

## NOTICE OF EXEMPTION

<p><b>TO:</b></p> <p><input type="checkbox"/> Office of Planning and Research P. O. Box 3044, Room 113 Sacramento, CA 95812-3044</p>	<p><b>FROM: Name:</b> San Diego Metropolitan Transit System (lead agency)</p> <p><b>Contact:</b> Kena Teon, MTS Grants Administrator</p> <p><b>Address:</b> 1255 Imperial Avenue Suite 1000 San Diego, CA 92101</p> <p><b>Telephone:</b> 619-557-4575</p>
<p><input checked="" type="checkbox"/> Clerk of the Board of Supervisors or County Clerk (San Diego County)</p> <p><b>Address:</b> 1600 Pacific Hwy, #260, San Diego, CA 92101</p>	

<p>1. <b>Project Title:</b></p>	<p>Palm Avenue Trolley Station Transit Oriented Development – Palm City Transit Village</p>
<p>2. <b>Project Applicant:</b></p>	<p>San Diego Metropolitan Transit System</p> <p><b>Contact:</b> Kena Teon MTS Grants Administrator 1255 Imperial Avenue Suite 1000 San Diego, CA 92101 Telephone: 619-557-4575</p> <p>National CORE</p> <p><b>Contact:</b> John Seymour Vice President -Acquisitions &amp; Forward Planning 4322 Piedmont San Diego, CA 92107 (619) 405-7842</p>

	<p>Malick Infill</p> <p>Contact:  Andrew Malick  4662 30th St  San Diego, CA 92116  (619) 252-8465</p>
<p>3. Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15’ or 7 1/2’ topographical map identified by quadrangle name):</p>	<p>The Palm Avenue Station is located in the Palm City neighborhood of the City of San Diego. It is currently served by the Blue Line trolley and Bus Routes 932, 933 and 934. Please see attached map.</p>
<p>4. (a) Project Location – City: City of La Mesa</p>	<p>(b) Project Location – County: San Diego</p>
<p>5. Description of nature, purpose, and beneficiaries of Project:</p>	<p>On December 14, 2023, the Board of Directors of the San Diego Metropolitan Transit System authorized the Chief Executive Officer to modify the approved project scope and material terms of the ground lease for the Disposition and Development Agreement with National Community Renaissance of California for the affordable housing portions of the Palm City Village Transit Oriented Development Project (“Project”). The Board further authorized the CEO to amend the approved project scope and material terms of the ground lease for the Disposition and Development Agreement with Malick Infill Corp for the moderate-income housing portions of the Project.</p> <p>On October 14, 2021, the Board had approved a design for the Project that included four buildings with a total of 390 homes/units, 80 exclusive MTS transit patron parking stalls, and 111 exclusive resident parking stalls. Although not required by the DDA, the developer also proposed that their ultimate design would include a childcare facility, outdoor marketplace/plaza, micro mobility stations (i.e. bicycle parking and lockers, scooter area), running loop, picnic area, and others amenities. These developer-proposed amenities were not binding commitments and can be changed as the design process unfolds. The October 2021 Board approval required the developer to prepare a plan to encourage residents to use public transit and reduce the demand for residential parking.</p>

	<p>In response to increased industry wide building construction costs, in or around May 2023, the developers approached MTS staff with a proposed redesign. To reduce construction costs, the developers proposed six smaller buildings (instead of the approved 4 buildings) and removed the podium construction design where a podium is constructed to allow parking below and housing on top. This allows for a 18% increase in estimated occupancy, buildings to be financed more easily, and a more competitive application for tax credit allocation awards.</p> <p>The amended Project approved by the Board on December 14 includes 160 parking spaces, with 80 of those spaces reserved for MTS’s exclusive use. All of the proposed housing units would be rent restricted, with 304 being restricted to below 80% Area Median Income (AMI), and 102 units being restricted to below 110% AMI.</p> <p>Developer-proposed amenities in the new design include micro-grid battery storage, childcare facility, community rooms, bodega, running loop, linkage to the Otay Valley Regional Park, promenade, bicycle garage and micro mobility stations.</p>
<p>6. Name of Public Agency approving project:</p>	<p>San Diego Metropolitan Transit Agency</p> <p>Contact: Kena Teon MTS Grants Administrator 1255 Imperial Avenue Suite 1000 San Diego, CA 92101 Telephone: 619-557-4575</p>
<p>7. Name of Person or Agency undertaking the project, including any person undertaking an activity that receives financial assistance from the Public Agency as part of the activity or the person receiving a lease, permit, license, certificate, or other entitlement of use from the Public Agency as part of the activity:</p>	<p>San Diego Metropolitan Transit System</p> <p>Contact: Kena Teon MTS Grants Administrator 1255 Imperial Avenue Suite 1000 San Diego, CA 92101 Telephone: 619-557-4575</p> <p>National CORE</p> <p>Contact: John Seymour</p>

