased density in the downtown which will serve to attract new business and retail opportunities, thus bringing in additional tax revenue for the City.
3. Infrastructure & Environment: The DWSP calls for the improvement of streets, sidewalks, and utilities in the downtown area.
4. Economic Development: The DWSP will help to improve safety, lighting, and beautification projects, creating a vibrant downtown district that preserves and enhances the diversity and character of the community.
5. Community Engagement & Well-Being: Improvements to the downtown provide the opportunity for new businesses such as experiential retail, thus giving residents additional options in which to spend their spare time.
6. Public Safety: Implementation of the DWSP will include a reduction in lanes on Main Street from four to three, effectively slowing traffic and making the downtown a safe place for pedestrians and bicyclists.

FINANCIAL IMPACT

There is no financial impact to the City to continue to work on the Downtown Watsonville Specific Plan and EIR. All funding for the DWSP and EIR have been programmed.

ALTERNATIVE ACTION

The City Council could request that staff make modifications to the DWSP, however, given that there have been significant opportunities for public input in the last three years, staff

⁴ PRC § 21091; State CEQA Guidelines § 15105.

does not recommend that Council modify the document any further until the EIR has been completed and all potential impacts have been analyzed.

ATTACHMENTS

- 1) Final Draft of the Downtown Watsonville Specific Plan (DWSP)
- 2) Initial Study
- 3) Notice of Preparation

REFERENCES

Additional information, including the DWSP's vision themes and guiding principles, existing conditions reports, community survey results, and meeting summaries and recordings, are available on the project's website at: <https://www.cityofwatsonville.org/1626/Downtown-Specific-Plan>