



REGULAR CITY COUNCIL MEETING MAY 24 2021
COUNCIL CORRESPONDENCE

PREPARED BY: Xenia Bradford, City Manager
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DATE: May 24, 2021

TO: City Council

The following public comment was submitted for May 24 Regular City Council Meeting Item #7.

Xenia Bradford,
City Manager

Mayor Uhrig and Council Members,

I am not surprised that the owner of the Old Lumberyard has now resubmitted his hotel proposal and term sheet for your consideration. It is clear that he does not wish to build his residential project despite his threat to do so.

I was surprised however, that the agenda listing for your discussion does not include any information regarding the hotel or the term sheet. Members of the public need to be informed regarding a project that is so important to the community. Lacking those materials, I can only assume that the proposal (poorly defined as it is) and the terms of the proposed agreement remain unchanged.

Therefore I have attached the original letter I sent the Council in February regarding the proposal. I have also included the detailed comments I prepared regarding the terms the developer proposed. I hope you will take the time to read them and seriously consider the concerns expressed.

I continue to believe that the City has the upper hand regarding the development of a hotel on this property and it would be unwise to "give away the store" for fear of a project the developer does not want to build.

Thank You for your consideration,

Lansing Duncan

Lansing Duncan
635 Aqueduct Way
Solvang, CA 93463
February 18, 2021

Solvang City Council
1644 Oak Street
Solvang, CA 93463

RE: 1783 Mission Drive – Discussion of Developer Proposed Term Sheet

Dear Mayor Uhrig and Councilmembers,

I was not surprised when I read the staff report for this item and found that “the City is not prepared to commit to” a “number of detailed elements” found in the Term Sheet proposed by the owner and developer of the Old Lumberyard property. In exchange for withdrawing his apartment project the developer would have you commit to approving an out-of-scale hotel project along with a rezone, a massive tax subsidy and off-site parking.

On the other hand, I was not totally surprised when the former City Council’s unanimously decided to jump “out of the frying pan and into the fire” and proceed headlong into the Development Agreement proposed by the owner. In their defense the former Council may not have seen the “Term Sheet.”

Nobody is thrilled with the prospect of seeing the purposefully horrendous 59-unit apartment complex proposed by the developer at this important gateway to the City. It has been patently obvious however, that the developer doesn’t really desire to build this “straw man” proposal and he acknowledged to the Planning Commission that he would not be proud of it

The former Council bought into the false dichotomy that the developer is promoting. The City must specifically approve his mixed-use hotel project or he will build these horrible apartments. Development of the site is not a matter of either this specific one or that specific one.

A whole range of projects could be considered for the site. There is no need for the Council to buy into the developer’s specific “solution” for the specific “problem” he has created. Different uses, or a different combination of uses, or a different project, or a different developer, may ultimately be better choices for this critical gateway site.

Although residents are not happy with the “straw man” apartment project they should also be concerned about the project proposed to replace it, the review process used to evaluate and permit it, and the proposed Development Agreement.

Entering into negotiations with this developer may help the City find a mutually acceptable project suitable for this very important location. To that end, I believe your staff is suggesting you might start with a Memorandum of Understanding (MOU) rather than plunging headlong into the Development Agreement (DA) proposed in the “Term Sheet.”

Your staff report points out some of the problems with the developer’s proposal but there are many more once the details are reviewed. Please see the attached 4-Page list of comments regarding the Term Sheet and Project Description. I believe you will find it very useful and can be used as a checklist for many of the major issues involved.

Although some may think a development agreement will automatically help by moving away from the apartments towards the mixed-use project, it will undoubtedly reduce the City’s discretion in the review of the new project. The Council enjoys the ultimate power of approval or disapproval of the rezone for the project the developer prefers to do. It would be foolish for your Council to relinquish that authority until you see that the proposed project really fits the site and really serves the City.

If the Council does choose to enter into negotiations with the developer it will be very important who will be negotiating for the City. If he is included, I hope the rehired City Attorney will carefully defend the City’s interests. Unfortunately, Solvang no longer has an experienced Planning Director to provide critical input and continuity.

