



# William Lyon Homes, Inc.

July 11, 2019

Cheryl Kuta  
Director of Development Services  
City of Rancho Santa Margarita  
22112 El Paseo  
Rancho Santa Margarita, CA 92688

Re: Paloma Square Entitlement Applications

Dear Ms. Kuta:

William Lyon Homes is pleased to submit entitlement applications for Paloma Square with our proposal for the repurposing of the existing Dove Canyon Plaza. After months of review of the existing center and the potential commercial uses, our application is for a high-end, luxury community of 123 townhomes. We believe this application would require an Environmental Impact Report (EIR), General Plan Amendment (GPA), Zone Change (ZC), Specific Plan (SP), Vesting Tentative Tract Map (VTTM), and Site Development Permit (SDP).

Our proposal for Paloma Square consists of 123 townhomes on approximately 8.7 acres, which represents a density of approximately 14.1 dwelling units per acre. Access to the site would remain as occurs in the existing condition and the Trabuco Canyon Water District (TCWD) office would remain in its current location. The only change to the TCWD office would be a minor reconfiguration to their parking lot that extends onto the project site while maintaining the same number of parking spaces.

Paloma Square designates approximately half (49.8%) of the site as open space. This includes landscaped slopes, internal open space areas such as a dog park and BBQ/picnic overlook, and a perimeter pedestrian walking trail as well as internal pedestrian walkways. Additionally, 88 homes will have private first floor yards; 23 homes will have entry courts and the remaining 12 homes will have walkways leading to the front doors. The buildings themselves only cover approximately 25% of the project site. The 123 townhomes are all planned as three story. Three floor plans range in size from approximately 1,500 square feet to over 2,000 square feet. All townhomes have two car enclosed garage spaces and the largest floor plan includes an enclosed third car tandem parking space. Additional surface parking is provided, which creates a total of 369 parking spaces on-site. No parking on Dove Canyon Drive is proposed and we support a City measure to restrict all parking on Dove Canyon Drive.

The Applicant Team is in the process of preparing additional planning and technical documents for submittal to the City, including:

- Draft Specific Plan
- Visual Simulations
- Traffic Study

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- Air Quality / GHG / Energy Studies
- Noise Study
- Geology and Geotechnical Evaluation
- Cultural Resources Study
- Biological Resources Analysis
- Preliminary Water Quality Management Plan
- Preliminary Hydrology Study
- Fire Master Plan, including Fuel Modification Plan
- Phase I Hazards Analysis

In addition to the proposed 123-lot subdivision, this Application package includes three project alternatives to be included in the EIR. The Alternatives include:

1. Residential Care Facility for the Elderly – 308 residences. The RCFE facility primarily consists of independent living, but also provides assisted living and memory care, all for seniors 62 years and older.
2. Residential Care Facility for the Elderly plus Existing Retail. This alternative provides an RCFE community of approximately 255 residences and retains the existing two-story retail building located just north of the TCWD office building.
3. Mixed Use with Live Work. This alternative retains the existing two-story retail building located just north of the TCWD office building, provides 15 live-work units opposite the existing retail building to create a main-street effect, and provides 83 duplex/triplex dwelling units.

## **Justification**

*Justification No. 1: The current use as a retail center is not sustainable given the change in how consumers shop with the online e-commerce market and more centralized commercial centers with higher visibility and traffic patterns in Rancho Santa Margarita.*

We believe the approval of Paloma Square is well justified given the history of underperformance of the Dove Canyon Plaza. In the 1980s, as families moved into the Rancho Santa Margarita planned community area including the neighboring Robinson Ranch, Dove Canyon, Rancho Cielo, Trabuco Highlands and Walden communities, they needed places to shop and dine. Initially featuring a grocery store, restaurants and service-oriented businesses, Dove Canyon Plaza sought to capture the growing demand for retail centers. As the area grew in population, retail centers were concentrated in Rancho Santa Margarita and higher-traffic locations. As a result, sales began to decline at Dove Canyon Plaza as shoppers were drawn to the better locations and efficiencies of the larger centers. The center continued to struggle, and the original developer was foreclosed upon in 1994. As tenants vacated, the center slowly transitioned from retail to service-oriented businesses, with the main tenant being a fitness center. Tenants complain the location of the center is hidden with minimal pass-by traffic. Numerous businesses, including at least five restaurants, have gone out of business in the center over the last 26 years.

Dove Canyon Plaza has struggled for years as a retail center, and it's getting worse, not better. Spanning the last 20 years, only six of the 28 tenants remain in the center. Over the last 24 months, San Giovanni Ristorante, Canyon Spa and Nails, The People's Pharmacy and other businesses have all left the center and the reason is not because of high rents. Rents have stayed the same or in some cases even dropped,

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in an effort to retain tenants. However, below market rents are not sustainable and it has become apparent that a commercial center simply doesn't work in this location.

*Justification No. 2: Paloma Square provides new housing consistent with the State Legislature's declaration that the State of California is currently in a housing crisis and additional residential projects are needed.*

Paloma Square proposes much needed housing during a critical time of State need. The State Legislature has stated in Government Code, § 65009 (a)(1), "The Legislature finds and declares that there currently is a housing crisis in California and it is essential to reduce delays and restrains upon expeditiously completing housing projects." The proposed Paloma Square project with 123 townhomes would provide much needed for-sale housing in the City. With townhomes ranging in size from approximately 1,500 to 2,000 square feet, the new housing would accommodate a mix of first-time buyers, young families seeking a townhome with private patio/rear yard, and possibly move-down buyers looking to stay in the area but maintain less space. The Project Alternatives also all provide housing and are therefore consistent with the State Legislature's objectives.

*Justification No. 3: Paloma Square minimizes impacts to surrounding neighborhoods by proposing a land use that generates substantially less traffic than the current land use designation.*

Lastly, Paloma Square seeks to reduce impacts to the existing surrounding communities. One measure of impact that most neighbors focus on is traffic. A comprehensive Traffic Impact Analysis will be prepared for the proposed project, which will analyze surrounding intersections and roadway segments. In the meantime, one method of quickly gauging traffic impacts is a comparison of trip generation. Trip generation is based on rates established by the Institute of Traffic Engineers (ITE) following decades of study of different types of land uses. The following table compares the trip generation of a fully occupied Dove Canyon Plaza, an 85% occupied Dove Canyon Plaza, and the proposed 123 Townhomes. As seen in this table, the proposed Paloma Square with 123 Townhomes generates substantially less traffic than a retail center.

PROJECT DESCRIPTION	DAILY TWO-WAY TRIPS (ADT)
Retail Use Fully occupied	4,007 ADT
Retail based on 85% occupancy	3,405 ADT
123 Townhomes	898 ADT

We look forward to working with the City on this Application. If you have any questions, please contact me at (949) 476-5447.

Sincerely,



Michael C. Battaglia  
Division Manager