



STAFF REPORT

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10/28/2025

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**AGENDA ITEM**

**TO: HONORABLE MAYOR  
AND MEMBERS OF THE CITY COUNCIL**

**FROM: CARLO TOMAINO  
CITY MANAGER**

**SUBJECT: OPPORTUNITY STUDY AREAS PROJECT UPDATE**

**Summary:**

The City Council previously authorized staff to begin work with PlaceWorks on the Opportunity Study Area (OSA) planning effort. The scope of work began with preparation of the Economic Study, which now serves as the foundation for the recommended land use updates. The OSA framework establishes a coordinated planning and economic development strategy to guide reinvestment, improve infrastructure, and attract new private investment within key underutilized areas of the City. In partnership with PlaceWorks, staff identified three overlay zones: the Community Core (Mixed-Use); the Innovation & Enterprise; and the Workshop, Studio & Entertainment Overlay Zones. Together, these zoning overlays provide a flexible regulatory structure that aligns land use planning with the City's broader economic and fiscal sustainability goals. Each overlay responds to current market conditions and leverages the City's economic analysis to support compatible, high-quality development.

In addition to the land use recommendations, this report outlines an implementation program designed to transition the OSAs from conceptual planning to development-ready conditions. The proposed actions include preparation of a program-level California Environmental Quality Act (CEQA) document to streamline environmental review, amendment of the Zoning Code to incorporate the new overlay districts, and evaluation of two complementary economic tools: the Enhanced Infrastructure Financing District (EIFD) which can fund public infrastructure and remediation through property tax increment and the Federal Economic Opportunity Zone (OZ) designed to provide tax incentives for private investment. The proposed strategies combine local and federal incentives to offset infrastructure and remediation costs, attract private capital, and position the Opportunity Study Areas as catalysts for sustainable growth, job creation, and long-term fiscal stability.

**Strategic Plan Goal(s):**

Goal No. 1 Financial Stability: Ensure the City's long-term financial stability and resilience.

Goal No. 3 Economic & Downtown Development: Improve the local economy, support local businesses, and create a vibrant downtown core.

Goal No. 4 Infrastructure: Maintain and Improve the City's physical infrastructure, water system, and recreational spaces.

Recommendations:

1. Advance preparation of zoning code amendments to establish the three Opportunity Study Area overlay zones consistent with the land use scenarios approved by the City Council and return with a draft Ordinance effectuating the proposed amendments.
2. Issue a Request for Proposals to initiate preparation of a program-level California Environmental Quality Act (CEQA) document to evaluate the proposed overlay zones and streamline future environmental review for development consistent with the Opportunity Study Area framework.
3. Initiate discussions with the County of Los Angeles regarding the potential formation of an Enhanced Infrastructure Financing District (EIFD) focused on Opportunity Study Area 1 and report back to the City Council with an update.
4. Engage with the Governor's Office of Business and Economic Development (GO-Biz) and the United States Department of the Treasury to assess eligibility and pursue Federal Economic Opportunity Zone (OZ) designation for Census Tract 06037573401 (5734.01) within Opportunity Study Area 1 as part of the upcoming Round 2 nomination cycle.
5. Provide direction regarding proposed branding opportunities for the Opportunity Study Areas and return to the City Council with a plan to brand and promote these areas to future developers.

Fiscal Impact:

The City Council previously allocated \$300,000 for the professional services agreement with PlaceWorks in Fiscal Year 2024-2025. The City Council also separately allocated \$500,000 for environmental studies associated with the Opportunity Study Area Project as part of the adopted Fiscal Year 2025-26 Operating Budget. Subsequent work related to the potential formation of an Enhanced Infrastructure Financing District and a Federal Qualified Opportunity Zone would be funded through future budget allocations pending additional information from the County and the Governor's Office.

Background:

One of the City's key strategic goals is revenue diversification. The City's current revenue portfolio relies heavily on sales tax, which is provided through a healthy balance of various sales tax producing businesses. The City historically relied on tax increment financing to incentivize redevelopment; many of the City's shopping centers, auto dealerships, and residential developments are a testament to the vitality of redevelopment as an economic development tool. With the dissolution of redevelopment, however, tax increment financing is not available to offset the cost of development. Nonetheless, the City desires to create new development opportunities by leveraging

its land use authority and other potential financial incentives that increase property values, create jobs, and generate new revenue opportunities.