In light of past history, it may be difficult to convince residents that entering into a Development Agreement with a developer who threatens the City with inappropriate development, can be relied upon to produce appropriate development. Please see my comments regarding the pitfalls I see.

Thank you for your consideration,
Lansing Duncan

**Comments on the proposed Term Sheet for the
1783 Mission Drive Development Agreement (DA)**

1 - Mutual Project Goals and Summary. The second paragraph notes that the City stands to generate income due to the lease or purchase of parking spaces. This should be cause for concern since it suggests that the project is overdeveloped and underparked for the size of the site. See the comments regarding parking below.

1 A - Uses. This paragraph describes 14 of the units as “hotel condominium units”. Could those units be sold or leased separately from the hotel? This may raise other issues.

Is the “fitness/wellness center” now being proposed private? for hotel guest exclusively? Previous proposals included a public fitness center.

This description says that “development will be located within five (5) buildings.” The only site plan for a hotel project that members of the public have seen is the one that was included in the Planning Commission Staff Report for August 7, 2020 (included as Attachment B). It showed six buildings and the statistics for the hotel are different from the statistics listed now. Does the City have a Site Plan and Elevations for the specific Hotel project that is the subject of the proposed Development Agreement?

1B – Parking. Both the summary and the detailed Project Description acknowledge that the project includes substantially fewer parking spaces than required (at least 44). The applicant proposes to offset this deficit by lease or purchase from the City, presumably in the lot adjacent to and behind the Vet’s Hall. This is problematic. A long-term lease does not solve it. It merely kicks the problem down the road. Permanent sale or granting exclusive rights would eliminate valuable public parking and constrain the community’s ability to use the Vet’s Hall, Library, Senior Center, etc.

1C - Architectural Style. The project is proposed to be “Traditional Spanish Mission style.” Despite Solvang’s commitment to Danish Architecture in the Village core, Mediterranean / Mission style architecture is the best fit for this site. All the surrounding buildings that will remain are Mediterranean / Mission style and especially the important ones like the Vet’s Hall and the Mission. Consistent Northern European architecture on Mission Drive does not start until you reach Alisal Road. In addition, Northern European style architecture calls for a steeper roof pitch which usually means a taller building. Considering this location, the Development Agreement rightfully calls for this site-

specific exception.

1D – General Plan and Zoning. The Owner requests that the City rezone the entire property from High Density Residential (DR-20) to Tourist Related Commercial (TRC). This is a substantial financial benefit to the Owner. Has the City attempted to quantify that subsidy?

What if the rezoning occurs but the project is not built? Could a partial rezone of the property allow both a Hotel project and residential development thereby maintaining some of the “residential capacity”.

The property includes two lots. Could a Lot Line Adjustment be used to support two different types of development?

1E – Building Height. There are five different buildings but no differentiation. Are most of the buildings to be 48’ high with some 52’ high elements? This is far higher than the 35’ maximum. When the previous City Council was considering a Development Agreement to allow a Hotel project it was to be 40’ high with 47’ high architectural elements. Considering this prominent location building height will be very important.

1F – Setbacks. The Owner desires an exception to the height requirements but plans to comply with other standards. For this massive project the existing setback standards may not be adequate or appropriate. TRC would typically have no sideyard setback and only a 10’ rear setback for Maple Avenue even though the northern units front Maple.

Of most concern would be the setback from Mission Drive. Standard policy direction would be to place the building “as close to the street as possible” but considering the massive height and scale and the prominent location that would be disastrous. In the core of the Village, where structures are designed to replicate a small European town and are no higher than 35’, this is appropriate. But in this prominent gateway location, where none of the surrounding buildings abut the sidewalk, it would be a mistake. A generous setback will be needed in order to mitigate the visual impacts of the hotel and not call attention to the building.

2A - Contribution to Housing Element Update. The Owner proposes a token cash contribution, presumably to offset the loss of housing due to the rezone. It should be noted that Solvang has limited undeveloped land within the City limits suitable for increased residential density.

