



REPORT NO. PC-15-087

DATE ISSUED: October 5, 2015

ATTENTION: Planning Commission, Agenda of October 15, 2015

SUBJECT: PROPOSAL TO INITIATE AMENDMENTS TO THE DOWNTOWN COMMUNITY PLAN, CENTRE CITY PLANNED DISTRICT ORDINANCE, AND LOCAL COASTAL PROGRAM REGARDING THE EMPLOYMENT REQUIRED OVERLAY ZONE

APPLICANT: Civic San Diego

SUMMARY

Issue(s): Should the Planning Commission (“Commission”) initiate consideration of amendments to the Downtown Community Plan (DCP), Centre City Planned District Ordinance (CCPDO), and Local Coastal Program (LCP) for the Employment Required Overlay Zone boundaries and regulations?

Staff Recommendation: Civic San Diego (“CivicSD”) staff recommends that the Commission initiates DCP, CCPDO, and LCP Amendment 2015-01 for the consideration of potential amendments to the CCPDO, DCP, and LCP to amend the boundaries, policies, and/or regulations under the Employment Required Overlay Zone to further encourage appropriate growth in the Downtown Community Plan area (“Downtown”).

Community Planning Group Recommendation: None. If the initiation is approved, any proposed amendments will go forward for consideration before the Downtown Community Planning Council (DCPC) and CivicSD Board of Directors prior to being scheduled for a public hearing by the Commission and City Council.

Other Recommendations: None.

Environmental Review: This activity is not a “project” under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378. Therefore, pursuant to CEQA Guidelines Section 15060(c)(3), the activity is not subject to CEQA. The appropriate environmental review will be completed as part of the amendment study and presented at later hearings for the proposed amendments.

Fiscal Impact Statement: None at this time.

Code Enforcement Impact: None.

Housing Impact Statement: None.

The initiation of a plan amendment in no way confers adoption of a plan amendment, that neither the Commission nor City of San Diego City Council (“City Council”) is committed to adopt or deny the proposed amendments.

BACKGROUND

Downtown covers 1,450 acres, or 2.27 square miles, and is bounded by San Diego Bay to the west and south, Laurel Street and Interstate 5 to the north, Interstate 5 to the east, and Barrio Logan community plan area to the southeast. The Downtown area currently contains approximately 80,000 workers and 35-37,000 residents. Prior to 2006, development of the Downtown area was governed by the Centre City Community Plan (CCCP) adopted in 1992, and amended significantly in 1998 with the proposal for Petco Park. There are three planned district ordinances (PDOs) which govern development and land uses in the Downtown area – the Marina PDO governing the mainly residential areas of the southwest Downtown; the Gaslamp Quarter PDO governing the Gaslamp Quarter National Historic District; and, the Centre City PDO which governs the majority of Downtown and includes the neighborhoods of Little Italy, Cortez, Civic/Core, Columbia, and East Village.

In 2006, the City Council adopted the DCP and major amendments to the CCPDO for the Centre City Planned District (CCPD). The development and adoption of the DCP resulted from a multi-year effort led by a 35-member Steering Committee appointed by Mayor and supported by Civic San Diego (then Centre City Development Corporation or CCDC) with the planning consulting firm of Dyett and Bhatia.

DISCUSSION

The new DCP was envisioned to implement the City’s Strategic Framework Element of focusing new development in mixed-use transit nodes and corridors and making Downtown the single regional center for employment, commerce, and residential development. Therefore, the Downtown population was anticipated to be increased from the 1992 CCCP goal of 46,000 to 90,000 residents, along with up to 165,000 employees. Densities for future development were greatly increased through the allowance of Floor Area Ratio (FAR) bonuses to achieve higher density developments. While the 1992 CCCP allowed maximum FARs up to 10, the 2006 DCP increased the maximums up to 20.

While the City wished to accommodate a greater amount of the regional growth in the Downtown area, it also recognized the importance of ensuring a healthy mix of residential housing stock and employment opportunities. Employment opportunities would continue to include the traditional government, legal, finance and tourist industries, but the City also is striving to attract innovative, entrepreneurial enterprises in a variety of employment sectors.

During the DCP update process, some of the Steering Committee members expressed concern that the very active residential condominium market at the time could overwhelm any competition for land that would be utilized for office and job growth in the Downtown area. During the preparation of the DCP from 2003-2006, Downtown was experiencing its greatest growth in residential development in its history, with over 8,000 dwelling units having been constructed in the previous 5 years and another 12,000 units in the pipeline, either under construction or in the planning processes. As a result, the Steering Committee created an Employment Required Overlay zone in the Civic/Core and Columbia neighborhoods. The DCP states “In addition to the land use districts, Figure 3-6 identifies Employment Required Overlay areas where 50% of the area will be devoted to office, education, retail, and other commercial uses. That is, residential uses cannot exceed more than 50% of the areas”. DCP Figure 3-6 illustrates the boundaries of the Employment Required Overlay zone and is included as Attachment A to this report.

