

CITY OF SAN DIEGO
MEMORANDUM

DATE: February 13, 2004

TO: Community Planners Committee

FROM: Jean Cameron, Senior Planner

SUBJECT: DRAFT ORDINANCE REGULATING LARGE RETAIL (BIG BOX) DEVELOPMENT

BACKGROUND

Managers Report 03-151 dated July 16, 2003, summarizes the background actions by the Planning Commission, Land Use & Housing (LU&H) Committee, and City Council over the last several years with regard to regulating large retail establishment. Large retail establishment development trends, General Plan policies and three potential options were provided in the last report to the Land Use and Housing Committee. On July 23, 2004, the Land Use and Housing Committee directed staff to analyze an ordinance distributed at the meeting, develop design standards for construction of single-tenant retail establishments over 50,000 sq. ft., and require fiscal and economic impact analysis for stores over 75,000 sq. ft. This item is tentatively scheduled to return to the Land Use and Housing Committee on March 24, 2004.

On November 25, 2003, the Community Planners Committee (CPC) discussed some regulation alternatives. CPC comments are contained in Attachment 7 of this report.

On December 10, 2003, the LDC Monitoring Team recommended denial of the options presented at the meeting which included both of the ordinances addressed in this memorandum.

The final LU&H Committee recommendation regarding the economic and fiscal impact analysis will be considered separately because it is a part of a larger Strategic Framework Plan Action item to prepare a format for a "community impact report" to be applied citywide for "major development projects". This will require that "major development projects" be defined to include all types of projects from residential to commercial and industrial which could result in community and citywide economic and fiscal effects. As indicated in Attachment 1, jurisdictions that have adopted or are considering economic impact assessment as a means of mitigating the deleterious effects of large scale development include the States of Maryland and Vermont; Lake Placid, New York; and Bozeman, Montana.

DISCUSSION

The following discussion provides a summary of the potential impacts of large scale retail development relating to economic and fiscal effects, community character, design, and mobility based on the discussion in the last report, Manager's Report 03-151, and from additional studies which have been released since the last report. In addition, new information in the form of reports which have been released in the last six months contributed to the analysis. A summary of the policies contained in the City of San Diego General Plan, regulations considered or adopted in other jurisdictions, analysis of the previously distributed report and description of the staff recommended ordinance are included.

Summary of Potential Impacts of Large Retail Establishments

Economic and Fiscal Impacts

Physical blight can result from the failure of smaller retail stores which cannot compete with large scale retailing. The closure of anchor tenants in existing shopping centers and the vacancies left by the short lifespan of big box stores (5-10 years) contribute to a high commercial vacancy rate. This can result in a reduction in the value of the property and other surrounding properties.

Smaller stores tend to reinvest more back to the communities, creating stable, distinctive and cohesive neighborhoods.

Supercenters or big box stores containing a grocery component can result the replacement of middle-income jobs with fewer lower wage jobs which lack benefits including comprehensive health care, thereby lowering the overall wage levels in a community. This can result in a lack of economic vitality in an area.

Big Box development is an inefficient use of land which favors large parcels in outlying areas thereby potentially creating disinvestment in urban core areas.

Big boxes can have beneficial effects on low income communities if they locate in a community that has a shortage of retailers to meet their needs.

Big boxes compete with other businesses for a fixed amount of sales which is determined by consumer spending in a community which do not necessarily provide a net fiscal benefit. A more detailed analysis is provided by the Community and Economic Development Department's memorandum contained in Attachment 8. A map which indicates where big boxes could potentially locate, both inside and outside of the city's jurisdictional boundaries, is provided in Attachment 2. The map indicates that likely sites in San Diego are not on the periphery of the city. However, recent evidence suggests that some big box users are now considering a wider variety of locations. Thus, there are

some potential sites outside the city's jurisdictional boundaries which could capture sales tax revenue.

Community Character Impacts

Big boxes are often out of scale with existing development due to their sheer size. They are architecturally uniform and sites are not designed to be pedestrian oriented, thereby creating a homogeneous landscape. This can weaken a sense of place and community cohesiveness. Design standards alone cannot address the visual and functional impacts of the largest of these stores.

Mobility Impacts

Large retail establishments tend to draw their customers from an expanded radius beyond the average retail market draw. The result can be localized congestion on streets that provide access.

Due to various factors such as the surrounding urban form, the length of trips, and shopping loads, customers are more likely to use the automobile than transit, walking, or bicycling to travel to a big box store compared to the mode split of traditional community shopping centers.

Data or studies were not located that attempt to measure the effects of having a grocery component within a big box store (supercenter) on traffic or mode split.

Summary of General Plan Policies

The Commercial Element of the General Plan states as its goal: "To develop an integrated system of commercial facilities that effectively meet the needs of San Diego residents and visitors as well as assuring that each new development does not impede the economic vitality of other existing commercial areas". Specifically, one of the guidelines or standards asks "does the development intrude upon the market area of other commercial activities".

The Strategic Framework Element provides a strategy, the City of Villages, for guiding future development. In general, the element's focus is to direct new commercial and residential growth into a series of unique "villages" integrated into San Diego's existing communities. By focusing on sensitive redevelopment of underutilized sites with a combination of residential, commercial, employment, and civic uses, neighborhood revitalization could occur. Although the Element does not directly address big-box development, there are several policies that would not support auto-oriented large scale development that does not respect community character. Villages will be linked citywide by an excellent transit service integrated into the regional transit system. Villages should be designed to be pedestrian-scaled and convenient by foot, bicycle, and transit, as well as by car.

The Economic Prosperity section of the Strategic Framework Element recommends that retention of local businesses and attraction of new businesses that diversify the economic base and offer high quality employment opportunities should be encouraged. These businesses also account for a majority of the local wealth creation, and, directly or indirectly, most of the tax revenues that pay for public investments and services. This section also contains policies to maintain land uses which generate middle-income employment.

Summary of Large Retail Establishment Regulations in other Jurisdictions

Over the past decade, jurisdictions throughout the country have adopted measures that control several aspects of single tenant large retail establishment developments including analysis of impacts, size, design, sale of nontaxable items, and releasing of vacated sites. Until recently, jurisdictions adopting these ordinances were typically small towns, however they are beginning to be considered and adopted in larger cities.

Attachment 1 lists jurisdictions with the various types of ordinance regulations. The most widespread type of regulation is a prohibition of stores over a certain size. The City of Oakland, Cococino County, Contra Costa County and the City of Santa Fe are among jurisdictions that have adopted ordinances regulating size. In some ordinances the size cap is linked to a lower size threshold for design regulations or the percent of sales floor area devoted to nontaxable items. The City of Los Angeles is the largest and most recent city to consider banning supercenters, stores containing a grocery component.

Staff has been unable to find any examples of ordinances that reference the number of storekeeping units (SKUs) that a store stocks. SKU is an acronym for stock keeping units, the series of numbers which a store uses to identify a product. When considering a ban on non-taxable items, most communities utilize a percentage of floor area to implement this objective.