The project objectives are designed to address the following:

- Address the high costs of environmental cleanup and oil well remediation required for development in Signal Hill, in the absence of a dedicated funding source.
- Update zoning regulations to better align with market demand and reduce investment risk for developers.
- Evaluate future land use opportunities that support economic growth, job creation, and diversification of the City's tax base.
- Identify a location that can serve as a central gathering place for the community.
- Consider opportunities for additional residential development within the Opportunity Study Areas (OSAs), beyond those identified in the Housing Element.
- Develop financial incentive strategies to encourage development.

The City determined that a market-based economic study was necessary to evaluate the development potential of the OSAs. The purpose of this study was to identify growth opportunities based on the current and prospective development trends over the next several years. The findings would subsequently inform the development of overlay zones to facilitate future development in Signal Hill. The City began the process by identifying three potential OSA Sites north of Willow Street. Staff selected these areas located within a desirable trade area that could benefit substantially from increased development activity. In the case of OSA 1, for example, the area lacks essential infrastructure such as improved streets, curbs, gutters, sidewalks, light standards, and other public amenities.

At the March 26, 2024 meeting, the City Council approved the release of a Request for Proposal for a City-initiated economic and land use study. The goals of the proposed study were to assess the City's development potential through an economic analysis and update the City's zoning ordinance to create opportunities to attract new development. In November 2024, the City Council awarded a professional services agreement to PlaceWorks to prepare a comprehensive economic and land use study for the OSAs.

In March 2025, PlaceWorks completed the Economic Analysis, which formed the technical foundation for all subsequent planning, land use, and zoning recommendations presented in this report. The study assessed current market conditions, development feasibility, and fiscal potential across a range of land use categories, including housing, retail, hotel, office, and industrial uses. Staff has attached the Economic Study for the City Council's reference (Attachment A).

### **Summary of Economic Study Findings**

The Economic Study provides the market foundation for the OSA Project and establishes the economic rationale for the proposed land use framework. The study evaluated existing market conditions, development feasibility, and long-term economic opportunities across the three designated OSAs. The study findings confirm that the City's continued prosperity depends on diversifying land uses, reducing barriers to redevelopment, and attracting investment that supports both fiscal sustainability and job creation. For the City Council's reference, staff has summarized the key findings of the Economic Study:

- The study identifies housing as a central catalyst for reinvestment and mixed-use development. Strong regional housing demand limited local supply, and high construction costs have created market conditions favoring for-sale townhome and small-lot single-family projects in the near term, with opportunities for higher-density multifamily development over time. Integrating housing into the OSAs would provide the population base necessary to sustain nearby retail, hospitality, and employment uses while generating enhanced long-term property and sales tax revenue.
- The analysis also highlights significant retail market potential, particularly for experience-driven and convenience-oriented businesses. Retail leakage data indicate unmet demand in key sectors such as furniture, clothing, and specialty goods. Concentrating new retail development within the City's Central Business District would strengthen Signal Hill's competitive position, enhance local tax revenues, and create a destination that supports the City's vision for a vibrant, walkable environment.
- The hospitality market analysis demonstrates that the City could support an upper-midscale or upscale hotel, given regional occupancy levels exceeding 70 percent. A strategically located hotel could expand visitor spending, generate additional Transient Occupancy Tax (TOT) revenue, and complement the City's retail and mixed-use vision.
- While office demand remains weak due to remote work trends, the City retains potential for small-scale medical, professional, and research-based offices. Conversely, the industrial sector remains a major strength, with vacancy rates below 6 percent and continued demand for light manufacturing, warehousing, and logistics uses. The study recommends maintaining strong industrial capacity while allowing flexibility for tech, innovation, and advanced manufacturing uses that align with modern economic trends.

