

DATE ISSUED: November 30, 2006 REPORT NO. PC-6-300
ATTENTION: Planning Commission Agenda of December 7, 2006
SUBJECT: Workshop on the Otay Mesa Community Plan Update
REFERENCE: Planning Commission Workshop Report No. PC-06-196, PC-05-222

SUMMARY:

THIS IS A WORKSHOP TO DISCUSS HOUSING ISSUES RELATED TO THE OTAY MESA COMMUNITY PLAN UPDATE. NO ACTION IS REQUIRED ON THE PART OF THE PLANNING COMMISSION AT THIS TIME.

BACKGROUND

Community Plan Update Status

The Otay Mesa Community Plan Update has been in process since 2001. In 2004, the City entered into an understanding with a coalition of development interests, called the Otay Mesa Planning Coalition, to expedite work on the update in exchange for technical assistance. Since that time, work on the update has accelerated with technical and planning work, public outreach, in-depth community planning group meetings, roundtable sessions and two Planning Commission workshops. In addition, three draft land use scenarios, along with the adopted community plan land use plan, have been prepared for public review and analysis (see below). Work on the plan update, as well as the associated Programmatic Environmental Impact Report, rezoning program and Public Facilities Financing Plan will continue over the next year with public hearings anticipated in November of 2007.

Land Use Scenarios

Three draft land use scenarios, in addition to the adopted community plan land use map, have been developed in response to the work performed and public input received to date (Attachment 1). These scenarios propose an increase of between 6,000 and 19,000 housing units above the 12,200 units provided by the adopted plan. All but approximately 5,000 would be multiple family housing units. Much of the proposed new residential development in Otay Mesa would be on land not currently designated for residential development. The housing mix is intended to closely integrate the type of housing with the projected

workforce in Otay Mesa, develop village centers, support regional transit service and maximize affordable housing opportunities, thereby helping to implement the City of Villages strategies, the General Plan and the Housing Element.

No Project Scenario/Adopted Community Plan: The adopted Otay Mesa Community Plan concentrates residential development in the western third of Otay Mesa with industrial uses planned for the central and eastern portions of the community. The original 1981 land use map anticipated the development of 18,200 dwelling units in Otay Mesa. However, a 1997 community plan amendment to incorporate the Multi-Habitat Planning Area (MHPA) reduced the potential residential build-out by approximately 6,000 units resulting in 12,900 currently being anticipated by the Otay Mesa Community Plan.

Draft Land Use Scenario 1: Draft Scenario 1 differs from the adopted community plan by representing an increase in residential use and a decrease in industrial use. Approximately 25,500 residential dwelling units would be provided by Scenario 1. Residential features include increasing housing unit yield in the southwestern residential area, creating a one-half mile wide corridor of mixed-use development with increased residential density and intensity of uses along the planned SR-905 freeway, and two focused village areas roughly centered within the community but remaining segregated from industrial areas.

Draft Land Use Scenario 2: Draft Scenario 2 represents the greatest change from the adopted Community Plan with increased residential use and decreased industrial use. Residential build-out would rise to 27,900 units by increasing the housing unit yield in the southwestern residential areas and creating two substantial mixed-use urban village centers by expanding Draft Scenario 1 village areas south of Airway Road.

Draft Land Use Scenario 3: Draft Scenario 3 represents the greatest similarity to the adopted community plan. Approximately 18,000 dwelling units could be developed under this plan by increasing the housing unit yield in the southwestern residential areas, creating an urban village center in an area south of SR-905 and west of Britannia Boulevard and retaining industrial and commercial uses between Otay Mesa Road and SR-905

Demographics

According to SANDAG, as of January 1, 2006, there were 13,593 people living in 3,697 housing units in Otay Mesa. Approximately 70% of the housing units consisted of single family homes with 30% being multi-family units. The median household income was \$94,075.

SANDAG estimates the population per household size to currently be 3.84 which is much higher than the Citywide average of 2.65. Because population forecasts will be critical in planning adequate public facilities to serve Otay Mesa, a special study was conducted to verify SANDAG's estimates and help project future household size. A total of 610

randomly selected households were interviewed within Otay Mesa and Eastern Chula Vista. These interviews verified the higher than-average population per household numbers in the Otay Mesa with rate of 3.98 for single-family residences and 3.45 for multi-family residences.

Workshop Focus

At the September 21, 2006 Planning Commission Workshop, City Planning and Community Investment staff presented an overview of the Otay Mesa Community Plan Update. Due to the complexity and number of issues associated with the plan update, Planning Commissioners requested that staff return with focused workshops to address specific plan update topics. Several workshops have been scheduled, with this first focusing on housing opportunities within Otay Mesa. This report contains information on housing conditions and issues. Planning Commission input is sought on whether the general approach to housing is satisfactory and to identify any other approaches that should be considered. In addition, specific input is desired on what policies staff should evaluate regarding the economic feasibility of providing affordable housing.