Design regulations generally focus on pedestrian amenities, streetscape and incorporation of mixed use development. Jurisdictions that have adopted design guidelines include the Cities of Portland, Fort Collins, and Somerset County. Design regulations generally apply to larger range of building sizes, some starting as low as 15,000 square feet. Sometimes a mitigation fee is offered as an alternative to following the adopted design requirements.

Some single tenant large retail establishments adopt a practice of prohibiting competitors from leasing a site that they have vacated. This can result in serious disturbance to the economic health and community vitality of an area. Consequently some smaller cities have adopted ordinances prohibiting this practice; examples include Evanston, Wyoming and Buckingham, Pennsylvania.

Ordinance Distributed at Land Use and Housing Committee (7/23/03)

The draft ordinance as contained in Attachment 3 proposes to add a new category to the separately regulated retail sales use category of the land development code tables entitled "single tenant retail establishments greater than 130,000 square feet".

This would be permitted as a limited use where the underlying zone allows the use. Single tenant retail establishments greater than 130,000 square feet would not be permitted when revenue from non-taxable items exceeds 10% of gross sales revenue and the store stocks more than 30,000 SKUs.

Since the retailer would have to meet all three of the criteria to be affected by the proposal, the actual result would result in a limitation of high-volume general merchandizing stores greater than 130,000 sq. ft. which sell non-taxable (grocery) items only. Wai-mart supercenters and possibly larger prototypes of K-Mart or Target stores would be specifically prohibited.

This ordinance does not fully address the majority of community, economic, and mobility impacts associated with large retail establishments. The 130,000-sq.ft. size maximum on only specific types of stores is too high to address community character and design impacts of the stores. Although larger stores may generate even more localized traffic impacts, this may occur at a lower size threshold. Studies are not available to date which analyze traffic or model split of supercenters compared to other big boxes.

Although this ordinance specifically addresses the lowering of wage rates in a community due to the gap in wages and differences in benefits between unionized grocery workers and supercenter employees, a lower size limit of large scale retailers without the non-taxable limitation would still preclude the development of supercenters since these are typically established at sizes greater than 130,000 to 150,000 sq. ft. The ordinance provisions address impacts to grocery stores and supporting uses only with regard to increased vacancies and blight, but do not address impacts to other local retailers offering taxable items for sale.

Staff Recommended Ordinance

The staff recommended ordinance included in Attachment 4 adds two new categories to the separately regulated retail sales use category of the land development code use tables:

- Single tenant retail establishments between 50,000 and 100,000 square feet of gross floor area
- Single tenant retail establishments greater than 100,000 square feet of gross floor area

New construction or expansion of a single tenant retail establishment between 50,000 and 100,000 square feet is permitted in the commercial regional and industrial zones where the underlying zone allows such a use, without additional limitations. The ordinance does

not preclude retrofitting existing buildings for use as large retail establishments. Since discretionary permits are not necessarily required for projects under 100,000 sq. ft., these proposals meet the objective of creating certainty for retail developers in the development process and maintaining a shorter processing time. Attachment 6 provides a survey of the various types of stores.

Design and landscaping requirements are applied in the community commercial and neighborhood commercial zones, but not in industrial zones where commercial uses are allowed. The design requirements address transparency, materials used in the facade, parking lot siting and pedestrian orientation. Additional landscaping requirements reference existing regulations for industrial buildings that are designed to screen and soften large scale buildings.

A single tenant retail establishment greater than 100,000 square feet is permitted without limitations in the commercial regional (CR) zone. This separately regulated use is not allowed in other zones. The Commercial-Regional (CR) zone is a new zone established by the Land Development Code which has not yet been applied to all appropriate properties. A rezone to CR would most likely be appropriate on properties designated as Regional Commercial land use in the community plan. These areas currently include Fashion Valley Shopping Center, Mission Valley Shopping Center, University Towne Center, Torrey Highlands, College Grove Center and the large commercial area in Carmel Mountain Ranch, and La Jolla Village Square as indicated in Attachment 5. There are other areas within the community plans with implementing planned district ordinances which contain text language encouraging regional commercial uses in specific locations. Although these areas may not always require Community Plan Amendments in order to develop as large-scale retail establishments, under the current proposal, a rezone would be required. In other areas of the city, large retailers wanting to locate within the city have the option of obtaining Community Plan Amendment for a Regional Commercial Use designation and a rezone to CR. Analysis and findings associated with the Process 5 CPA and RZ would have to be adopted.

Several Planned District Ordinances do not have limitations on large retail and include use tables separate from the citywide code. Revisions are proposed for the Central Urbanized, La Jolla, Barrio Logan, Mid-City, Otay Mesa, Mission Valley, San Ysidro, Southeastern and Golden Hill PDOs. The ordinance inserts footnotes to the districts or zones with the following text: Single tenant retail establishments greater than 50,000 square feet are subject to the limitations of Sections 141.0505 and 141.0506. The Centre City Planned District is an area where big boxes could potentially locate and where limitations are not proposed. Since downtown is the center of the entire region with regard to employment, residential, civic/institutional, and commercial uses, regionally-oriented uses would be encouraged. The Centre City PDO would require large retail establishments only in combination with other uses, underground parking, minimum building height to approximately 40 to 50 feet, and other design amenities to ensure an urban character.

The proposed ordinance is exempt from CEQA per Section 15061(b)(3) of the State CEQA guidelines.

This approach is recommended because the Strategic Framework Element recommends that growth in the form of new development locate in village areas accessible to transit. This ordinance would reduce the possibility of inefficient use of underutilized infill sites for suburban, automobile-oriented development which does not support adopted General Plan policies. If big boxes proliferate within the City of San Diego, support for the regional transit system could be lessened. Because big boxes compete with other businesses for a larger share of a fixed market, it could hinder the market for new retail development in village areas thereby hindering the economic viability of future potential "villages". Therefore, this proposal has the potential to realize benefits to community character and economic viability for both potential future "villages" and existing community shopping centers since competition with community-serving mixed-use and pedestrian-friendly villages would be reduced.

Both the previously described LU&H distributed version and the staff recommended ordinance would protect existing commercial uses from market intrusion as recommended in the Commercial Element of the General Plan, however, the staff recommended ordinance would protect both grocers and other local retailers selling taxable items.

The proposed ordinance goes further to address mobility impacts related to local traffic congestion, mode split, and design impacts of large scale retailing to existing neighborhoods than the LU&H distributed proposal.

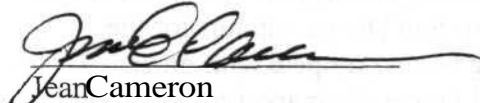
Alternatives were considered which would only permit big boxes in urbanized areas seeking revitalization or where communities may be underserved by commercial development. However, to the extent that big boxes would then locate in these areas particularly if they were limited in other areas, village development offering community revitalization could be hindered both within these communities and in less urbanized areas surrounding them. The community character and mobility impacts would also accrue to these areas.