Overall, the Economic Study underscores that the OSAs represent the City's best opportunity to promote long-term economic growth, attract private investment, and balance fiscal sustainability with community development. These findings form the basis for the proposed overlay zones, zoning code updates, and economic implementation strategies now before the City Council for direction.

The economic report also established the underlying rationale for developing a Central Business District within the Town Center area, a concept affirmed in the 2023-2028 Strategic Plan objective to "develop a central business district to support a sense of community and expand local amenities." Earlier this year, PlaceWorks presented the results of the Economic Study to the City Council and worked with staff on additional elements of the project including technical infrastructure analysis and land use options.

## Analysis:

The OSA Project represents a comprehensive planning effort that establishes a clear framework for how the City could accommodate growth, reinvestment, and economic diversification over the coming decades. The following sections of this report will discuss in greater detail the proposed land uses with each OSA, the process of updating the City's Zoning Code, the necessary environmental analysis to facilitate development, and discussion of two potential financial incentives to accelerate development. Collectively, using the economic study as a basis, these next steps outlined in this report enable the City to implement land use and economic tools that work together to improve the City's potential development environment and further its economic goals.

## Overlay Zones and Land Uses

Each OSA builds upon the findings of the Economic Analysis and reflects a coordinated vision for land use, infrastructure, and community identity. As noted earlier, the foundation of this framework includes three new Overlay Zones that together define the desired development pattern and economic direction for the City: the Community Core (Mixed-Use) Overlay Zone; the Innovation & Enterprise Overlay Zone; and the Workshop, Studio & Entertainment Overlay Zone. Each overlay provides a flexible regulatory tool that supplements existing zoning, aligning allowable land uses, design standards, and circulation improvements with the City's long-term planning objectives.

- The Community Core (Mixed-Use) Overlay Zone:** Establishes the foundation for Signal Hill's future Central Business District and urban village concept. This area is envisioned as a vibrant, walkable district that combines residential, retail, and professional uses in both horizontal and vertical mixed-use formats. Design standards emphasize human-scale development, pedestrian connectivity, and high-quality public realm improvements.

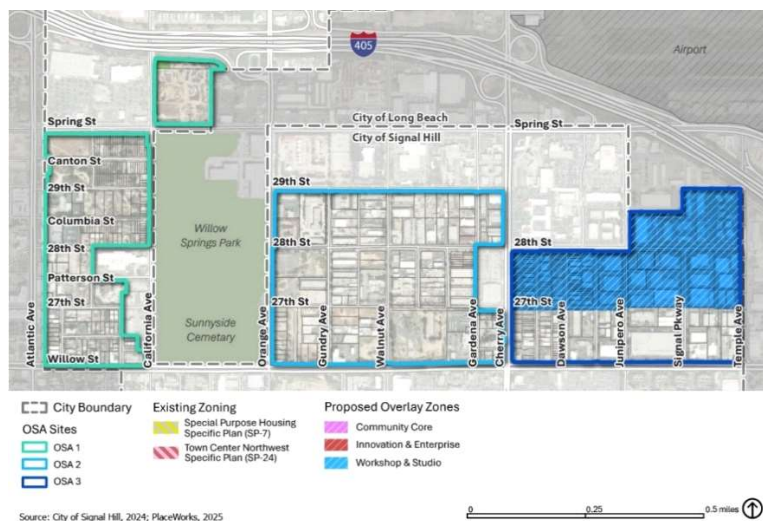


- The Innovation & Enterprise Overlay Zone:** Serves as the City's innovation district, attracting technology-driven, research-oriented, and creative industries. The zone encourages modern, flexible buildings accommodating employment uses such as clean manufacturing,

aerospace, R&D laboratories, and creative offices.



- The Workshop, Studio & Entertainment Overlay Zone:** Celebrates Signal Hill's creative culture and entrepreneurial spirit, supporting a mix of light industrial, entertainment, and small-scale recreation uses. It emphasizes adaptive reuse of industrial buildings and flexible standards that allow integration of social and recreational spaces.