The following are other key DCP Goals and Policies related to the Employment Required Overlay zone and the neighborhoods in which it exists:

From the DCP Guiding Principles:

- **Intense yet always livable, with substantial and diverse downtown population.** An intense downtown is central to not only fostering vibrancy, but also to curtailing regional sprawl—a key tenet of San Diego’s City of Villages strategy—and minimizing growth pressures in mature neighborhoods. Increase residential population will contribute to downtown’s vitality, improve economic success, and allow people to live close to work, transit, and culture.
- **A nucleus of economic activity.** The Plan bolsters downtown’s position as the regional economic and employment center by ensuring availability of employment land, and development of regional destinations. The creation of jobs easily accessed via transit, bicycle, or on foot will also further regional mobility goals.

Land Use and Housing Policies:

- **3.1-P-1** Foster development of the Core into a compact but high-intensity office and employment hub of downtown, with a strong government, financial, commercial, and visitor-serving orientation, while permitting residential development to provide vitality during non-work hours.
- **3.3-P-2** Allow residential activity in all land use classifications (with exception of tidelands pursuant to the Port Master Plan and lands classified as Industrial). Allow for higher standard of review for residential development adjacent to industrial land use districts.

Neighborhood Goals and Buildout: Civic/Core

- **6.1-G-1** Create an intense districts with large and tall buildings reflecting Civic/Core’s character as San Diego’s business and political center, while promoting a mix of uses.
- **6.1-G-2** Strengthen Civic/Core as a focus of civic uses and government activity, and reconnect government buildings and open spaces to the public realm.

Neighborhood Goals and Buildout: Columbia

- **6.2-G-1** Develop Columbia as a mixed-use district, with an energetic waterfront that serves local needs and has a regional draw, relating to both the San Diego Bay and the Civic/Core district.

Economic Development Strategy Policies:

- **11.3-P-1** Preserve sites in Core/Columbia for business or primarily employment-oriented development to ensure that downtown's employment potential is maintained.
- **11.3-P-2** Permit office and other employment oriented in a variety of locations across downtown, and allow mixed use development in all neighborhoods.
- **11.3-P-3** Ensure a balanced inventory of land for appropriate use designations and development intensities in strategic locations

The CCPDO implements these DCP policies by establishing the following criteria within the overlay zone:

1. At least 50% of the gross floor area of any new development within this overlay district shall be dedicated to *employment uses* such as professional office, education, cultural uses, retail, hotel, or similar commercial uses (uses qualifying as employment uses are listed in the Land Use Table 156-0308A).
2. Residential uses in this district shall not exceed 50% of the gross floor area of any development, counted against the Base Maximum FAR (most of the properties within this district can earn FAR bonuses, but this bonus gross floor area may not be used for residential uses).
3. Existing floor area dedicated to employment uses shall not be converted to any non-*employment use*.
4. Developments including 100% *employment uses* (not including hotel uses) may increase their FAR to the maximum allowed for that site under the CCPDO (most sites within the overlay district contain a Base Maximum FAR of 8-10 and can earn bonuses up to a Maximum of 14-20, either through a variety of FAR Bonus programs or automatically under this provision with 100% *employment uses*).

This last incentive provision, allowing for a maximum FAR for 100% *employment use* developments within the overlay district, is similarly applied throughout Downtown where a development containing 50% *employment uses* (exclusive of hotel uses) can receive an automatic increase to the Maximum FAR allowed for that site. The recently completed Sempra Energy office building located north of Petco Park utilized this provision to increase the permitted FAR from 6.25 to 7.25.

Since the adoption of the DCP in 2006, only two projects have been proposed within the overlay zone's boundaries, both of them hotel projects. One approval has expired, while the second hotel project is on hold. The overlay zone's requirements have resulted in a de facto moratorium on private development within the area (not including the Federal Courthouse and new State Courthouse projects). Staff has received many inquiries over the years as developers have attempted to meet the 50% *employment use* requirement but have not been able to provide the proper mix in a financially viable development. In addition, most of the inquiries staff has

received over the past several years for new potential office development is focused on the East Village neighborhood where property owners and/or developers have sought to create an “I.D.E.A. District” (stands for Innovation, Design, Education and Arts) and a “Makers Quarter”, where new high-technology office users would be attracted due to the exciting neighborhoods developing east and southeast of the traditional office core.

In addition, staff has received three applications for blocks to be removed from the overlay district (please see Attachment B). While staff will be processing these applications, it also desires to examine the overlay district as a whole, including whether it should remain a regulatory or incentive based district, what the appropriate boundaries should be, and whether it is needed in order to ensure that Downtown develops as envisioned in the DCP and the City’s General Plan.

Conclusion:

For these reasons, staff is recommending that the Commission initiate amendments to the DCP and CCPDO so that staff can bring back specific amendments after conducting further analysis and gaining input from the community, including business interests and neighborhood groups. Therefore, staff recommends that the Commission approves the initiation of DCP/CCPDO Amendment 2015-01 for consideration of potential amendments to the Employment Required Overlay zone.

Respectfully submitted,



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Attachment: A – Map of Employment Required Overlay Zone from the DCP
B – Properties Requesting Removal from the Employment Required Overlay Zone