The proposed ordinance would not preclude the development of large retail center or power centers containing two or more "category killers" unless they contain a store over 100,000 sq. ft. The design impacts of smaller stores are slightly fewer due to the sheer size and scale of a big box in comparison. In addition, there is a possibility that these centers could later redevelop to become more village-like in character and function.

CONCLUSION

The Strategic Framework Element, adopted by the City Council in 2002 emphasizes policies which link land use and transit, which would result in a more compact and efficient development pattern where new growth will take the form of sensitive infill development. Although the LU&H distributed ordinance addresses some economic impacts of large scale retailers, it is too narrow in scope to fully address the community character, land use, economic, and mobility impacts. It only partially implements the

adopted policy for development in the City as described in the General Plan to preserve single-family and open space areas of the City by locating new growth in community-oriented villages. As such, the plan would support additional regulation of large retail establishments.


Jean Cameron
Senior Planner

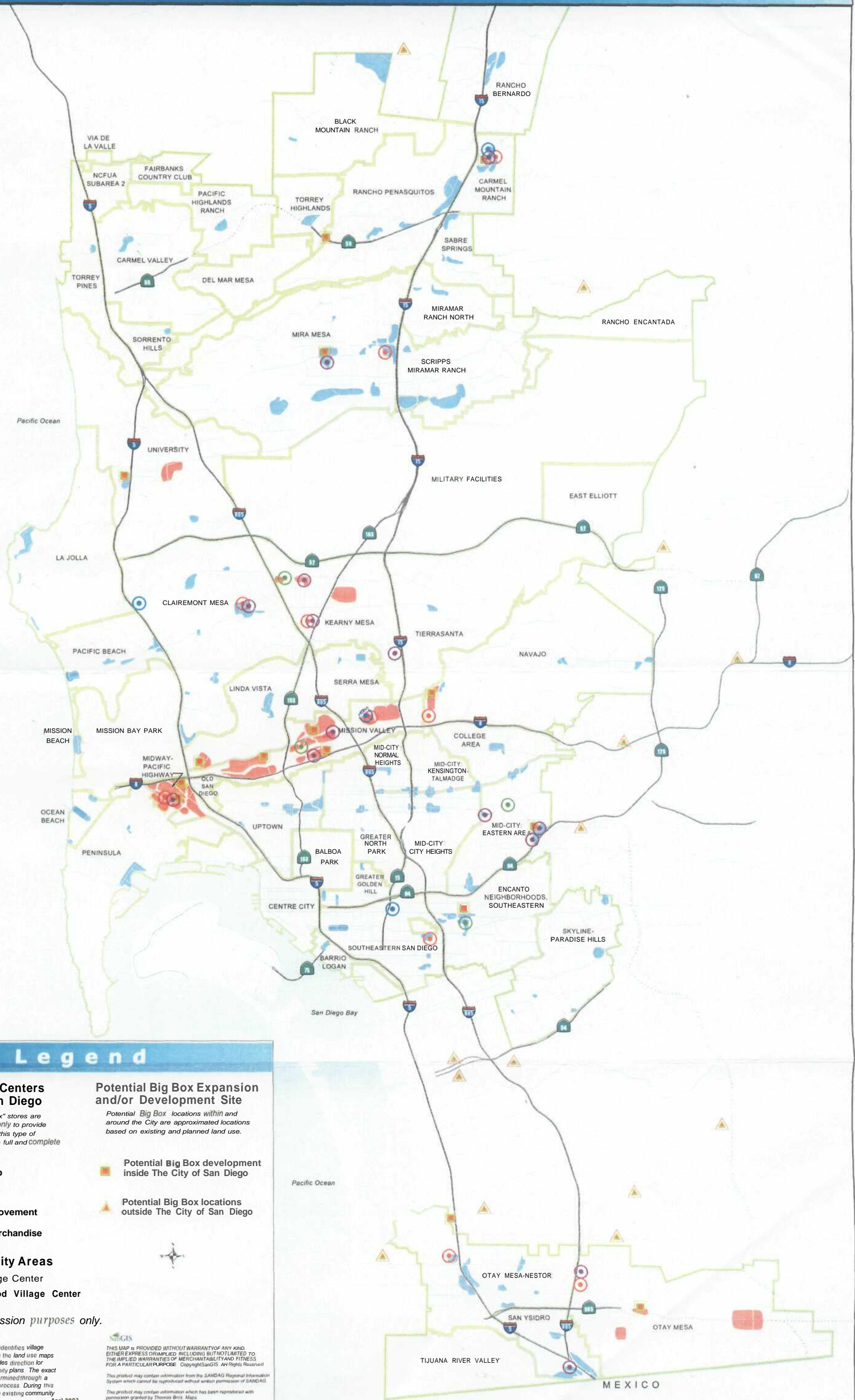
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- Attachments:
1. Summary of Jurisdictions with Regulating Ordinances
 2. Map of Existing and Potential Big Box Locations with Community Areas Accessible to Transit
 3. Proposed Ordinance distributed at 7/23/03 LU&H meeting
 4. Staff Recommended Ordinance
 5. Map of Existing Regional Commercial Land Use Designations
 6. Store Size Survey
 7. CPC comments of November 25, 2003
 8. Community and Economic Development Analysis of the Fiscal and Economic Impacts of Large Retail Establishments

Summary of Jurisdictions with Regulating Ordinances

Cities	Adopted	Impact Assessment	Design Regulations (Size Threshold)	Size Limit (Threshold)	Size Limit Qualifications	Releasing Requirements
Alameda County, CA	2003			100,000	10% of floor area for non-taxable items	
Belfast, ME	2001			45,000		
Boxborough, MA	2000			25,000		
Bozeman, MT	2003	X (50,000)		75,000		
Buckingham, PA	-					X
Cape Cod, MA	1990	X				
Carbondale, CO	Considered	X (20,000 or 1,000 ADT)		60,000		
Cococino County, AZ	2001			70,000		
Contra Costa County, CA	2003			100,000	10% of floor area for non-taxable items	
Easton, MD	2000			65,000		
Evanston, WY	2001					X
Fort Collins, CO	1995		X			
Gaithersburg, MD	-		X	80,000 footprint		
Greenfield, MA	1991	X (20,000 or 500 ADT)				
Homer, Alaska	2003	X (15,000)		20,000 (CBD) 40,000 (Other)		
Hood River County, OR	-		X	50,000 footprint		
Lake Placid, NY	-	X				
Los Angeles, CA	Under Consideration	X				X
Northampton, MA	2002		X (20,000)	90,000		
Oakland, CA	2003			100,000	With full-service supermarket	
Peachtree, GA	-					X
Portland, OR	1990		X			
Rockville, MD	2000		X (25,000)	65,000		
Santa Cruz, CA	2000	X (16,000)				
Santa Fe, NM	2001		X (30,000)	150,000		
Skaneateles, NY	1994		X (45,000)			
Somerset County, NJ	1998		X			
State of California	Not Adopted (1999)			100,000	More than 15,000 sq ft for nontaxable items	
State of Maryland	Under Study	X				
State of Vermont	1970	X				
Taos, NM	1999	X (30,000)		80,000		
Tuolumne County	2004		X (25,000)	60,000		
Walpole, NH	2000			40,000		

Existing and Potential Big Box Locations with Community Accessible to Transit *



Legend

Existing Big Box Centers within City of San Diego

Locations of existing "Big Box" stores are approximated and intended only to provide a sense of where in the City this type of retailer is located, not to be a full and complete accounting of such stores.