Most of these land use designations exist within all three OSA's; PlaceWorks worked with staff to select locations for these intended land use changes that meet the current market demand. For example, the proposed Innovation & Enterprise Overlay Zone is located in OSA 1, near the existing VAST aerospace campus. OSA 1 has developable land that could allow for the expansion of similar technology or aerospace industry uses in the future. Each OSA includes a mix of overlay zones that enable each area to develop over time based on the expected market demand, including the absorption rate for the Signal Hill trade area.



Notably, the proposed overlay zones would not make existing land uses nonconforming. This is because overlay zones are intended to supplement, not replace, the underlying base zoning regulations. The purpose of an overlay zone is to introduce additional development options, design standards, or incentives that align with specific planning goals, while preserving the rights and entitlements allowed under the underlying zone. By maintaining the existing zoning designation, all legally established uses remain conforming and may continue operating without interruption. Overlay zones do not retroactively alter what is considered a permitted use under the base zone; rather, they offer flexibility and new opportunities for property owners who choose to develop or redevelop in accordance with the overlay.

In addition to studying the land use analysis for each OSA, staff also analyzed the mobility and circulation of the OSA and prepared a draft mobility framework. The draft mobility framework is intended to guide future connectivity to areas of the City north of Willow Avenue. The framework is applicable to all modes of transportation including pedestrians, bicyclists, and motorized vehicles. Improvements to support those users include on-street and off-street extension of roadways, sidewalks, trails, bike paths, and/or lanes. The framework should be considered for implementation alongside the development standards of each Overlay Zone as new projects are submitted for review. This wholistic approach to planning for the areas will ensure better connectivity across the OSAs and to the rest of the Signal Hill community.

### **Integration into the Zoning Code**

Implementation of the OSA framework will require amendments to the Signal Hill Zoning Ordinance to formally establish the new overlay zones and their corresponding development standards. Based on City Council direction, PlaceWorks would prepare draft zoning code language to add new chapters defining purpose, applicability, and regulations of each overlay zone. The amendments would include tables of permitted and conditional uses, development and design standards, and transition provisions between existing districts and overlays. The new chapters would integrate within Title 20 (Zoning) of the Signal Hill Municipal Code, maintaining consistency with format and terminology. PlaceWorks would collaborate with staff to ensure consistency with City objectives and return the draft text for review by the Planning Commission and City Council through the public hearing process.

### **California Environmental Quality Act (CEQA) Integration**

Incorporating the requirements of the CEQA into the OSA framework is an essential component of project implementation. Early preparation of a comprehensive, program-level environmental document would allow the City to evaluate potential environmental effects of the proposed overlay zones, establish appropriate mitigation measures, and streamline future development review within these areas.

Completion of CEQA documentation at this stage ensures that future projects consistent with the adopted overlays can rely on a tiered environmental analysis, reducing time, cost, and uncertainty for both the City and private developers. This proactive approach positions the Opportunity Study Areas to be ready for future development, meaning that once market conditions and private investment align, new projects can proceed with greater efficiency and predictability.

The City Council previously allocated funding for preparation of this environmental review effort, and staff will issue a Request for Proposals to initiate the work program based on Council direction. The selected consultant would prepare the CEQA document concurrently with the zoning code amendments, ensuring consistency between the environmental analysis and the proposed overlay regulations.

### **Potential Financial Incentives**

For most of its history, much of the land in Signal Hill served as an oil field and produced millions of barrels of oil per year. As a result, oil activity limited the City's potential growth and, due to reduced oil production activity over the past several decades, there are various properties throughout the City available for development. The development of former oil properties requires additional capital investment to address the existing conditions surrounding underground wells, soil remediation, and other mitigation. These existing conditions represent additional development challenges. The City could further address these development challenges through financial incentives that could potentially further offset development costs.

Importantly, implementation of these potential financial incentives requires consensus from other agencies such as the County of Los Angeles and the Governor's Office respectively. In other words, these agencies have the authority to approve these financial instruments. The following sections of this report will discuss two potential options (a property tax increment tool called an Enhanced Infrastructure Financing District and Federal Economic Opportunity Zones) that could be incorporated into the OSA to further encourage development. While the two development incentives are not as essential to the OSA project as the land use incentives provided through the overlay zones, these would be beneficial and provide further incentive to develop in Signal Hill. Before discussing the two development incentives, staff would like to highlight the potential added value of the OSA project to the area's future assessed taxable value.