2C - Temporary Partial Abatement of TOT. This may be the most alarming subsidy the Owner is requesting and could amount to five million dollars. What precedent is there for it? Is it necessary and who would benefit?

3 Review Procedures - This is a critical component of the proposed Development Agreement and the City should be fully aware of the terms proposed.

3A - Does not appear to consider that the City may desire revisions to the Term Sheet. It assumes a straight up or down vote. This is a false dichotomy.

3C – The City may or may not have the complete plans when considering the DA. Although the City will want to see what is proposed, the agreement needs to allow for necessary revisions requested by the City.

3F – This directs the timing of the Initiation of the Rezone. It does not delineate finalization of the rezone or the possibility of conditioning.

3G – This appears to assume that only one public hearing of the Planning Commission will be necessary to consider the project and the Rezone. It assumes that the Planning Commission will not ask to see any revisions to the project or request any additional information. There is no consideration of any review by the Design Review Committee, something that would normally occur and might also involve multiple meetings.

4A – Timeframes and Deadlines. In light of the many issues and impacts that accompany this project, six months may be inadequate for some discretionary approvals.

5 – Termination. If the DA is terminated due to failure of the Owner to build the project will the property retain TRC Zoning? This appears to say that the DA will terminate in “any event” after 10 years. If the City decides to terminate the lease of dedicated off-site parking what happens?

6. Vested Rights. – Because the DA will give the Owner vested rights it is crucial that the DA accurately describe the proposed project and the City must be comfortable with what is proposed. It should be noted that in certain places the DA describes a project that is not consistent with the “ordinances, policies, standards, and procedures” currently in effect.

8 – Mutual Cooperation. This speaks of how minor amendments are to be made but those individuals designated to act on behalf of the City may need to be revised. Solvang no longer has a real “City Planning & Economic Development Director” staff person. The

City Manager alone may not be appropriate for certain amendments. The City Council may need to add additional oversight to project revisions.

Exhibit A – Detailed Project Description

Existing Conditions and Zoning. This section describes the property as 2.14 acres. Previously it was described as 2.19 acres. It should be noted that the base zoning for a DR-20 parcel this size would allow for 42.8 (43) units, not 44 as previously described.

Project Components. There 100 “keys” total. Buildings 1 and 2 are described as 3-story. It is unclear how many stories are in Buildings 3, 4 and 5. Since the wellness and fitness center are “for guest use” they appear to be private.

Parking. The fact that two at-grade parking spaces are dedicated for each of the fourteen vacation rentals suggests considerable traffic generation. It is unclear how many employees the hotel, restaurant, wellness center, swimming pool and vacation rentals will require so it is difficult to evaluate the adequacy of 118 spaces and the traffic that will be generated.

See comments above regarding the feasibility and appropriateness of dedicated off-site parking to be provided by the City.

Architectural Style. See comments above.

Dear Mayor and City Council members,

Having only the developer's TOT analysis as background information for a discussion of policy regarding a proposed hotel at 1783 and no information yet about a potential apartments application, it is difficult to provide helpful comments for this particular discussion.

What we do know is that Solvang's SBCAG housing allocation for 2023-2031 will probably be 191 units, with 55 designated for very low income and 39 for low income families (94 units). This is no longer just zoning to accommodate these units but requires good faith efforts to obtain buildout by the end of this eight year period. This will be a considerable challenge so will require weighing housing vs. hotel carefully and having a City analysis of TOT benefits before arriving at a decision regarding which is more needed by residents. Housing, particularly affordable housing, is needed by residents and others working in Solvang and residents are concerned that visitors pay for the costs that come with them when they visit.

We have attached for your information our correspondence and comments submitted for your February 22, 2021 meeting plus a compilation of germane items from the General Plan. It is background information for your policy decisions on Monday night.