- Membership
- Bulk Grocer
- Home Improvement
- General Merchandise

Village Opportunity Areas

- Urban Village Center
- Neighborhood Village Center

Potential Big Box Expansion and/or Development Site

Potential Big Box locations within and around the City are approximated locations based on existing and planned land use.

- Potential Big Box development inside The City of San Diego
- Potential Big Box locations outside The City of San Diego

* Prepared for discussion purposes only.

The City of Villages map graphically identifies village opportunity areas. It does not replace the land use maps included in community plans. It provides direction for amendments and updates of community plans. The exact locations of village areas will be determined through a community plan amendment/update process. During this process, communities may reallocate existing community plan growth into village areas.

April 2003

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Ordinance Number XXX

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AMENDING CHAPTER 13 BY AMENDING ARTICLE 1, DIVISION 5, AND BY AMENDING CHAPTER 14 BY AMENDING ARTICLE 1, DIVISION 5, RELATING TO THE LAND DEVELOPMENT CODE

WHEREAS, the City Council finds that development in San Diego of the sort of "superstores" built in other areas of the nation would undermine the existing plans for encouraging small businesses and encouraging pedestrian-oriented development; and

WHEREAS, grocery sales generate more vehicle trips than any other kind of retail use, yet the existing Land Development Code allows such facilities to be built on an unlimited scale, thereby threatening to cause traffic congestion; and,

WHEREAS, the City already has a significant number of retail vacancies, so to allow massive new superstores is likely to cause the deterioration or abandonment of existing stores, especially neighborhood-oriented stores; and,

WHEREAS, the lack of sales tax revenues from grocery sales leaves the City with no assurance that superstore development would generate sufficient City revenues to offset the negative impacts of such stores on the surrounding community; and,

WHEREAS, adoption of the proposed code amendment would not have a significant affect on the environment, as action on the regulatory amendment is categorically exempt from CEQA pursuant to State Guidelines Section 15061(b)(3); now therefore,

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BE IT ORDAINED by the Council of the City of San Diego as follows:

Section 1. That Chapter 14, Article 1, Division 5, of the San Diego Municipal Code is amended by adding Section 141.0505, to read as follows:

Sec. 141.0505 Food, Beverages, and Groceries

Food, Beverages, and Groceries are permitted as a limited use in the zones indicted with an "L" in the Use Regulation Tables in Chapter 13, Article 1 (Base Zones), subject to the flowing limitations:

- (a) No Food, Beverage, or Groceries facility shall be established or enlarges if such facility would contain more that 130,000 square feet and more that 30,000 Stockkeeping Units (SKU) and more that 10 (ten) percent of its gross sales revenues would come from non-taxable items.
- (b) The owner of an Food, Beverage, or Groceries facility containing more that 130,000 square feet and 30,000 SKU's approved on or after October 15, 2002 shall annually file a report with the City specifying the percent of gross sales from non-taxable merchandise during the previous year.

Section 2. That Chapter 13, Article 1 (Base Zones) be amended by amending the Use Regulations Table thereof to redesignated Food, Beverage, or Groceries as a limited use ("L") instead of a permitted use ("P").

Section 3. Should any provisions or application of this Ordinance be invalidated by a court of law, it shall be severed and have no impact on the remainder of the ordinance. In the event of any legal challenge to this ordinance, the courts are hereby authorized to reform the terms of this Ordinance, including, if necessary, substituting "groceries" for "non-taxable items" in Section 1. To the extent any provisions or applications of this Ordinance are deemed inconsistent with any prior provisions of

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the Code, the latter are hereby amended to eliminate such inconsistencies, and to such end the courts shall have the power to reform the prior provisions.

Section 4. That a full reading of this Ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the City Council and the public a day prior to its final passage.

Section 5. This Ordinance shall take effect and in force on the thirteenth day from and after its passage.

APPROVED: CASEY GWINN, City Attorney

By _____

Article 1: Separately Regulated Use Regulations

Division 5: Retail Sales Use Category--Separately Regulated Uses

§141.0505 Single Tenant Retail Establishments 50,000 to 100,000 square feet

Single tenant retail establishments greater than 50,000 square feet of *gross floor area*, and no greater than 100,000 square feet of *gross floor area*, which includes the aggregate square footage of all adjacent retail establishments which share common check stands, a controlling ownership interest, storage areas, warehouses or distribution facilities are permitted as a limited use in the zones indicated with an "L" in the Use Regulations Tables in Chapter 13, Article 1 (Base Zones), subject to the following regulations.

- (a) Single-tenant retail establishments 50,000 to 100,000 square feet are permitted only for the Retail Sales Use Subcategories that are allowed in the underlying zone (as identified in Tables 131-02B, 131-03B, 131-04B, 131-05B, and 131-06B).
- (b) The following development regulations shall be applied only in the Neighborhood Commercial and Community Commercial zones, in addition to the development regulations of the base zone. Where there is any conflict between base zone regulations and these regulations, the more restrictive shall apply.
 - (1) A minimum of twenty-five percent transparency of street wall area shall be transparent as transparency is defined by Section 131.0552.
 - (2) A minimum of 3 material changes such as glazing, tile, stone or varied pattern/texture shall be provided in *street (facing) wall surfaces*, where no one material shall cover less than 10% of the wall area or more than 60% of the wall area.
 - (3) At least one public entryway shall face the primary streetfrontage.
 - (4) Each *structure* shall incorporate at least two architectural features from the following menu:
 - a) Pilasters
 - b) Trellises
 - c) *Awnings* or extended covered entries
 - d) Arcades
 - e) Varied rooflines or roof cornices
 - (5) In addition to the requirements of Section 131.0550, additional pedestrian paths to the *public right ofway* or local transit shall be provided on each street frontage at a rate of one per 200 linear feet.
 - (6) Parking lot orientation for *structures* over 50,000 square feet shall comply with Section 131.0556.
 - (7) See Section 142.0404, Table 142-04C for single tenant retail establishment landscaping requirements.

