



**CITY OF CITRUS HEIGHTS**  
**CITY COUNCIL STAFF REPORT**  
**MEMORANDUM**

**DATE:** October 27, 2022

**TO:** Mayor and City Council Members  
Ashley J. Feeney, City Manager

**FROM:** Casey Kempenaar, Community Development Director  
Alison Bermudez, Senior Planner

**SUBJECT:** **Proposed Sunrise MarketPlace Zoning Overlay**

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**Summary and Recommendation**

On September 28, 2022 the Planning Commission reviewed the proposed Sunrise MarketPlace Overlay Zoning Code Amendment. The amendment would establish a Zoning overlay within the Sunrise MarketPlace prohibiting certain uses. The Planning Commission unanimously recommended the City Council adopt the proposed Zoning Code Amendment.

Staff recommends the City Council introduce for first reading, read by title only and waive the full reading of Ordinance No. 2022- \_\_\_\_\_, an Ordinance of the City Council of the City of Citrus Heights adding Section 106.28.050 to Chapter 106 of the City of Citrus Heights Municipal Code (Zoning Code Section) and amending the Zoning Map to include the Sunrise MarketPlace Overlay District.

**Fiscal Impact**

There is no fiscal impact related to this action.

**Background and Analysis**

In 2019, the City Council adopted an amended General Plan goals and policies related to the Sunrise MarketPlace (SMP). The intent of the change was to reflect the importance of the SMP and the role SMP will play in the City's broader vision and economic development goals. This effort was spurred by the increased interest from property owners wanting to parcel off and sell portions of Sunrise Mall frontage or enter into long term leases with businesses/owners who didn't have a comprehensive development plan which supported the City's vision.

The City recognized that without proper planning and design, these developments can be detrimental to the future redevelopment of the mall, and more broadly, the future of the Sunrise MarketPlace. Also with the City being 98-percent built out, the ability to ensure high quality redevelopment of underutilized land is paramount for future redevelopment and economic development in the City. As a result, the City Council adopted Goal 12 for the General Plan.

*Goal 12: Create an inviting and distinctive identity for Sunrise MarketPlace to promote its image as the City's premier destination to shop, work, live and play.*

Shortly after the adoption of the General Plan policy, the City initiated the Sunrise Tomorrow Specific Plan (STSP or Plan). The STSP supported a community-based vision for the future of the 100-acre Sunrise Mall and supported a comprehensive and holistic approach to planning the future of the mall property. The Specific Plan was adopted in November 2021.

The Plan's vision includes new redevelopment framework and allows for a mix of uses not found elsewhere in the City. The Plan prescribes a diverse mix of retail, restaurants, and other uses distributed appropriately and strategically throughout the Plan Area to create a mixed-use destination and restricts uses not compatible with the Plan's vision. The STSP is anticipated to spur significant growth on the Sunrise Mall site and the nearby commercial properties within the boundary of the Sunrise MarketPlace.

This approach of comprehensive planning and protection of key locations for Economic Development has already yielded results as the City recently received an application for a Parcel Map within the STSP as an early step for the development of the first hotel in Citrus Heights.

Since the STSP was adopted, the City has received an increasing number of inquiries for new uses within the SMP which do not support the area's mixed-use destination vision and are incompatible with the anticipated growth within SMP. Currently, the commercial zones within the SMP allow for a variety of auto-intense uses such as service stations (gas stations), car washes, vehicle repair, and mini-storage facilities with a Use Permit approved by the Planning Commission. These uses have the potential to limit the growth anticipated by the STSP through their introduction of traffic, noise, air quality, and similar impacts that are incompatible with uses encouraged by the STSP and the overall economic strategies for the SMP.

Historically, auto-intensive uses have not been a dominant feature of the SMP. The SMP has traditionally been celebrated as a retail and restaurant district with ancillary auto-intensive uses. Staff are beginning to see interest in mid-block auto-intensive uses that have the potential to change the nature of the area they are proposed by impacting adjacent restaurant and retail uses. There is not a shortage of auto-intensive uses in the city nor in the SMP meaning it is not a significant community need but rather is likely being proposed due to serve commuter trip traffic. Furthermore, in discussions with the community, residents desire preservation and enhancement of the SMP as the community's shopping and dining district. The proposed Zoning Overlay would help address the pressures surrounding auto-intensive uses and put a focus on attracting businesses that are consistent with community needs and desires.

### **Project Description**

In order to support the vision of the STSP and to support economic development within the SMP, the Planning Division recommends consideration of a Zoning Overlay within the SMP. An overlay zone is a zoning district which is applied over the existing commercial zoning district of those properties within the overlay boundary and establishes additional standards in addition to those of the underlying zoning district.