DISCUSSION

Because housing has become increasingly unavailable and unaffordable within the region, the City of San Diego declared a “Housing State of Emergency” in 2002. The Otay Mesa Community Plan Update offers an opportunity to implement policies that could ensure the provision of affordable workforce housing. The Otay Mesa housing policy could also serve as a citywide inclusionary and balanced community policy for any area in the City where large scale residential development is proposed on sites not currently designated Residential. While the amount of additional housing varies depending on the scenario and therefore suggests differing options for implementing an updated vision for Otay Mesa, the housing policy would implement the Mayor’s primary goal of providing housing affordable to the workforce and assuring a mix of housing types.

General Plan Policies

City of Villages Strategy

The City is currently in the process of updating its General Plan, and in October 2002, adopted the Strategic Framework Element/City of Villages strategy as the overarching framework for the General Plan Update. The City of Villages strategy, through efficient land use and development patterns, strives to increase the housing supply and diversity through development of compact, mixed-use villages in specific areas that are integrated into the larger community. Village strategies include creating housing near jobs/employment centers and transit with compact pedestrian-friendly orientation. Factors to consider when designating villages include capacity for growth, existing and future public facilities, transportation opportunities, environmental constraints, and community character. All villages will be integrated into the surrounding community and will be characterized by pedestrian-friendly orientation, public spaces, attractive streets, and a variety of housing.

Housing Element

One of the elements that comprise the General Plan update is the Housing Element, which is State-mandated to be updated every five years. The draft Housing Element for FY 2006-2010 contains strategies, policies and programs for addressing the following goals: ensuring provision of sufficient housing for all income groups, preserving affordable housing stock, minimizing governmental constraints to providing housing, providing affordable housing opportunities for low-and moderate-income residents, and complying with all applicable laws and regulations relating to housing. At the direction of the Planning Commission, additions to the draft Housing Element have been incorporated throughout the document to better tie the Housing Element to the remainder of the General Plan. More specifically, language has been added regarding how the housing policies relate to and will support the City of Villages concept that is the centerpiece of the General Plan Land Use Element.

Community Balance

The intent of community balance is to achieve a diversity of population with respect to income level, race and ethnicity. This is achieved through a diverse mixture of housing types suitable for households with varying income levels. The Land Use Element broadens the balanced community concept to include not only a broad range of housing types, but to also include a balance of land uses incorporating commercial development, employment centers, public facilities and accessibility to transit. The goals recommend community strategies and neighborhood-specific implementation measures to achieve equitable development. This may help to achieve some of the jobs/housing benefits through better linkages between homes, jobs, and services.

Jobs/Housing Balance and Transit Opportunities

To help achieve equitable development and balanced communities, it is important to provide affordable housing opportunities that are in proximity to jobs and employment centers. General Plan land use, mobility, and village policies support compact village development with access to public facilities and a multi-modal transportation network. Jobs, housing, and specialized services could be accessed through an interlinked network of villages. The villages would be served by a balanced transportation network that promotes walking, bicycling, and transit use while still maintaining auto-mobility. The General Plan's strategies are supported by the Transit-Oriented Development Design Guidelines which recommend development of mixed-use villages within 2,000 feet of transit. The Guidelines recommend a minimum of 18 dwelling units per net acre, and have a minimum average of 25 dwelling units to the acre. Transit development will be necessary to achieve General Plan strategies, and staff is continuing to work with SANDAG on transit opportunities to support and link greater intensity of development, village opportunities and employment centers.

Housing Affordability

To help ensure the provision of sufficient housing for all income groups, the General Plan sets forth policies to address affordable housing development. The Plan's goals for balanced communities include ensuring diverse and balanced communities for all income levels, as well as community implementation measures to achieve equitable development. The City of Villages strategies support compact development and efficient land use designations to achieve a variety of housing types that could be affordable in nature. More specific to Otay Mesa, the General Plan addresses housing policy opportunities that occur with community plan updates. The policies state that through community plan updates the City shall continue to identify areas appropriate for both single-family and multi-family development, along with designating land for a variety of residential densities sufficient to meet its housing needs for a variety of household sizes. Current housing policies, as discussed below, include a minimum of ten percent of all new units be affordable to low- and very low income residents or for moderate-income homebuyers. The housing needs of a complete and balanced community include market rate, workforce, and affordable housing products which can be provided through land use designations and a variety of housing product types.