§141.0506

Single Tenant Retail Establishments over 100,000 square feet

Single tenant retail establishments greater than 100,000 square feet of *gross floor area* which includes the aggregate square footage of all adjacent retail establishments which share common check stands, a controlling ownership interest, storage areas, warehouses or distribution facilities are permitted only in the zones indicated with a "P" in the Use Regulations Tables in Chapter 13, Article 1 (Base Zones). This section applies to new construction of buildings for retail sales, building expansion of existing retail sales uses to over 100,000 sq. ft. of *gross floor area (gfa)* and conversion of use of buildings over 100,000 *gfa* to retail sales use.

Table 131-05B

Use Regulations Table for Commercial Zones

Use Categories/Subcategories [Sec Section 131.0112 for an explanation and descriptions of the Use Categories, Subcategories, and Separately Regulated Uses]	Zone Designator		Zones									
	1st & 2nd >		CN ⁽¹⁾ -			CR-		CO-		CV-		CP-
	3rd >		1-	1-	2-	1-	1-	1-	2	1	2	1
	4th >		1	2	3	1	1	1	2	1	2	1
Retail Sales												
Building Supplies & Equipment			P	P	P	-	-	-				
Food, Beverages and Groceries			P	P	P	P	P	P	-	-	-	
Consumer Goods, Furniture, Appliances, Equipment			P	P	P	P ⁽³⁾	-	-	-	-	-	
Pets & Pet Supplies			P	P	P	-	-	-	-	-	-	
Sundries, Pharmaceutical, & Convenience Sales			P	P	P	P	P	P	-	-	-	
Wearing Apparel & Accessories			P	P	P	-	-	P	-	-	-	
Separately Regulated Retail Sales Uses												
Agriculture Related Supplies & Equipment			-	-	P	P	-	-	-	-	-	
Alcoholic Beverage Outlets			L	L	L	L	L	L	-	-	-	
Plant Nurseries			P	P	P	-	-	-	-	-	-	
Single Tenant Retail Establishments 50,000 to 100,000 square feet			L	P	P	-	-	-	-	-	I	
Single Tenant Retail Establishments greater than 100,000 square feet			-	P	P	-	-	-	-	-	I	
Swap Meets & Other Large Outdoor Retail Facilities			-	C	C	-	-	C ⁽¹⁰⁾	-	-	-	

Table 142-04C

Street Yard and Remaining Yard Planting Requirements

Type of Development Proposal	Type of Yard	Planting Area Required (Percentage of total yard area unless otherwise noted below) ⁽¹⁾	Plant Points Required (Number of plant points required per square foot of total street yard or remaining yard area) or required trees ⁽¹⁾
Single Dwelling Unit Residential Development in RM zones or Multiple Dwelling Unit Residential Development in any Zone	Street Yard	50% ⁽²⁾	0.05 points
	Remaining Yard	40 Square Feet per Tree	For single structures on a single lot, provide a minimum of 60 points, located in the remaining yard ⁽²⁾ For more than one structure on a single lot, provide one tree on each side and in the rear of each structure ⁽²⁾
Commercial Development in any Zone or Industrial Development in RM Zones or Commercial Zones	Street Yard	25% ⁽³⁾	0.05 points to be achieved with trees only ⁽³⁾
	Remaining Yard	30% ⁽³⁾	0.05 points
Industrial Development in any zone other than RM or Commercial Zones	Street Yard	25% ⁽⁴⁾	0.05 points
	Remaining Yard	See Section 142.0405 (d)	0.05 points
Single Tenant Retail Establishments 50,000 to 100,000 square feet (see Section 141.0505) in any zone other than CR or Industrial Zones.	Street Yard	100% ⁽⁴⁾ front yard setback (except access points) 25% ⁽⁴⁾ balance of street yard	0.05 points ⁽⁴⁾
	Remaining Yard	30% ⁽⁴⁾	0.05 points

Footnotes to Table 142-04C

- 1 See Section 142.0405(a)
- 2 See Section 142.0405(b)
- 3 See Section 142.0405(c)
- 4 See Section 142.0405(d)

(Added 12-9-1997 by O-18451 N.S.; effective 1-1-2000.)

§142.0405 Additional Yard Planting Area and Point Requirements

(a) Additional yard requirements for all development:

- (1) Unless specified otherwise in Table 142-04C, at least one-half of the required planting points shall be achieved with trees.
- (2) If plants and planting area are provided within a street yard or

remaining yard to meet other requirements of this division, including *vehicular use area* and revegetation requirements, they may be used to satisfy the planting area and plant points required by Table 142-04C.

- (3) A point score in excess of that required for a yard area may be used to reduce the planting area required for that yard area at a rate of one square foot of area reduction for each excess point provided. The maximum planting area reduction allowed by this section is 25 percent of that total yard area required.

(b) Additional residential *yard* requirements:

(1) *Street Yard*

- (A) A minimum separation of 5 feet shall be maintained between driveway edges located in the *street yard*.
- (B) Up to 10 percent of the required *street yard* planting area located outside the *vehicular use area* for RM zones or *multiple dwelling unit* residential uses may consist of *hardscape* or unattached unit pavers.
- (C) Planting area in the *public right-of-way* is not counted towards fulfillment of the required *street yard* planting area.

(2) *Remaining Yard*

- (A) For projects with only one multi-unit residential building on a *lot*, the *remaining yard* shall be planted with a combination of trees and shrubs to achieve a minimum 60 points. These required plantings shall be located in the *remaining yard* between the *street yard* and any building entrances located on the side of the building. For all buildings with no side entrances, the points shall be divided equally between each side of the building.
- (B) For projects with two or more residential buildings on a *lot*, one 24-inch box tree shall be planted on each side and in the rear of each building. A minimum distance of 6 feet shall be provided between any tree and building.

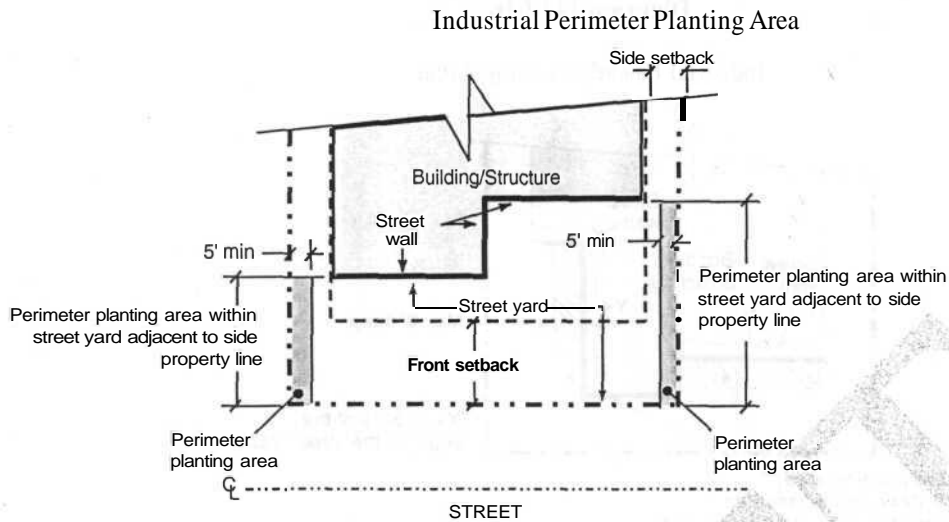
(c) Additional commercial *yard* requirements:

- (1) All of the required *street yard* planting area located outside the *vehicular use area* for commercial zones or commercial development except for auto service stations, may consist of *hardscape* or

unattached unit pavers. This does not include the minimum planting area required for trees and the planting area necessary to provide for healthy plant growth.

