

DATE ISSUED: March 4, 2005 REPORT NO. PC-05-070

ATTENTION: Planning Commission
Agenda of March 10, 2005

SUBJECT: Workshop on the Preliminary Draft Economic Prosperity Element

REFERENCE: Manager's Report No. 05-038

SUMMARY

THIS IS AN INFORMATIONAL WORKSHOP TO DISCUSS THE PRELIMINARY DRAFT ECONOMIC PROSPERITY ELEMENT OF THE GENERAL PLAN. NO ACTION IS REQUIRED ON THE PART OF THE PLANNING COMMISSION.

BACKGROUND

The proposed Economic Prosperity Element will follow State General Plan Guidelines for an optional element and will incorporate the relevant values, policy recommendations, and action items from the General Plan Strategic Framework Element. The Preliminary Draft Economic Prosperity Element (Attachment 1) incorporates the existing General Plan Industrial, Commercial and Redevelopment Elements (Attachment 2).

In the past, plans, policies, and municipal operations have separated land use planning and economic development disciplines. Often, the conflicting policies of each have resulted in inefficient efforts to achieve quality of life goals. A general history and background of economic development in the City of San Diego is contained in Attachment 3. The Economic Prosperity Element seeks to combine the efforts of each discipline to provide a more comprehensive approach to increasing the standard of living for San Diego residents.

In general, the focus of the new element will vary from the existing *General Plan and Progress Guide* as indicated below:

The Existing Industrial, Commercial, and Redevelopment Elements

The existing Industrial Element provides an inventory and analysis of the location and size of available vacant industrial acreage. Since much of this land has now been developed, the new element will focus on the efficient utilization of existing employment land to support key industries

and ensure that new employment growth should be located in easily accessible Subregional Employment Districts as described on page 12 of the Draft Economic Prosperity Element.

The existing Industrial Element does not provide policies acknowledging the relationship between economic prosperity and quality of life. The broader focus of the new element will emphasize increasing economic opportunity through community development policies that will guide future programs and actions. This section will also address business incentives and the expansion of opportunities for small businesses. The importance of manufacturing will be discussed in terms of creating middle-income employment opportunities. Finally, a more direct link between education and the work force will be established with key policies regarding educational access.

The existing Commercial Element relies on the auto-oriented shopping center as the favored form of retail commercial development. The focus of this section in the new element will be shifted as growth and commerce are targeted to Urban and Neighborhood Villages, Subregional Employment Districts and the Regional Center. Instead of a general intensification of retail activity, policies will emphasize concentrated commercial development in mixed-use areas best able to support them, which have a high level of transit service.

Since adoption of the 1979 *General Plan and Progress Guide*, redevelopment policies have been included in each of the subsequently adopted redevelopment plans within the City. The new element is shortened to focus on the importance of redevelopment as a revitalizing tool and how to maximize the potential of redevelopment to accomplish citywide goals.

DISCUSSION

The purpose of this workshop is to discuss and receive input from the Planning Commission on the Preliminary Draft Economic Prosperity Element. Staff is continuing to meet with all of the stakeholder groups that are necessary to fully review the goals and policies. This will occur over the next few months during which some of the proposed goals and policies may change.

The following key issues regarding economic prosperity are addressed in the element:

1) How can land use policies be utilized to enhance economic prosperity?

Industrial development creates wealth for the City by providing products and services primarily to consumers outside the area. In San Diego, the economic base is primarily composed of industries in the manufacturing, accommodation, and public administration (military) sectors. The Strategic Framework Element emphasizes the importance of diversity of industries in creating a stable economy but focuses on the manufacturing, research and development, and support functions because they produce middle-income employment. Therefore, the policies in the Draft Economic Prosperity Element were developed to protect these important industrial lands from encroachment by non-industrial uses. Other policies focus on intensifying employment uses to encourage knowledge-based industries to locate and expand.

The amount of non-base economic sectors such as the public sectors, services sectors, and retail sectors is directly proportionate to the size of the population and strength of the economic base. While these sectors provide essential services and jobs for residents, they cannot expand beyond the capacity of the economic base on which they are dependent.

One of the primary tools to accomplish expansion of the economic base is the creation of land use designations for future use in community plan updates. A wider variety of land use designations for both industrial and commercial land uses will be available to meet citywide and community objectives (see pages 6, 7, 10, 11, and 12 of the Draft Economic Prosperity Element). Industrial designations have been designed, which limit the types of non-industrial uses such as office and commercial uses in certain designations. Other industrial designations are available for application which provide for more intense office and light industrial uses. The proposed collocation policy also protects base-sector manufacturing, research and development and secondary uses (see pages 5 and 6 of the Draft Economic Prosperity Element). Guiding policies for commercial uses focus on concentrating commercial uses in targeted areas such as villages and providing for the appropriate type commercial development in different areas to encourage neighborhood revitalization.

2) How can economic opportunity be increased?

Draft policies have also been developed to encourage the creation and expansion of middle-income employment and higher-paying employment opportunities in low-wage industries. In turn, education and workforce development policies can assist in the development of skills in our workforce which meet the needs of employers in expanding knowledge-based, high-technology industries.

3) What economic policies will enhance community quality of life?

The Strategic Framework Element encourages the expansion of existing businesses which provide the majority of the City's economic growth. The draft element recommends that the industry clusters, sectors, and functions receiving incentives be evaluated regularly and consider the types of jobs which would be created to ensure their economic benefit to the City. Further discussion of the cluster industry methodology is located in Attachment 3. In addition, economic and fiscal information can be provided to decision makers and the community for large development projects and community plan revisions, annual monitoring of economic indicators can provide decision makers with information regarding the economic health of communities, and public resources can be leveraged through redevelopment activities to revitalize communities in transition.

4) How can the City maximize its comparative economic advantage with regard to its proximity to Mexico?

The Strategic Framework Element recognizes the importance of San Diego's proximity to the border. Policies to continue and expand border and trade-related industries in the border area and facilitate the efficient movement of goods and people across the border are proposed in the Draft Economic Prosperity Element.

NEXT STEPS/CONCLUSION

Input from this workshop and continued input from stakeholders will be incorporated into the Draft General Plan Update which will be distributed for public review in April 2005. Additional stakeholder and community planning group input will continue over the next several months. A Land Use and Housing workshop on this element will be scheduled within that time. It is anticipated that the Planning Commission and City Council will take action on the entire General Plan Update in the fall of this year.

Respectfully submitted,

Jean Cameron
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- Attachment:
1. Preliminary Draft Economic Prosperity Element
 2. Existing General Plan Commercial, Industrial, and Redevelopment Elements
 3. Economic Development Policy Background Information