The existing zoning districts within the proposed overlay area include a mix of Shopping Center (SC), Limited Commercial (LC), and Business Professional (BP). Absent an overlay, these zones allow a variety of auto-intensive uses with a Use Permit approved by the Planning Commission.

***Proposed Overlay Text***

Exhibit A includes the proposed Sunrise MarketPlace Zoning Overlay text. The text includes four key topics:

- A. Purpose.** This section establishes the purpose of the SMP Overlay District. The language focusses on the implementation of the General Plan and supports the vision and economic development goals for the SMP.
  
- B. Allowed Land Uses and Permit Requirements.** This section specifies that all uses allowed within the underlying zones (SC, BP, LC) will continue to be allowed as specified within the Zoning Code. However, the following uses are prohibited:
  - a. Service Stations (Gas Stations)
  - b. Vehicle Services – Major (includes uses such as towing, collision repair, auto repair)
  - c. Vehicle Services – Minor (includes uses such as car washes, brakes, batteries)
  - d. Storage – Personal Storage Facility (mini-storage)
  - e. Ambulance, taxi, and specialized transportation facility

This section also clarifies that uses legally in existence which become prohibited with the adoption of the overlay, may continue to operate (including through transfer of ownership). Additionally, the adoption of the overlay will not prohibit these existing business from enlarging or expanding their building in accordance with Section C below.

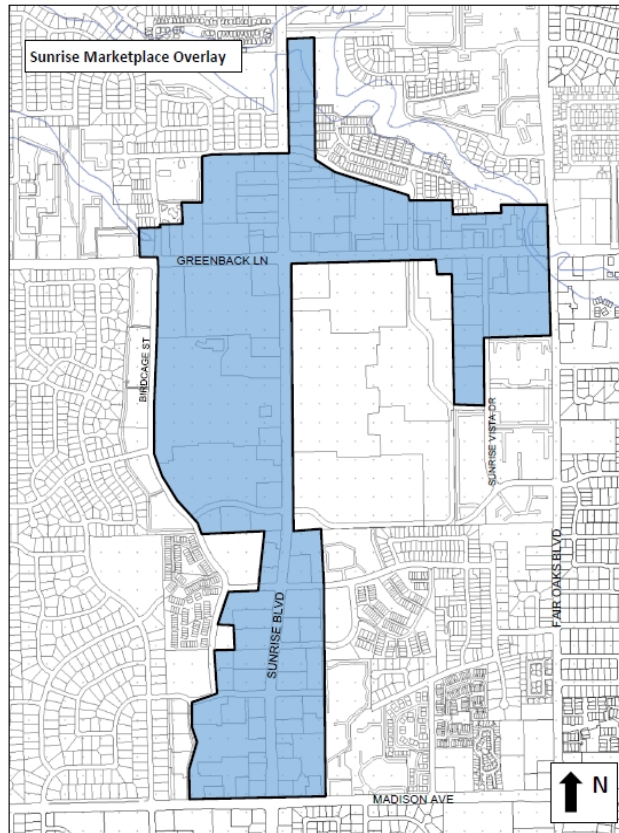
- C. Development and operating standards for prohibited use expansion.** This section provides the standards which would allow existing businesses, which are made prohibitive through the adoption of the overall zone, to expand with approval of a Use Permit and Design Review Permit. The following standards would apply:
  - a. Driveway Consolidation – This standard encourages these uses to consolidate driveways and strongly discourages the creation of new driveways for expansion of these uses.
  - b. Active Transportation – This standard prioritizes site access and circulation for active transportation users.
  - c. Health Risk Assessment – This standard requires a Health Risk Assessment as part of the application submittal for uses that generate operational air quality emissions that may be hazardous.
  - d. Design Standards – This standard requires the expansion to adhere to existing design guidelines and requires a comprehensive update of impacted sites, not just the expanded portions.

**D. Required Findings for Approval.** This section includes six findings necessary for the Review Authority to make prior to approving a project that is legally existing before December 1, 2022.

***Proposed Overlay Map***

The proposed SMP Overlay geography is largely consistent with the existing Sunrise MarketPlace Property Business Improvement District as shown in Figure 1. The proposed SMP overlay does not include the Sunrise Mall property, as this property is regulated by the Sunrise Tomorrow Specific Plan.