- (2) For auto service stations, the required *street yard* planting area is 15 percent of the *street yard* area, and the required plant points are 0.03 points for each square foot of the *street yard*.
 - (3) Where commercial *development* abuts a residential zone, a 5-foot wide area along the entire abutting *property line* shall be planted with trees to achieve a minimum of .05 points per square foot of area in addition to the points required in the *remaining yard*.
- (d) Additional industrial and single tenant retail establishments 50,000 to 100,000 square feet *yard* requirements:
- (1) Perimeter Planting Area. Within the *street yard* for industrial zones or industrial *development*, a 5-foot-wide perimeter planting area adjacent to each *side property line*, as shown in Diagram 142-04A, shall be provided for the full depth of the *street yard* except where vehicular access (maximum 25 feet) and pedestrian access (maximum 6 feet) points cross perpendicular to a *side property line*. This planting area shall be planted with a combination of trees and shrubs that achieves 0.2 points per square foot of the required area. Where loading docks are placed along more than 25 percent of the *street wall* length in the IL and IH zones, the perimeter planting area points required shall be increased to 0.5 points per square foot of area. (Does not apply to single tenant retail establishments 50,000 to 100,000 square feet).

Diagram 142-04A



- (2) Facade Planting Area. Within the *street yard*, a facade planting area, as shown in Diagram 142-04B, shall be provided that abuts the *street wall* and is at least equal to 50 percent of the length as determined by adding the lines connecting the outermost points of the structure along the street wall as shown in Diagram 142-0C, and that has a width of at least 9 feet measured perpendicularly to the building. (Does not apply to single tenant retail establishments 50,000 to 100,000 square feet where the building is required to be located within 9 feet of the *property line*).

Diagram 142-04B

Industrial Facade Planting Areas

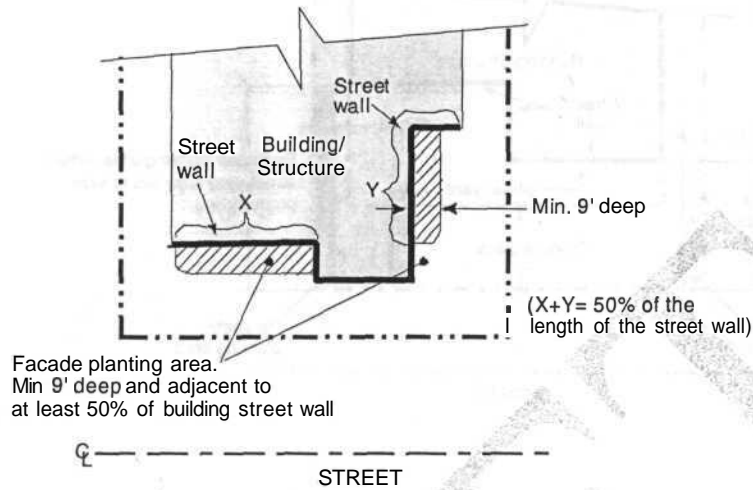
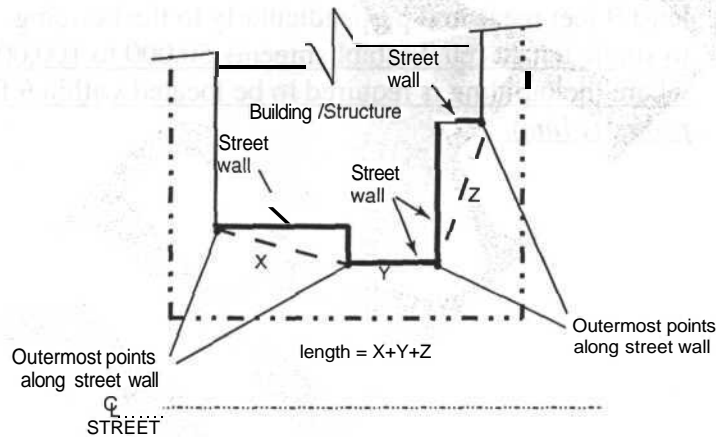


Diagram 142-04C

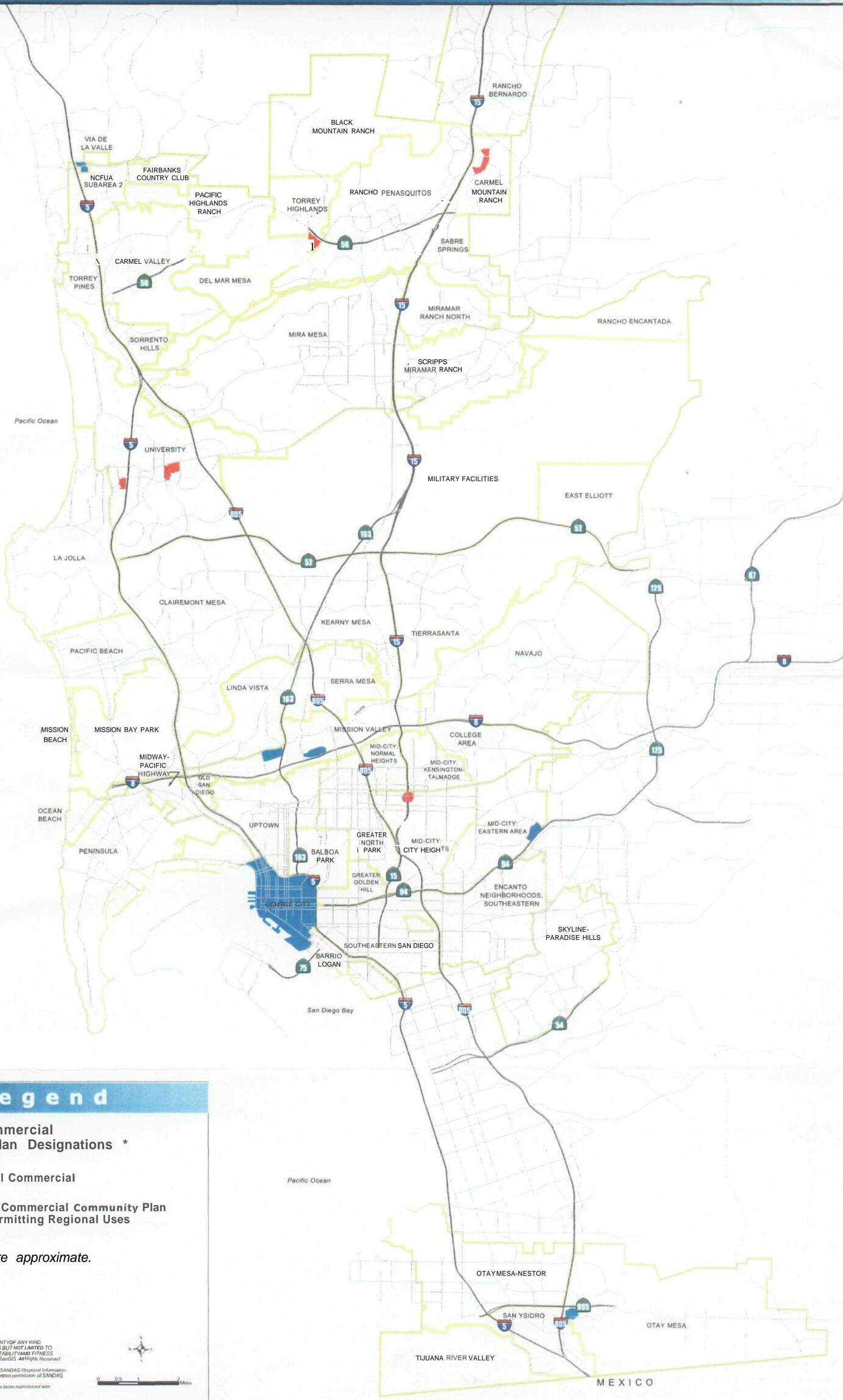
Industrial Facade Area Street Wall Length