Inclusionary Housing Program

The City of San Diego has established a citywide inclusionary housing program. The program, which is codified, requires that new housing development provide ten percent of the units to residents earning 65 percent or less of the Area Median Income (AMI), or at a for-sale price to buyers earning 100 percent or less of the AMI. An in-lieu fee option is also available to developers, with the City using the fees to provide affordable housing opportunities citywide. Development that provides housing priced at a level affordable to families earning under 150 percent of AMI is exempt from the inclusionary requirement. In some newly developing parts of the North City, 20 percent of the new units must be affordable and no in-lieu fee option is available.

Update Approach

As one of the more than fifty community planning areas within the City of San Diego, the Otay Mesa Community Plan contains more detailed information on land use designations and distribution for its defined area than the Citywide General Plan. The community plan addresses specific community needs, yet its policies and recommendations must be in harmony with all citywide policies and the General Plan. The Otay Mesa Community Plan Update provides the City an opportunity to determine appropriate locations and designations for villages based on good planning principles that can provide balanced, pedestrian-friendly communities near employment centers, served by transit and that have adequate public facilities. Within the Otay Mesa community planning area, constraints for the introduction of housing in areas currently not designated for residential development include Brown Field, truck traffic, air quality, noise, circulation, vernal pools, public services, public facilities and land use compatibility. While these constraints will be analyzed throughout the update process, the workshop's focus is to provide input on residential policy opportunities for the plan update.

The residential policy opportunities with the Otay Mesa Community Plan Update include providing affordable workforce housing, improving the Otay Mesa image and creating communities that support and implement the City of Villages strategy. The Otay Mesa Community Plan Update anticipates an increase in residential designations and densities that incorporate various housing product types in order to provide affordable and workforce housing in the community planning area. In order to achieve community balance, the residential policies for the Otay Mesa Update should promote a diversity of population with respect to income level, race, and ethnicity. This diversity could have potential implications for reduction of trips and traffic congestion while improving air quality through the provision of housing types for all income groups to live in proximity to employment centers.

The table below provides approximate dwelling unit information for the no project and three draft scenarios. Numbers were achieved by estimating residential development across 40% of the residential and village designations and at 70% of the density range. The Low Density Designation, with 0-9 dwelling units/acre (du/ac), would allow development of single family homes on standard sized lots. The Medium Density Designation, with 10-14 du/ac, would allow development of small lot homes or attached rowhomes. The Medium-High Designation, at 15-29 du/ac, would develop with garden style multi-family apartment or condominium buildings. The High Density Residential, with 30 du/ac and higher, would allow development of high density multi-family apartment or condominium buildings.

Scenario	No Project	Percent of Total	#1	Percent of Total	#2	Percent of Total	#3	Percent of Total
0 to 9 du/ac	5,300	41%	5,000	20%	5,000	18%	4,600	26%
10 to 14 du/ac	5400	42%	1,700	7%	1,700	6%	1,700	9%
15 to 29 du/ac			9,200	36%	11,800	42%	8,300	46%
30 du/ac & greater	2,200	17%	9,600	38%	9,400	34%	3,400	19%
TOTAL	12,900		25,500		27,900		18,000	

As stated previously, the three draft scenarios propose an increase of between 6,000 and 19,000 housing units from the 12,900 units contained within the adopted plan. All but approximately 5,000 would be multifamily housing units. The housing mix is intended to closely integrate the type of housing with the projected workforce in Otay Mesa, develop village centers, support regional transit service and maximize affordable housing opportunities, thus helping to implement the City of Villages strategies, the General Plan and the Housing Element.

Of the 25,500 total dwelling units anticipated in Scenario #1, 5,000 of the dwelling units would be single family development (20%), 1,700 would be small lot or rowhome

development (7%), and the Medium-High and High Density multi-family development would be fairly evenly split, with 9,200 units (36%) and 9,600 (38%) respectively. The Medium, Medium-High and High Density designations are centered on the three proposed villages within the scenario (see Attachment 2). The South Otay Mesa Village lies in the southwest quadrant of the community planning area, with its center where Beyer Blvd. and Caliente Road meet. A mixed-use village core with Medium density residential would anchor the village and provide some type of access to the proposed transit corridor along Airway Road, as much of the village is outside if the quarter mile radius of the proposed transit station on Airway Road at Caliente. The Central Village, centered at Britannia Blvd. and SR-905, would straddle the highway and provide Medium High and High Density mixed-use multi-family dwelling units with approximately half of the proposed units within a quarter mile radius and approximately all of the units within a half mile radius of the proposed transit station on Airway Road at Britannia. The Central Village includes the neighborhood south of Airway and west of Britannia that proposes residential densities from the Low to Medium range which still has access to transit, with some of the area outside of the quarter mile range but almost all of it within a half mile radius. The Southwestern College Village is located at the intersection of SR-125 and SR-905, and would provide mixed-use multi-family development in the High Density range with access to the proposed transit corridor along Airway Road with a proposed station at the La Media intersection. The Northern Village, north of Brown Field and west of SR-125, proposes mixed-use multi-family development in the Medium and Medium-High range and would access transit at the intersection of Lonestar and SR-125.