Sincerely,
Nancy Emerson, WE Watch President

February 19, 2021

TO: Solvang City Council
FROM: WE Watch, Nancy Emerson, President
RE: Feb., 22, 2021 agenda, Item 6, 1783 Mission Drive Proposal

WE Watch hopes you will agree with the advice of your city manager to carefully consider the complex issue of how best to proceed with the 1783 Mission Drive site as you negotiate with the developer. SBCAG's presentation of the Housing Allocation for 2023-2031 and SB 330's requirements, make it difficult to decide whether the site should be used for a hotel or for housing (or some combination of the two). The City's long-standing incentives for affordable housing and SB330, which requires a streamlined decision process, further complicate the situation.

Is more income for the City and the property owner (hotel) more or less important than housing with some affordable units? Neither project diversifies City income, a long-term goal of the City.

WE Watch's members who live in Solvang are involved with our Board in studying these projects. Unfortunately, as of today, neither you or we have the complete current applications, with elevations and site plans, for either the hotel or the housing project. Based on the current Term Sheet and its Detailed Project Description of the proposed hotel we have some comments. In addition, we will include our comments about the earlier apartment project proposal. (See attachments.)

Briefly, for both projects we have concerns about:

1. Some aspects of the Term Agreement:
 - *Rezoning implications
 - *Abatements for TOT
 - *Timeline for City
 - *Need to include Design Review Committee
 - *Vested rights
 - *Minor amendments

2. Some aspects of both hotel and apartment detailed descriptions
 - *Height, Setbacks, Density, Site Plan
 - *Parking
 - *Whether architecture should be Danish or Spanish, or a fusion of the two and quality of current architectural designs
 - * Water and wastewater usage
 - *Impact of each project on traffic, air quality and noise

Attachment A. Term agreement Details

1.Rezoning implications: If rezoned to TRC, the land will be worth significantly more than with DR-20 zoning. If it is rezoned for a hotel, should the City require that it revert to DR-20 before being sold if the current owner decides not to build on it? **(1-D, page 1)**

2.Abatements for TOT: Before agreeing to any abatement, the City needs to determine whether such an abatement would be fair to existing hotel and motel owners. What, if any, abatement has been granted previously? **(2-C, page 2)**

3.Timeline for City: A timeline for a hotel needs to be negotiated which can be executed by the City, including allowing enough time for community input before Planning Commission, Design Review Committee and City Council final action. Design Committee comments and action should be available to the Planning Commission before its final action. Somehow, careful decisions about use of the 5 meetings allowed for a project with very low-income housing, need to include the above elements. **(3 and 4, page 3)**

4.Vested Rights: The phrase “under the ordinances, policies, standards and procedures in effect on DA’s effective date”, will require careful consideration by the City Attorney and City Council since on the one hand, the developer is asking for exceptions to the City’s height and parking requirements and on the other hand is not asking for an exception to the front and side setbacks, all of which present problems. **(6, page 3)**

5.Minor Amendments: We are aware that essentially all building projects require “minor amendments.” We recommend that this term be carefully defined so staff and consultants know which proposed changes need to be reviewed by City Council and the public before taking action. **(8, page 4)**

Attachment B. Details, Project Description in Term Agreement and Exhibit A

1.Height, Setbacks, Density, Site Plan: These four aspects of both projects need to be considered together as they affect each other and are critical when determining suitability for this site.

The proposed height for either the hotel or apartments exceeds the City’s height requirement of 35 feet. To extent possible, you need to negotiate any exception to this requirement. Consider any previous height exceptions agreed to by the City and the height of surrounding buildings in this block of Mission Drive (Vets Hall height is 31 feet) and the homes on Pine and Maple. In the apartment proposal, Buildings 1, 2 and 3 will be 49’. It seems all buildings in the hotel proposal will be three story and approximately 48 feet in height. (tower 52’ 6”). Not only is the height of the building fronting on Mission a critical issue. So is the height of the buildings nearest the homes abutting the development.

A generous setback from Mission Drive is needed, due to the height and length of the front building and the setbacks of the Vets Hall, County Building and the Mission. Side setbacks need to be examined, also. Site plans need to be evaluated for density as well.