The facade planting area shall be planted with a combination of trees and shrubs that achieves 0.5 points per square foot. Trees within this area must have a typical growth rate that can achieve a height of at least 20 feet within 8 years of being planted. Shrubs at maturity shall achieve a minimum height of 4 feet. In lieu of meeting the facade planting area and point requirements, the *applicant* may do one of the following:

- (A) Increase the required perimeter planting area width to 10 feet and the required *street yard* plant points to 0.1; or
 - (B) Place a minimum 6-foot-high solid wall between the *setback line* and the front of the *structure* that shall extend along the full width of the property, except at access points. The applicant shall provide tree plantings equal to one half of the required facade area planting points between the wall and the building street wall. (Does not apply to single tenant retail establishments 50,000 to 100,000 square feet in commercial zones).
- (3) Where loading docks are located along more than 25 percent of the *street wall* length, all *street yard* plant points shall be increased to 0.1 per square foot of *street yard* area.
 - (4) For industrial uses in industrial zones, a planting area of at least 5 feet wide shall be provided within the *remaining yard*. This area shall be measured perpendicularly to the *property lines* adjacent to the *remaining yard* and shall abut the *property line*. The required planting points shall be placed within this 5 feet wide area.
 - (5) For single tenant retail establishments 50,000 to 100,000 square feet, a 5 foot wide area along the entire abutting *property line* shall be planted with trees to achieve a minimum of .05 points per square foot of area in addition to the points required in the *remaining yard*.

Existing Regional Commercial Land Use Designations



Legend

Regional Commercial Community Plan Designations *

- Regional Commercial
- Retail / Commercial Community Plan Text-Permitting Regional Uses

* Locations are approximate.



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Store Size Ranges

	Square Footage Range
Drug Store	10,000 - 16,000
Office Supply Store	20,000 - 45,000
Home Furnishing Store	30,000 - 45,000
Supermarket	45,000 - 75,000
Home Improvement Store	45,000 - 130,000
Membership Store	70,000 - 160,000
General Merchandise Store	80,000 - 180,000
Super Store	150,000 - 250,000

Community Planners Committee

November 25, 2003

Single Tenant Large Retail Establishment Informational Item - Comments

Traffic

- Single tenant large retail establishments are regional uses that absorb large amounts of traffic capacity and should be sited in appropriate areas.
- Single tenant large retail establishments should be connected to transit.
- Traffic issues should be dealt with on a project by project basis.

Design

- Design guidelines should be used to make buildings more attractive.
- Only design guidelines should be implemented.
- All of the parking for single tenant large retail establishments should be structured.
- Design criteria should not be incorporated into the Land Development Code.

Siting

- A new Walmart is being sited on a previous Home Base site and there are no objections from the community.
- Single tenant large retail establishments should not be allowed near residential areas.
- Single tenant large retail establishments use land inefficiently.
- Single tenant large retail establishments do not fit into a walkable community.

Economic Impact

- The City shouldn't become involved in market trends.
- There should be no tax incentives for single tenant large retail establishments.
- The fiscal impact analysis should not become another Environmental Impact Report.
- There is some economic benefit from single tenant large retail establishments and a ban might reduce tax revenue.

Miscellaneous

- The staff recommendation is a good ordinance.
- There should not be a complete cap on the size of single tenant large retail establishments.
- There are significant environmental, sustainability and livability issues with single tenant large retail establishments
- Regulations are appropriate and should be implemented.

Community and Economic Development Department
Analysis of the Economic Impacts of Large Retail Establishments

Big box development projects without question impose economic changes on a community. Those changes must be measured against the underlying assumption of a free market economy, that competition is fundamentally good for the consumer. Competition is assumed to drive prices down and to stimulate improvements and diversity in product design, performance, and availability. Big box competition in the retail sales sector clearly has been a successful competition strategy, as evidenced by Wal-Mart becoming the number one "Fortune 500" company in 2002, supplanting industrial firms for the first time. Consumers often support land use decisions allowing big box projects, despite their size, traffic demands, and other concerns, because big boxes economies of scale have driven consumer prices for many goods to historic lows (as measured in constant dollars), and consumers like low prices. The question, thus, is whether the economic benefit of big box development - lower cost and increased availability - is outweighed by the economic costs imposed on the community.

Big boxes are not a new phenomenon. Economies of scale were the primary feature in the growth of department stores in the early 20th century. Stand-alone Sears stores and their competitors aggressively sought market share from traditional "mom and pop" retailers, eventually eliminating them from the market. Name brand hardware stores and, later, the Home Depots and their ilk eliminated independent hardware stores from the market. And "supermarkets" have all but eliminated the corner grocery store.

Big box projects are essentially the next step in a half century trend toward suburbanization and shopping centers. Shopping centers, with their automobile-serving design, competed aggressively with more compactly designed urban businesses and, along with freeway construction and the home mortgage deduction, caused investment to flee from the inner-city. In San Diego's case, and in many cities, this disinvestment led to large public expenditures to redevelop downtown and other older commercial areas. In hindsight, shopping centers perhaps should have been strictly regulated because of their contribution to disinvestment and the consequent public costs of redevelopment.