In Scenario #2, single family development constitutes 18% of the residential development with 5,000 units, and 6% of the development in the Medium Density range with 1,700 units. For multi-family development in Scenario #2, 11,800 units (42%) would be in the Medium Density range and 9,400 (34%) would be in the Medium-High Density Range. The village areas for Scenario #2 expand on the centers of Scenario #1, with some modifications (see Attachment 3). In the southwest quadrant, the South Otay Mesa is complemented by Airway West Village, which has expanded to incorporate mixed uses near the proposed transit station at Airway and Caliente. The Central Village from Scenario #1 is expanded southerly, with the majority of the village with mixed-use Medium-High and High Density development straddling Airway Road and the proposed transit station at Britannia. Again, a majority of the dwelling units are within a quarter mile radius of the transit station, with almost all within a half mile radius. To the east, another mixed-use village called the Bi-National Village has been added to the southeast of Southwestern College Village. It anticipates mixed-use development in the Medium-High Density range, with half mile access to both the proposed La Media transit station and a station near the Airway and SR-125 intersection. The Northern village remains the same as in Scenario #1.

Scenario #3 anticipates 4,600 single family dwelling units (26%) and 1,700 units in the Medium Density Range (9%). For multi-family development in Scenario #3, 8,300 units would be in the Medium-High Density Range (46%), and 3,400 units would be in the High Density Range (19%). Scenario #3 proposes two residential mixed-use villages, the South Otay Mesa Village as proposed in Scenarios #1 and #2, and a modified Central Village centered at Britannia and Airway (see Attachment 4). The Central Village in Scenario #3

moves the mixed-use residential development south to straddle Airway Road with a majority of the dwelling units within a quarter mile radius and almost all within a half mile radius of the proposed transit station at Britannia and Airway. Within Scenario #3, the Northern Village proposes an AirportIndustrial Park with a Business Park designation.

Tools and Programs

Citywide impediments to the provision of balanced communities with integrated workforce and affordable housing include land costs, infrastructure deficiencies, permit processing procedures, construction defect litigation, and community opposition to higher density and affordable housing developments. Progress has been made to address these impediments and include streamlined permit processing through the Project Tracking System and the Affordable Housing Expedite Program, reduction in water and sewer fees, and adoption of the Land Development Code which includes several provisions that facilitate housing affordability. Other implementing tools for the residential policies include Inclusionary Housing Ordinance (see above), Density Bonus Provisions, Small Lot and Townhome Zones, Balanced Community Policy, Transit-Oriented Development Program, and implementation of community plan density ranges. In support of these programs, the Housing Commission has public assistance tools available for affordable housing which include homebuyer's assistance, rehabilitation, shared housing and single room occupancy hotels. The City and Housing Commission are currently working on a recommendation for adoption a ten percent ministerial density bonus which would be called an On-Site Density Bonus. The bonus would be granted to developers that who agree to build their required inclusionary units on site rather than pay the in lieu fee.

The Otay Mesa Community Plan Update provides an opportunity to implement policies that facilitate development of balanced communities that integrate affordable and workforce housing. Policies will address the infrastructure deficiencies, could consider incentives for workforce and affordable housing development, will identify areas appropriate for mixed-use village opportunities, and continued dialogue with the community and developers to achieve high quality balanced villages and communities that provide a range of housing for all income levels.

DISCUSSION TOPICS

The Otay Mesa Community Plan Update presents a unique opportunity to evaluate whether and how to increase housing opportunities in this border community of the City of San Diego. In order to assist staff in the development of a comprehensive plan for Otay Mesa, Planning Commission input is requested in the following areas:

1. Is the general approach to providing housing opportunities close to jobs, affordable housing, and a balanced community satisfactory?
2. What other policies and approaches, if any, should staff and the planning team consider?

3. What policies and approaches, if any, should staff and the planning team evaluate to improve the economic feasibility of providing affordable housing?

Respectfully submitted,

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Attachments:

1. Otay Mesa Draft Land Use Scenarios
2. Scenario #1 Centers Map
3. Scenario #2 Centers Map
4. Scenario #3 Centers Map
5. Various Illustratives