2.Parking: Parking exceptions are requested for both the apartment and hotel proposals. Neither takes into account the already impacted parking in this neighborhood. For the apartment proposal, it seemed the developer might be applying public transit availability standards used in SB330, which describe an urban transit system, not our rural one. Leasing or purchasing any parking spaces in the Vets Hall lot is not feasible (Parking lot has total of 133 spaces but only 90 are undesignated (11- RVs, 13 –Sheriff, 4 - Disaster 5- Senior Center, 1– Electric recharging station, 9 - Handicapped). The Senior Center plans to double its size, the Legion wing needs parking spaces. Evening events attendees and weekend tourists fill the lot.

3.Architecture: Both Danish and Spanish architecture have been suggested for this site. Though the developer had provided some examples of Danish architecture when proposing a hotel as part of the Solvang 2.0 project, the quality of the proposed designs indicates a need for further work by an architect. One WE Watch board member supplied the photo below, taken in Denmark, as an example of a blend of Danish and Spanish architecture.

WE Watch members provided comments about Danish and Spanish architecture or a fusion of the two for this site:

Pro Danish: “Use Danish ‘colorful’, Use more contemporary Danish. Try to retain Danish style as we live in a Danish town, Guests coming to Danish town might prefer Danish style hotel, Not Santa Barbara. If Danish, not dated but contemporary.”

Pro Spanish: “Spanish style for consistency & well designed neighborhood. South facing so can use its deeper eaves, shade elements, to add shadow & depth. Prefer Spanish. Vets Hall, County building, Mission all Spanish. Existing houses - not Spanish or Danish. No Spanish until corner of Alisal.

Question: What is cost differential between 2 styles?

4.Traffic, Water, Wastewater, Air Quality and Noise: Eventually the impacts of these five topics will be evaluated through an EIR. However, it would be very helpful before decisions are made about these two projects to understand the impacts of each on traffic, water, wastewater, air quality and noise. The impact on traffic, air quality and noise is especially important for those living in the immediate neighborhood.



Solvang General Plan, Community Design Element (1988) Language Germane to Potential Hotel or Apartments at Former Skytt Lumberyard on Mission Dr.

Immediately adjacent to the eastern portion of the Village is Mission Santa Ines, beyond which are agricultural land uses and Alamo Pintado Creek.

Outside of the Village, the remaining area within the city generally is not developed with distinctive architectural styles. For example, most residential neighborhoods are developed with traditional ranch style or early California architecture. As a result, the Danish character of the city remains focused within the Village Area.

Policy 1.d The city shall encourage the preservation' or establishment of a sense of origin and features such as significant landmarks and focal points.

OBJECTIVE 2.0 Establish a program to improve and strengthen the gateways into the city.

Policy 2.a The city shall encourage entry areas of the city to reflect the character of the community.

Policy 3.a The city shall promote visual continuity along city streets through coordinated landscape plantings, lighting and street improvements which reinforce the hierarchy of the street system established in the circulation element of the general plan.

Policy 6.9 Buildings taller than 35 feet shall be considered only when appropriate and necessary to the type of development and when they do not result in a significant adverse visual effect when compared to a similar project within the 35-foot height limit.

4.1 CONCEPT

The basic design concept for Solvang is to establish a unified community that preserves and enhances the Danish character of the Village Area while maintains the rural character of the areas on the fringe and around the city and presents a high quality of design for the areas outside the Village Area that promotes Spanish and ranch architectural vernaculars. The visual integration of buildings, landscaping, open space, and infrastructure is necessary for the city to present a high-quality image that enhances the community's social and economic base.

1. Buildings shall be located as close to the street as possible and up to the front property line, except along Mission Drive.

2, Buildings along Mission Drive shall be located up to the required front setback line. Buildings along other streets shall be located up to the front property line, assuming approval of a Development Plan Modification by the City Council¹, Variations permitting pedestrian access and visual interest shall be encouraged.

WE Watch, 2/21