It has been argued that big box projects destroy small businesses, eliminate the wealth creation opportunities that small businesses provide, and drive down wage rates. It is certainly true that Wal-Mart's growth in rural areas closed down businesses in small-town main streets, taking the private wealth tied up in the small businesses that lost in that competition. The growth of big boxes in rural communities, however, was simply a belated battle in the war for market share that shopping centers in urban and suburban America had previously fought. In urban and suburban areas, shopping centers have long since eliminated the small purveyors of basic retail goods and commodities. But the competition fought back: While small businesses no longer compete in basic retail sales, they now compete - aggressively and successfully - in niche markets, providing boutique goods and serving neighborhood and other limited clientele needs overlooked by mass market retailers. Regarding wage rates, few "mom and pop shops" of a former era or the current niche market businesses have a much better record than their big box counterparts in providing full time jobs with wages at a livable rate or with health and retirement benefits. What differentiates current big box development from shopping center predecessors is the combination of sheer size, market reach, and design. Big boxes now compete primarily with each other and with shopping centers. While the competition is played out at a corporate level, the economic

impacts are felt locally. For example, Wal-Mart's success contributed to K-Mart's bankruptcy, forcing hundreds of K-Mart outlets to close while the company restructured. The local economic impacts included thousands of job losses for K-Mart employees, service dislocations and their ripple effects, and, if the empty K-Mart box did not find another user, a blighting influence for the surrounding businesses or neighborhood. Some big box retailers are beginning to sell groceries, competing aggressively with supermarkets (the big box "category killers" of two generations ago). Supermarkets operate at a narrow profit margin, and big box retailers can exploit that with their greater economies of scale and lower distribution costs. A single big box project could effectively force several community-serving supermarkets to close, while a big box chain's concerted campaign could force a supermarket chain out of business. Supermarkets have largely stabilized their employee costs through union representation or middle-income wage rates coupled with health and retirement benefits. Thus, a supermarket's closure would result in lost full-time jobs at middle-income wage rates with benefits. There is already a society-wide erosion of middle-income jobs, and in periods of high unemployment, a supermarket's job losses would be difficult to replace elsewhere and would have numerous social impacts. With regard to service losses, most Californians have automobiles, and for them the lower costs coupled with the convenience of access to many other goods may outweigh the higher costs of driving further to a big box for groceries. However, neighborhood residents who do not have access to transportation (who in most cases have low incomes) will likely be forced to shop at higher-cost niche markets. A solution for them is public transportation connecting residents to big boxes, but this simply transfers the cost impact to government. It is unclear whether the longer trips to big boxes result in increased air pollution impacts, or whether consumers instead save up their purchasing needs to combine food purchase trips with other trips. Finally, regarding blighting influences, supermarkets are the most common anchor tenant at neighborhood-serving shopping centers, so when they leave for whatever reason, they leave behind the slow and painful closure of all the surrounding businesses. The anchor site is often the wrong size for an alternative user, and the shopping center becomes a blighting influence for an entire community. San Diego has experienced this trend in several neighborhoods.

While big box development can have a strongly negative impact on a community, it can be a valuable component to revitalizing an older community. Just as Horton Plaza anchored San Diego's downtown revitalization, a big box project in a strategic location can anchor community revitalization efforts. It can make dormant sites attractive to shoppers, thereby encouraging other business investment, providing new and desired services in the community, and contributing to property tax increases. However, because the costs of building in the inner-city are inherently much higher than at "Greenfield" sites on a city's periphery, big box developers seldom consider such sites despite population densities, preferring instead to rely on consumers' willingness to drive long distances on freeways. In the mid-1990's, New York City learned that it was leaking substantial retail sales (and tax revenues) to suburban big box sites. The city revised its regulations to encourage big boxes to move into metropolitan areas. The strategy was successful, with new retail projects returning sales to the city. In many cases, the big boxes were designed with multiple stories consistent with community design characteristics and some even re-used existing older buildings. Thus, San Diego might consider regulations to encourage big box development at selected inner-city sites.

Prepared by Mike Jenkins,
Assistant to the Director, Community and Economic Development Department

Community and Economic Development Department Analysis of the Fiscal Impacts of Big Box Development

While the economic impacts of big box retail development can be complex and variable, the fiscal impacts are straightforward. Big box projects do not offer new and previously unavailable goods. Rather, they compete with other businesses for a larger share of a fixed amount of sales. Individual items may be at a lower cost, so consumers may purchase more items from a big box, but the overall sale amounts remain relatively fixed. With tax revenues tied to sales, the local jurisdiction's tax returns remain the same.

There are two exceptions to this. As noted above, big box developers prefer to build at low cost "Greenfield" sites which are likely located at a city's periphery. To the extent that this location choice precludes lower income purchasers from driving long distances, then this market segment may remain unserved on discretionary purchases. In the event that the big box competes successfully with businesses offering sales for this segment, forcing them out of business, then tax revenues from this segment will decline. This argues in favor of strategies to encourage big box projects in denser inner-city areas.

The second exception, as happened in New York City, if the big box is located at a periphery site across a jurisdiction's corporate boundary, then the taxes paid by the city's residents will flow to the suburban jurisdiction. This may be the unintended result of developers preferring "Greenfield" sites, but in many cases cities compete with one another for big box retailers to increase their sales tax revenues, changing land use regulations and providing financial incentives to attract big boxes. In a 1999 study by Public Policy Institute of California, 72 percent of California cities ranked generating new sales tax revenue as the most important factor motivating their decisions about developing vacant land. Some large retailers use this "fiscalization of land use" to play one community against another, asking local officials for subsidies to relocate within the same market area, transferring sales tax revenues from a "sending" community to a "receiving" community. The receiving community gets new revenue but spends some of it on the retailer; the subsidy to the retailer lowers its costs; and the sending community suffers the revenue loss. The public as a whole loses because the costs of goods remain the same while net public revenues to provide public services are diverted. State law now prohibits a community from giving financial assistance to a big box retailer or auto dealer to relocate in the same market area unless the receiving agency shares the resulting sales tax revenues (after subtracting the value of the assistance) with the sending community for the first 10 years (Government Code Sec. 53084; Health & Safety Code Sec. 33426.7).

In San Diego's case, an effort to compete for tax revenue from outlying jurisdictions is not likely to be successful. Planning Department staff reviewed maps of periphery areas and determined only two sites can accommodate a big box project, and of those one is a long-developed shopping center that already includes a big box retailer (College Grove), and the other is beyond the market range of attracting sales from outside the city limits (Carmel Mountain Ranch). On the other hand, at least five sites just outside San Diego's limits could support big box projects and compete for sales taxes from San Diego residents (Chula Vista, Poway, Santee, and two sites in the County).

Prepared by Mike Jenkins, Assistant to the Director, Community and Economic Development Department