



COUNTY OF LAKE
COMMUNITY DEVELOPMENT DEPARTMENT
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MEMORANDUM

TO: Lake Local Agency Formation Commission

FROM: Matt Perry, County Administrative Officer *MP*
Richard Coel, Community Development Director *RC*

RE: Sphere of Influence Update, City of Lakeport

DATE: September 8, 2015

ATTACHMENTS: 1. Undeveloped, Underutilized & Vacant Commercial Property Inventory
2. City of Lakeport Zoning Map

We appreciate your Commission agreeing to postpone a decision in this matter until we had time to adequately review the report, entitled *City of Lakeport's Sphere of Influence*, dated July 15, 2015. We fully intended to provide these comments much earlier than now, but as you know, we had several fires in Lake County during most of the month of August, the first of which (the "Rocky Fire") required the activation of the County's Emergency Operations Center for several days.

DISCUSSION

Our comments for your commission's consideration are taken from both the report prepared by LAFCO staff and the research by County staff as to the conditions in Lakeport.

A. Review of Findings in Report, Entitled *City of Lakeport's Sphere of Influence*, Dated July 15, 2015

As your Commission is aware, beginning on page 11, the subject report identifies four options for your Commission to consider:

- Option #1: City proposed SOI
- Option #2: Status Quo to re-affirm the 1994 Sphere of Influence
- Option #3: Removed mixture of Agricultural Lands along the southwest
- Option #4: Coterminous SOI (Sphere of the City would be coterminous with its boundary)

The discussion under Option #4 on pages 12 – 13 and further discussion under the heading "2.2 SOI Analysis" on page 13 and also under the heading "2.3.1 General Plan" contains several

findings that should be considered by your Commission to determine which option is most appropriate and logical. We do not believe these findings were adequately presented at the hearing on July 15, 2015. We trust your Commission has read these findings; however, a few are summarized below for your convenience:

1. The amount of available land for residential development is more than adequate for projected population growth: "According to the August 2014 Housing Element, the City has 312.71 acres of vacant land and underdeveloped sites with residential and high density residential land use designations and zoning, which exceeds the land needed to accommodate the 147 units... that were projected to be needed prior to 2019." (page 12).

"Lakeport has a high percentage of vacant and undeveloped land: twenty-five percent of the land with City limits remains vacant and another 12 percent is underdeveloped..." (page 13).

2. Current population trends do not support the request for additional land: "Housing need projections [in the General Plan] are likely exaggerated given the slowdown in growth compared to 2005 (when the General Plan was developed). The City anticipated growth of 33 percent in the population over the 20-year period from 2005 – 2025, or an average annual growth rate of 1.4 percent; however, over the last decade (2000 to 2012), the City experienced an overall decline in population of 1.4 percent, which is continuing through 2014." (page 13)
3. Even if the City were to grow as projected in the General Plan, there is sufficient land within City limits to accommodate such growth: "Although the General Plan includes a large City-proposed SOI, the Urban Boundary Element shows that the City could, in theory, meet a majority of the needs for estimated population growth with land that is in the City limits..... Moreover, the City has additional land that can be developed as a result of recent annexation." (page 19-20)

B. Findings from Research Conducted by County Staff

The Lake County Administrative Office and Community Development Department have significant concerns with the City of Lakeport's request to LAFCO to amend its Sphere of Influence, which still includes the heavy commercial area along the South Main Street and Soda Bay Road corridor. County staff does not believe that an increase in the amount of commercial land within its City limits can be justified at this time, or in the foreseeable future. We have grouped our concerns into the following five sections, which combined support our conclusion that the Sphere of Influence Amendment should either be further analyzed and amended to remove the County's heavy commercial corridor, or denied and a coterminous SOI approved.

1. More than adequate amount of commercial properties are available within existing City limits.

There are 107 vacant storefronts and undeveloped or largely underutilized commercial properties within the city limits of Lakeport. This includes 35 undeveloped commercial properties and 6 partially developed large commercial properties with additional land available, all with sewer and water service available to them. These properties total 73 acres of commercial land that can still be developed. In addition, there are 66 vacant commercial

buildings and lease spaces available for retail, professional office, banking and dining uses, including 27 vacancies within three existing shopping centers.

In analyzing the City of Lakeport's zoning map, County staff has determined that there is 409 acres of commercial and resort zoned land, compared to 863 acres of residential zoned land within the City. Stated another way, 47 percent of the land within the city limits, excluding city, county and state owned lands, is within a commercial zoning district. This is an excessively high rate of commercial zoning that is likely a contributing cause to the high vacancy rate of commercial buildings.

2. There is far more commercial development potential within the current City Limits than there is within the proposed South Main Street / Soda Bay Road commercial corridor that the City wants to annex.

Not counting all of the vacant buildings and lease spaces, at least 73 acres of raw land within the City limits can be developed for commercial and industrial uses. However, the County's commercial and industrial corridor south of Lakeport is largely built out, with most of the remaining land possessing environmental constraints (wetlands, flooding, recorded cultural resource sites). There are only 4 vacant parcels remaining, the largest of which has been determined by a biologist to be almost entirely within a wetland. Excluding the wetland property, the total buildable land on the remaining three vacant parcels is 5 acres. There are 4 underutilized parcels, including the theater site and the Sears site that provide a total of roughly 10 more acres of buildable Service Commercial land that is not located within wetlands. By comparison, the City of Lakeport has nearly five (5) times the amount of commercial land available for development (73 acres versus 15 acres).

3. Population Growth Rate is slow, does not justify expansion for additional commercial development.

In reviewing the City's current zoning map, it is apparent that the amount of commercially zoned land exceeds that which can be supported by the local and regional populations. Excluding the public and civic lands, the amount of land zoned for commercial and resort use is 47 percent versus 53 percent for residential use. Population growth rates in the area are low and the population has not generated enough demand to justify significant new commercial development. Despite Lakeport being a significant employment base for government and health profession jobs, the current population cannot even sustain the existing commercial buildings and lease spaces within the City limits, let alone the 74 acres of undeveloped commercial land. The nearly 2:1 ratio of residential to commercial land appears to be based on mis-guided long range planning. It contributes to blight conditions on developed commercial properties that may have over-built and are now largely vacant, and it reduces the amount of land available for residential development that is adjacent to infrastructure. This in turn necessitates that in order for the population to grow significantly to support the amount of commercial land available, the residential development increasingly has to occur on the edge of the City where roads, sewer and water service development costs are more likely to be cost prohibitive for residential development; the result being very little or no residential development occurs and the commercial areas continue to stagnate.

4. Proposed (revised) Sphere of Influence now omits residential area north of City Limits, and does not anticipate significant residential growth capability west of current City Limits.

The City is proposing to reduce the amount of residential land within its sphere of influence by removing the area north of the city limits and reducing the area west of Highway 29. This action would likely further reduce the future population growth capacity of Lakeport, because it removes several properties that could support infill development adjacent to Howard Avenue and Hartley Street, thereby contributing to long term shortfalls in demand for commercial development within the current city limits.

5. Long standing City development policies appear to be contributing to blight in the commercial areas.

A lack of code enforcement against owners of blighted commercial properties appears to be contributing significantly to the commercial vacancy rate. For example, the Vista Point Shopping Center located at the corner of the main "gateway" entrance to the City has 10 vacancies, and has been an attractive nuisance for over 15 years since the roof collapsed on a major section of the building. Trees are currently growing out of the slab foundation that will soon be visible from Lakeport Boulevard. Another example is the boat repair business located at the end of Industrial Drive, which has dozens of boats stored on and off of trailers all along the site's Highway 29 frontage, in close proximity to the central entrance to the City. Onerous design review processes and planning commission review of minor projects also contribute to delays and added expenses that drive commercial development out of the City.

County staff are also concerned with the pre-zoning proposal that would change the zoning to the City's C2 Major Retail district for a large portion of the heavy commercial corridor. This would cause a major portion of Mendo Mill's operations to become legal non-conforming, because lumber yards are precluded from the City's C2 district. It appears that Duncan Pumps and a self-storage facility would also become legal non-conforming, as would a propane distributor. The City already has 163 acres of C2 zoned land within its city limits, compared to nearly 55 acres of C3 Service Commercial zoned property. We believe the pre-zoning map is flawed and illustrates a lack of long range planning on the City's part.

SUMMARY

For all of the above reasons, the Lake County Administrative Office and Community Development Department staff are gravely concerned with the City's proposal to amend its SOI which would enable the City to move forward with an application to annex another 160 acres of commercial lands that provides approximately 25 percent of County's sales tax revenue. Incorporating additional commercial land would likely be to the detriment of the City for drastically outstripping its commercial needs and shifting its focus away from its existing core commercial areas.

Furthermore, removing the residential area north of the City from the proposed SOI update while requesting to retain the commercial area along South Main Street /Soda Bay Road has lead County

staff to conclude that the City appears to be on a path to eventually annex an area that is almost fully developed and generates a significant amount of sales tax without adding additional responsibilities incurred by residential service areas.

RECOMMENDATION

County staff recommends that your Commission take either one of the following actions:

1. Direct that the SOI be amended to remove the County's heavy commercial corridor along South Main Street/Soda Bay Road, or
2. Approval of option #4: a coterminous SOI.