***Figure 1 – Proposed Overlay Map***



**Analysis**

The Citrus Heights Zoning Code (Section 106.74.060.B) states that a Zoning Ordinance Amendment may occur only if the following findings listed below in bold italics can be made:

- ***The amendment is consistent with the General Plan; and***
- ***The amendment would not be detrimental to the public interest, health safety, convenience or welfare of the City***

Given the City’s built-out nature (98% built out), nearly all future development in the City involves redevelopment of existing retail centers. The most likely location for redevelopment is

along the City’s existing commercial corridors, of which Greenback Lane and Sunrise Boulevard is a premier location and strong trade area. The land uses surrounding these corridors typically have an abundance of parking and are largely centered on retail, restaurant, or complementary uses.

The Sunrise MarketPlace, the City, and the state are continuing to see the retail market evolve based on the impacts of e-commerce, competition from other shopping centers, and the impacts of Covid-19. While certain uses may be feasible today, the long-term impact of a new use may not be felt for many years. Once established, most land uses are typically relatively permanent and create long lasting impacts.

For example, introduction of a gas station, even a well-designed gas station, can deter redevelopment or leasing of adjacent sites due to the odor, air quality, and traffic related impacts. Given the limited availability of land, more destination oriented uses are needed for the more future forward investment and redevelopment strategy the Sunrise MarketPlace must attract in order to achieve the broader economic development and housing related goals of the City.

As a result, dozens of General Plan goals, policies, and objectives focus on ensuring high quality redevelopment along the City’s commercial corridors is supportive of the future growth anticipated to occur along these corridors. The General Plan recognizes the importance of ensuring this redevelopment is high quality and compatible with the land uses anticipated to support future growth along these corridors.

The addition of an Overlay Zone amending the Zoning Code is consistent with many goals of the General Plan. The table below lists some of the most applicable goals, with a short discussion of how the overlay relates to that goal.

<b>Goal/Policy</b>	<b>Goal/Policy Language</b>	<b>Discussion</b>
Goal 8	<i>Maintain the economic strength of retail centers by focusing retail activities at major intersections</i>	The intent of the overlay is to reduce the impact of land uses on existing and future land uses along two of the City’s major corridors within the SMP.
Goal 9	<i>Revitalize and maintain corridors as economically viable and physically attractive</i>	The overlay will prohibit land uses that are oftentimes less attractive than alternative uses.
Policy 9.1	<i>Where appropriate, provide opportunities for a mix of low-intensity nonresidential land uses in residential sections of major corridors that will support attractive and healthy work and living environments</i>	Residential, dining, and mixed-use projects are sensitive to uses that produce noise, odors, and high volumes of traffic. The proposed ordinance limits these uses to preserve land for uses that are more compatible with sensitive uses.
Policy 9.2	<i>Provide opportunities for mixed-use</i>	

	<i>projects within commercial corridors</i>	
Goal 10	<i>Achieve attractive, inviting, and functional corridors</i>	The proposed overlay will support attractive, inviting, and functional corridors that support land uses that are envisioned within the SMP. Restricting uses that cause noise, odors, or similar operational challenges creates more opportunity to revitalize public spaces to encourage sense of community and personal safety.
Policy 10.1	<i>Require superior architectural and functional site design features for new development projects along major corridors</i>	
Policy 10.2	<i>Design buildings to revitalize streets and public spaces and to enhance a sense of community and personal safety</i>	
Policy 10.8	<i>Discourage concentration of auto intensive facilities (such as drive through and gas station uses) and ensure that drive-through businesses are allowed only where compatible with the surrounding areas</i>	Over-concentration of auto intensive uses can create an undesirable atmosphere for sensitive land uses such as residential and mixed-use development. Often these uses are catered toward pass-through traffic rather than local trips.  The proposed overlay will help reduce the concentration of these uses to encourage uses that are supportive of local trips and trips by pedestrians, cyclists, and transit.
Goal 11	<i>Maintain and strengthen Sunrise MarketPlace as the heart of commercial activity in Citrus Heights</i>	The proposed overlay is intended to restrict uses that may have a negative impact on surrounding land uses. The overlay preserves scarce land for uses that are more compatible with the SMP and surrounding neighborhoods.
Policy 11.1	<i>Actively seek to attract, retain and expand commercial activities at Sunrise MarketPlace</i>	
Policy 11.3	<i>Promote new regional and community-oriented commercial development within Sunrise MarketPlace that is compatible and supportive of existing uses</i>	
Goal 12	<i>Create an inviting and distinctive identity for Sunrise MarketPlace to promote its image as the City's premier destination to shop, work, live, and play</i>	The SMP is the City's most likely location for residents to shop, work, live and play.

<p>Policy 12.1</p>	<p><i>Implement the Sunrise MarketPlace Revitalization Blueprint to enhance the physical appearance of the district, create a recognizable destination, establish a sense of place, and promote private investment in the area</i></p>	<p>Restricting uses that create impacts on surrounding properties allows for introduction of uses that are not currently found within SMP that can help contribute rather than detract from the fabric which makes it an exciting location for residents and visitors to gather.</p>
<p>Policy 12.2</p>	<p><i>Market and promote Sunrise MarketPlace as a unique destination and community gathering place</i></p>	
<p>Goal 13</p>	<p><i>Increase activity in the Sunrise MarketPlace through transportation investments that enhance the convenience and safety of driving, riding transit, bicycling, and walking to, from, and within the district</i></p>	<p>The intent of the overlay is to reduce uses that have the potential to impact nearby land uses. These uses, typically catering towards vehicles can be detrimental to pedestrians, transit users, and bicyclists.</p> <p>These types of uses can deter transit investment and limit redevelopment of parcels once established.</p> <p>These uses can limit residential and mixed use projects due to noise, traffic, and odors affiliated with operation of these users.</p>
<p>Policy 13.1</p>	<p><i>Improve mobility in the Sunrise MarketPlace area to provide adequate access for vehicles, transit, bicycles and pedestrians</i></p>	
<p>Policy 13.4</p>	<p><i>Facilitate the development of new buildings in areas currently devoted to parking to shorten distances between buildings and foster better pedestrian connections between shopping centers</i></p>	
<p>Policy 13.5</p>	<p><i>Promote transit-oriented development through reuse and redevelopment of opportunity sites near the Greenback Lane/Sunrise Boulevard intersection, including potential mixed-use projects with a residential component. Coordinate potential development plans with transit near this intersection</i></p>	
<p>Goal 15</p>	<p><i>Diversify the local economy to meet the present and future employment, shopping, and service needs of Citrus Heights residents and sustain long-term fiscal health</i></p>	<p>The Overlay seeks to prohibit uses that have the potential to negatively affect existing or future adjacent land uses.</p>
<p>Policy 15.1</p>	<p><i>Pursue non-retail development and reuse (including home occupations, information</i></p>	<p>As a nearly built-out community, preserving land for non-retail development is a key component</p>

	<i>services, lodging and conference uses) to provide additional job opportunities, reduce the City’s long-term dependence on retail sales for jobs and revenue, and provide viable alternatives for currently underutilized retail centers</i>	of the City’s broader economic development goals.  Restricting auto-intensive uses can support development of non-retail uses that aid the City in recruiting different business sectors.
Goal 18	<i>Be responsive to changing economic conditions and opportunities</i>	The business environment continues to evolve and change consumer and resident expectations. Preventing uses that have impacts on adjacent land uses can preserve land for new development that is more aligned with changing demands from businesses and the community.
Goal 25	<i>Provide adequate sites for a variety of housing opportunities to serve all residents</i>	The City is required to plan for future growth facing the region within the General Plan. Ensuring that there are adequate sites for housing is a central component of the City’s Housing Element.
Policy 25.1	<i>Promote development of a variety of housing types in terms of location, cost, design, style, type, and tenure, while ensuring compatibility with adjacent uses of land.</i>	Housing, in particular is very sensitive to its adjacency to land uses that create noise, odor, and high traffic/circulation challenges.
Policy 25.4:	<i>Support a variety of housing opportunities on vacant or under-utilized lands</i>	Ensuring preservation of land to accommodate the anticipated growth on vacant and underutilized is critical; however, ensuring these development sites are not impacted by adjacent land uses that are incompatible is equally important to the likelihood of housing opportunities.
Policy 25.2.C	<i>Pursue funding to incentivize and promote housing within the City’s three identified “Green Zones” for the SACOG Green Means Go Pilot Project, with the goal of achieving 25-35% of the city’s overall RHNA requirement within these zones</i>	The Sunrise MarketPlace was identified as a “Green Zone” by the City Council in 2020  Green Zones are key areas that must have infill capacity, be in an area planned for infill development, and be in a center,



		<p>corridor, or established community, as identified in SACOG’s Sustainable Communities Strategy (SCS).</p> <p>SACOG provides growth forecasts as part of the MTP/SCS for the region. Within the Sunrise MarketPlace Green Zone, the MTP/SCS identifies the Greenback/Sunrise “center and Corridor Community” (not including Sunrise Tomorrow) as an area anticipated to see residential growth.</p> <p>Not including Sunrise Tomorrow, this corridor (Sunrise Boulevard between Madison Avenue and Sayonara Drive and Greenback Lane between Dewey Drive and Fair Oaks Boulevard) is anticipated to see between 350 and 700 new residential units by 2050.</p> <p>As a result, preservation of key redevelopment opportunity sites along this corridor is imperative. Ensuring preservation of sites are developable and compatible with surrounding uses is key to accommodating this growth.</p>
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**Conclusion**

The proposed Zoning Code amendment is consistent with and supportive of the General Plan and will not be detrimental to the public interest, health, safety, convenience, or welfare of the City. The proposed modifications are intended to update the Zoning Code based on changing trends and to implement the General Plan related to Sunrise MarkePlace.

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### **Environmental Determination**

The proposed amendments are exempt from CEQA Pursuant to CEQA Guidelines Section 15061(b)(3), also known as the “general rule” exemption, CEQA exempts activities that can be seen with certainty to have no possibility for causing a significant effect on the environment. Further, the amendments are exempt per CEQA Guidelines Section 15305 for Minor Alterations to Land Use Limitations.

### **September 22, 2022 Planning Commission Meeting**

The Planning Commission reviewed the proposed Sunrise MarketPlace Zoning Overlay on September 28, 2022. The Planning Commission Staff Report is available [here](#) and a video of the Planning Commission is available [here](#).

Several speakers spoke in favor of the proposed overlay. Many of the comments provided by the speakers were related to the importance of attracting uses that are supportive of the STSP and the future of the SMP.

Two property owners (Phil and John Jarret) affiliated with the former China Buffet Site (5623 Sunrise Boulevard) expressed concerns with the impact of the proposed overlay on a potential Car Wash considered for the China Buffet Site. They also provided a packet of information about a potential car wash operator for the site (Attachment B9).

The Executive Director of SMP, Kathilynn Carpenter verbally summarized comments from the Sunrise MarketPlace Board Meeting and the lack of a consensus among the Board. She expressed a desire for the City to assist with economic development support to encourage redevelopment of key sites.

The property and business owner of El Tapatio restaurant (5637 Sunrise Boulevard) spoke in favor of the proposed overlay.

The Planning Commissioners discussed the proposed overlay and voted 4-0 (two members absent and one member recused) to recommend the City Council adopt the proposed ordinance.

### **Outreach**

Information about the proposed Overlay has been included on the City’s website since the overlay was first considered. The FAQ’s from the website are included as Attachment A.

Significant outreach has been conducted throughout the development of the overlay. City staff presented the zoning concept to numerous neighborhood associations including CHASEN (NA #s 7, 8, & 9), SOAR (NA #10), Sunrise Ranch (NA #6), and Birdcage Heights (NA #11). Each association supported the overlay and submitted letters of support (Attachments B1-B4). In addition, staff has received emails from residents Glenda Anderson, Doug and Dixie Lent, Gurtej Gill (owner of Boston Pizza), and Jenna Moser, all in support of the overlay (Attachments B5-B8).

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Staff also worked closely with the Sunrise MarketPlace PBID in efforts to outreach businesses within the SMP. Staff presented the item to the SMP Board on September 8, 2022. The Board asked questions about the proposed overlay and discussed the topic at length, but was unable to reach consensus on whether or not to support the overlay. Kathilynn Carpenter, Executive Director of the Sunrise MarketPlace, provided a recap of the comments from the Board meeting and the recap has been provided as Attachment B11.

Staff also presented the proposed overlay to the Citrus Heights Regional Chamber of Commerce Board on September 22, 2022. Staff responded to questions and discussed the City's vision for the MarketPlace and how land use decisions impact future development. As of the writing of this report, the Chamber has not provided an official letter in response to the proposed overlay.

The Property Owners of the China Buffet Site (5623 Sunrise Blvd) have provided a comment letter (Attachment B9) and packet of car wash information (Attachment B10).

Public hearing notices were mailed to property owners within 500 feet of the proposed overlay boundary and a notice was published in the general circulating newspaper, the Citrus Heights Messenger.

### **Exhibits**

1. Ordinance 2022- \_\_\_\_\_, of the City Council of the City of Citrus Heights adding Section 106.28.050 to Chapter 106 of the City of Citrus Heights Municipal Code (Zoning Code Section) and amending the Zoning Map to include the Sunrise MarketPlace Overlay District.
  - A. Amendment to Zoning Map to include the Sunrise MarketPlace Overlay District

### **Attachments**

- A. Overlay Frequently Asked Questions
- B. Comment Letters
  1. CHASEN
  2. Birdcage Heights
  3. Sunrise Ranch
  4. SOAR
  5. Glenda Anderson
  6. Gurtej Gill - Boston Pizza
  7. Doug and Dixie Lent
  8. Jenna Moser
  9. John Jarrett
  10. Phil Jarret Packet provided to Planning Commission
  11. SMP Board Meeting Recap