### **Estimated Taxable Assessed Value**

Staff worked with PlaceWorks to understand the potential economic impact of the full buildout of the OSAs over the next 25 years. If there is no change in zoning and no investment in infrastructure and public realm improvements, it is likely that the OSAs would only appreciate in taxable assessed value (for property tax purposes) based on the maximum allowed 2% annual increase. PlaceWorks modeled scenarios to illustrate the potential positive fiscal impact of the City's effort to redevelop these areas. The conservative scenario below estimates the possible increase in taxable assessed valuation and tax increment revenue for the County and the City through the year 2050.

2050 Taxable Assessed Value				
	OSA-1	OSA-2	OSA-3	Total
With the OSAs	\$585,000,000	\$995,000,000	\$1,087,000,000	\$2,670,000,000
Without the OSAs	\$98,700,000	\$253,000,000	\$340,000,000	\$691,000,000
Potential Change	\$486,000,000	\$742,000,000	\$747,000,000	\$1,975,000,000

The following table shows the estimated net increase in the property tax revenue that Los Angeles



County and Signal Hill could potentially expect to be generated by redevelopment of parcels in the OSAs following zoning changes and infrastructure upgrades.

Illustrative 20-Year Tax Increment Revenue				
	OSA-1	OSA-2	OSA-3	Total
LA County	\$7,580,000	\$17,700,000	\$15,320,000	\$40,600,000
Signal Hill	\$2,270,000	\$5,310,000	\$4,600,000	\$12,180,000

The tax increment estimate still needs to be revised for the specific distribution of the general property tax levy by tax rate area (TRA). There is more than one TRA across the OSAs. The data in the table assumes that the County agencies would be allocated 20 percent of the one percent property tax and that the City of Signal Hill would be allocated 6 percent of the one percent property tax. Overall, the analysis regarding the potential appreciation in property tax can be used as source of discussion when identifying a potential partnership approach between the City and the County to provide additional funding sources to support redevelopment efforts.

### **Enhanced Infrastructure Financing District (EIFD)**

An EIFD provides a mechanism for cities and counties to invest in public infrastructure and community improvements using the growth in property tax revenues generated by new development. Under State law (Government Code §53398.50 et seq.), participating tax agencies may bond against future property-tax increments to fund capital projects that advance economic development, housing, and sustainability objectives. Unlike the former Redevelopment Agencies, EIFDs do not divert school district funding and require voter approval only if the district seeks to issue debt. If the City Council provides direction to proceed, staff would initiate a preliminary discussion with the County regarding its interest in forming an EIFD. Without the County's full cooperation, formation of an EIFD would not be an option.

The EIFD structure would allow the City and the County of Los Angeles to reinvest value created through redevelopment. The District could finance utility upgrades, streetscape enhancements, and storm drain improvements that support new investment. OSA 1 serves as the strongest candidate for an EIFD because of its size, infrastructure constraints, and redevelopment potential. Reinvesting future property-tax growth in this area could provide matching funds for State and federal grants, leverage private investment, and reduce the high up-front costs associated with site preparation and remediation.

Forming an EIFD involves several defined steps under State law. The process would include the adoption of a Resolution of Intention by the City Council describing the proposed district boundaries, the types of public facilities to be financed, and the goals of the district. Staff and consultants would then prepare an Infrastructure Financing Plan (IFP) that outlines the boundaries, eligible improvements, financing structure, and duration of the district. The IFP serves as the guiding document for investment of increment revenues.

After completing the IFP, the City would establish a Public Financing Authority (PFA) to govern the district. The PFA would include City Council members, representatives from participating taxing entities such as Los Angeles County, and public members. The PFA would conduct public hearings to

receive input from property owners and residents, then adopt the Infrastructure Financing Plan to officially form the EIFD. If the City later elects to issue bonds secured by future tax increment, the proposal would require approval from 55 percent of voters within the district.

### **Federal Economic Opportunity Zone**

The Federal Opportunity Zone program, originally established under the 2017 Tax Cuts and Jobs Act, creates an incentive for private investment in economically distressed communities. The program allows investors to defer, reduce, or eliminate federal capital-gains taxes when they reinvest gains through certified Qualified Opportunity Funds (QOFs) into eligible real estate or business projects located within designated Opportunity Zones. The Federal Opportunity Zone program is a significant tax benefit to developers who specifically seek out these areas for future development opportunities.

The One, Big, Beautiful Bill Act (OBBBA) signed July 4, 2025, allows for the designation of new zones as federal Qualified Opportunity Zones (QOZs), with state governors nominating these new zones beginning July 1, 2026, and the Treasury Secretary then certifying these areas. These new zones will be effective for new investments beginning January 1, 2027, and will remain designated for 10 years before requiring re-designation. This process is different than the original QOZ's ("Round One") which expire December 31, 2028. These new federal QOZ's are often referred to as "Round Two" QOZs. The Federal government defines a Round Two QOZ as part of Internal Revenue Code ("IRC") Section 1400Z-1 as a population census tract that meets the definition of a low-income community and that has been specifically designated as a QOZ through a nomination and certification process.

When a census tract qualifies as a Round Two QOZ, investors who reinvest capital gains from other projects into these Round Two QOZs may defer those gains for up to five years. Investors who maintain the QOZ investment for at least five years may exclude 10 percent of the originally deferred gain from taxation. Investors who hold the QOZ investment for at least ten years may also exclude any appreciation of the investment upon sale, for a period of up to 30 years. For areas designated as zones after July 4, 2025, (i.e., for Round Two zones), the Federal government defines a low-income community as any population census tract if: (i) the tract has a median family income ("MFI") that, in the case of a tract located within a metropolitan area, does not exceed 70% of the metropolitan area MFI or (ii) the tract has a poverty rate of at least 20% and has an MFI that in the case of a tract located within a metropolitan area, does not exceed 125% of the metropolitan area MFI. Of the City's three population census tracts, Census Tract 06037573401 (5734.01) (that includes nearly all of OSA 1) is *likely* eligible to qualify as a low-income community.

Using the latest available American Community Survey (ACS) data from the 2019-2023 period, Census Tract 06037573401 (5734.01) may meet the standard of not exceeding 70% of the metro area MFI at 68.97%. Also, based on ACS data from 2019-2023, this census tract may also meet the alternative standard of at least 20% poverty rate with 23.9% poverty rate while not exceeding 125% of the metro area MFI. Please note that staff expects that the Treasury Department will use additional data that *has not yet been released* to determine census tract eligibility, which is why the preliminary analysis concludes that this tract will *likely be eligible* based on currently released data. Nonetheless, staff would ask for the City Council's direction at this time given that the process to officially qualify an eligible census tract requires additional time and resources. The census tracts within the other two OSAs are not likely eligible based on currently released data.

Beginning with the Round Two zone designations, the determination period for designation is the 90-day period beginning on July 1, 2026, for Round Two and July 1, 2036, for Round Three. By the end of each 90-day period, the California Governor would nominate census tracts in California for designation as QOZs and notify the Secretary of the Treasury of such nominations. The Secretary is then required to certify those nominations and designate the tracts as QOZs within the consideration period (generally 30 days). Both the determination period and the consideration period could be extended by 30 days (IRC Section 1400Z). The number of population census tracts in each state (and U.S. possession) that can be designated as QOZs is generally not allowed to exceed 25% of the total number of LIC in the state.

### **Summary of Economic Study Findings**

In summary, OSA 1 represents a candidate to qualify for a potential QOZ designation due to its existing economic challenges and proximity to regional employment centers in Long Beach and Los Angeles. If the area ultimately qualifies as a QOZ, investors and developers could benefit from significant federal tax incentives, including:

- Deferral of federal capital gains taxes realized in other projects by up to 5 years if such Round Two QOZ investment is held for 5 years (sooner if investment is sold or exchanged sooner);
- Reduction of such deferred federal capital gains tax liability in other projects by 10 percent if Round Two QOZ investment is held for five years; and

Permanent exclusion from any additional federal gains realized from the sale of the Round Two QOZ investment itself (capped at appreciation before year 30), provided the Round Two QOZ investment is held for 10 years.

These benefits could make development projects in the Opportunity Study Area more financially attractive to investors by improving project feasibility and reducing long-term tax exposure. In practice, the program functions as a federal equity incentive, helping bridge financing gaps for projects that might otherwise be cost-prohibitive due to remediation, infrastructure, or site-preparation expenses.

### **Summary: Potential Economic Development Incentives**

Together, the proposed EIFD and potential Federal Opportunity Zone (OZ) designations would establish a comprehensive framework for public-private investment within the OSAs. The EIFD would create a local financing mechanism that channels future property-tax growth into infrastructure, while the Opportunity Zone program would provide federal tax incentives that attract private equity to fund site development and new business activity. While not absolutely necessary to encourage development, establishing one or both of these tools would enable the City to leverage both public reinvestment and private capital, improving project feasibility, accelerating environmental remediation, and advancing long-term economic diversification.

### **Naming, Branding, and Placemaking**

The OSA project would also create additional opportunities to further the City's branding, naming, and placemaking efforts. Branding, naming, and placemaking are essential tools in shaping a community's identity and creating a strong sense of place. Through thoughtful branding, a location can communicate its unique character, values, and vision, distinguishing it from other areas and fostering local pride. Naming reinforces this identity by embedding meaning, history, or cultural significance into everyday reference points, helping residents and visitors connect emotionally to a place. Placemaking, which involves the design and activation of public spaces, brings these elements to life by creating inviting, functional environments that encourage community interaction and a deeper attachment to the area. Together, these strategies help transform spaces into meaningful places where people feel a sense of belonging and connection. Staff is seeking City Council feedback and input on three potential naming, branding, and placemaking options for the project:

- The Place at Signal Hill
- North of Willow (NOW)
- Viewpoint at Signal Hill

Each option reflects a distinct identity and potential vision for the comprehensive project, with varying emphasis on location, character, and community appeal. Building on the branding identity, staff would also establish an OSA website and marketing materials to facilitate conversations with developers.

### **SUMMARY OF RECOMMENDED ACTIONS**

Staff recommends that the City Council authorize a series of coordinated actions to advance implementation of the OSA framework and position the City for long-term economic growth, infrastructure reinvestment, and fiscal sustainability. These recommended actions build upon the land use planning and economic analysis the City Council previously reviewed and represent the next phase of work to transition the OSAs from concept to implementation.

Staff recommends initiating the preparation of zoning code amendments to establish three OSA overlay zones consistent with the preferred land use scenarios approved by the City Council. These overlay zones would serve as the regulatory mechanism to guide future development within the OSAs, ensuring that land use, design, and infrastructure improvements align with the City's adopted vision. Staff would present a draft ordinance effectuating these amendments to the Planning Commission and City Council for formal consideration at a future meeting.

Staff recommends issuing a Request for Proposals to commence preparation of a program-level environmental document under the California Environmental Quality Act. The program-level analysis would evaluate the proposed overlay zones at a comprehensive level and provide a streamlined environmental review pathway for subsequent development projects that conform to the adopted OSA framework. This approach would reduce redundancy in future CEQA analyses, shorten entitlement timelines, and enhance overall predictability for private investment.

Staff recommends initiating a discussion with the County to assess the feasibility of forming an EIFD centered on Opportunity Study Area 1. Staff would also work with the City Attorney's Office to prepare a formal proposal identifying Census Tract 06037573401 (5734.01) for inclusion in California's official nomination to the United States Department of the Treasury.

Lastly, staff is requesting the City Council's feedback regarding a proposed naming and branding convention for the OSAs. The branding effort would enable the City to market the OSAs as part of its developer outreach efforts.

Staff will continue keeping the City Council informed and bring back items to the City Council for further discussion over the next year.

Reviewed for Fiscal Impact:

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Siamlu Cox

Attachment:

- A. Opportunity Study Areas Economic Study