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8. Exempt status: (check one)	
(a) <input checked="" type="checkbox"/> Ministerial project.	14 Cal. Code Regs., § 15268
(b) <input checked="" type="checkbox"/> Not a project.	14 Cal. Code Regs., § 15378
(c) <input type="checkbox"/> Emergency Project.	
(d) <input checked="" type="checkbox"/> Categorical Exemption. State type and section number:	14 Cal. Code Regs., § 15332 (Class 32, In-Fill Development Projects)
(e) <input type="checkbox"/> Declared Emergency.	
(f) <input type="checkbox"/> Statutory Exemption. State Code section number:	
(g) <input type="checkbox"/> Other. Explanation:	
9. Reason why project was exempt:	<p>The modified Project is not subject to environmental review under the California Environmental Quality (“CEQA”), Public Resources Code section 21000 <i>et seq.</i> and its implementing regulations, Title 14 of the California Code of Regulations, section 15000 <i>et seq.</i> (“State CEQA Guidelines”).</p> <p>City of San Diego staff has determined that the modified Project site is zoned RM-1-1, which allows for multi-family residential development of no greater than 29 units per acre. The Project is eligible to apply for a density bonus that would allow a maximum density of unlimited units per acre. The land use and density are allowed by right with the utilization of the affordable housing density bonus regulations and are not subject to discretionary review. Actions that are not a “project” under CEQA or are deemed ministerial approvals do not trigger CEQA review. (State CEQA Guidelines, §§ 15268, 15378.) Likewise, because MTS’s execution of the DDA and implementation of actions</p>

necessary to fulfill its obligations under the DDA, including but not limited to execution of a Ground Lease and related regulatory agreements for the development, does not provide MTS with the discretion or authority to address any environmental effects of the development, these actions do not trigger CEQA review.

Even if the development were not deemed ministerial, however, it is categorically exempt from CEQA review under State CEQA Guidelines section 15332 (Class 32) because it is in-fill development that (a) is consistent with the applicable general plan designation and applicable general plan policies as well as with applicable zoning designation and regulations; (b) occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses; (c) is located on a project site that has no value as habitat for endangered, rare or threatened species; (d) would not result in any significant effects related to traffic, noise, air quality, or water quality; and (e) is located on a site that can be adequately served by all required utilities and public services.

None of exceptions to the categorical exemptions in State CEQA Guidelines section 15300.2 apply. The development is not located in a sensitive environment as the development impact area is within disturbed areas of the site. The cumulative impact of successive projects of the same types in the same place over time would not be significant because the development is limited in size, scope, and distance from any adjacent development and there are no reasonably foreseeable projects that would result in cumulative impacts with the development. Additionally, the development does not involve any unusual circumstances. The development's circumstances would not differ significantly from the circumstances typical of the class of projects covered by the Class 32 exemption. Accordingly, there is no reasonable possibility the development would have a significant effect on the environment due to unusual circumstances. Further, the development would not result in damage to any scenic resources within a highway officially designated as a state scenic highway; is not located on a site designated pursuant to Government Code 65962.5 (hazardous waste site); and the development does not involve any

	improvements, modifications, or other changes to an historical resource.
10. Lead Agency Contact Person: Telephone:	Kena Teon, MTS Grants Administrator 619-557-4575
11. If filed by applicant: Attach Preliminary Exemption Assessment (Form "A") before filing. Not Applicable	
12. Has a Notice of Exemption been filed by the public agency approving the project? Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable	
13. Was a public hearing held by the Lead Agency to consider the exemption? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If yes, the date of the public hearing was: December 14, 2023	

\_\_\_\_\_  
Signature

Date: February 9, 2024

Kena M. Teon  
Name

Title: Grants Administrator

Signed by Lead Agency

Signed by Applicant

Date Received for Filing: [Click to enter date](#)

(Clerk Stamp Here)

Authority cited: Sections 21083 and 21110, Public Resources Code.  
Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

Location Map:

