



THE CITY OF SAN DIEGO

Report to the Historical Resources Board

DATE ISSUED: August 22, 2025 REPORT NO. HRB-25-033

HEARING DATE: August 28, 2025

SUBJECT: **ITEM #2 – 1620 State Street Site Development Permit**

RESOURCE INFO: [California Historical Resources Inventory Database \(CHRID\) link](#)

OWNER: 16Twenty, LLC

APPLICANT: Nakhshab Development and Design, Inc.

LOCATION: 1620 State Street, Downtown Community Plan Area, Council District 3
APN 533-352-0900

DESCRIPTION: Consider the historical resources section, recommendations, findings and mitigation measures of the environmental document and findings associated with the Site Development Permit (SDP) as presented and consider the inclusion of additional permit conditions related to a designated historical resource if needed

STAFF RECOMMENDATION

Recommend to the Planning Commission approval of the historical resources section, recommendations, findings and mitigation measures of the environmental document and findings associated with the SDP related to the designated resource located at 1620 State Street (HRB #278, the Ordway Residence) as presented.

BACKGROUND

San Diego Municipal Code (SDMC) [Section 126.0504\(b\)\(2\)](#) requires a recommendation from the Historical Resources Board (HRB) prior to a Planning Commission decision on a SDP when a historical district or designated historical resource is present. The HRB has adopted the following procedure for making recommendations to decision-makers (Historical Resources Board Procedures, Section II.D):

When the HRB is taking action on a recommendation to a decision-maker, the Board shall make a recommendation on only those aspects of the matter that relate to the historical aspects of the project. The Board's recommendation action(s) shall relate to the cultural resources section, recommendations, findings and mitigation measures of the final

environmental document, the SDP findings for historical purposes, and/or the project's compliance with the Secretary of the Interior's Standards for Treatment of Historic Properties. If the Board desires to recommend the inclusion of additional conditions, the motion should include a request for staff to incorporate permit conditions to capture the Board's recommendations when the project moves forward to the decision maker.

The designated historical resource, the Ordway Residence, which consists of a one-story, Queen Anne style residence and a non-historic rear addition, is located within the Little Italy neighborhood of the Downtown Community and is part of an intact row of individually historically designated Victorian era residences on the west side of State Street. The Ordway Residence was designated by the HRB on August 22, 1990 as HRB #278 in conjunction with multiple other buildings identified in the Centre City Development Corporation's Harborview/Little Italy survey. The Ordway Residence was designated for its "architecture and as part of a significant, intact collection of four Victorian houses still on their original sites which reflect the early development of downtown at the turn of the century." A full discussion regarding the historic significance of the Ordway Residence is available in the Historical Resources Technical Report (Attachment 2). The property is currently vacant but until 2018 had been continuously used as a residential structure since its circa 1888 construction date.

PROJECT DESCRIPTION

The Project consists of a SDP for the substantial alteration of the Ordway Residence, the "Resource," located at 1620 State Street within the Little Italy neighborhood of the Downtown Community Planning Area (DCP) (Council District 3). The project site consists only of the 4,979-square-foot parcel at 1620 State Street within the Residential Emphasis land use district of the Centre City Planned District, the Airport Land Use Compatibility Land Use Overlay, and the Transit Priority Area Overlay. The project proposes to construct an eight-story, 91-foot-tall mixed-use development comprised of 52 residential dwelling units, including seven affordable dwelling units, and 6,232 square feet of commercial space. The Resource will be dismantled, stored off-site during construction, and relocated to the front property line of the parcel. New construction will project over the rear of the Resource at the third floor and over the entirety of the structure at the fourth through eighth floors. The Project will also feature two commercial units, one in the rehabilitated Resource and one on the rooftop.

ANALYSIS

The redevelopment of the project site cannot be determined consistent with the Secretary of the Interior's Standards (Standards) due to the storage of the Resource off site during construction and the change in the building's location on the parcel. Additionally, the massing and scale of the proposed new construction is not compatible with the historic structure in massing, size and scale. Therefore, the proposed development and reuse of the Resource is, by definition, a substantial alteration requiring a SDP, consistent with [SDMC Section 143.0251](#). Specific SDP Supplemental Findings pursuant to [SDMC Section 126.0505 \(i\)\(1-3\)](#) Supplemental Findings – Historical Resources Deviations for Substantial Alteration of a Designated Historical Resource or Within a Historical District are required for projects proposing substantial alterations to a designated historical resource or within a historical district, including findings that require analysis of alternatives that could minimize the potential adverse effects on the Resource.

The required SDP Supplemental Findings regarding the project's proposed substantial alteration to the Ordway Residence and supporting information are below.

1. There are no feasible measures, including a less environmentally damaging alternative, that can further minimize the potential adverse effects on the designated historical resource or historical district.

The Resource, the Ordway Residence, HRB Site #278, was designated in 1990 based on its architectural significance as a good example of the Queen Anne cottage design and as part of a significant, intact collection of Victorian houses still on their original sites which reflect the early development of Downtown at the turn of the century. The other three Victorian houses have been retained in their original locations and continue to retain historic integrity.

The current Project proposes to relocate the Resource on site by moving it to the front of the parcel and constructing a new eight-story mixed-use tower with 52 residential units and two commercial units. The Resource will be stored offsite during construction of the proposed project. The new construction will project over the Resource to the property line. The massing and scale of the proposed new project as well as the onsite relocation of the Resource is not consistent with Secretary of the Interior's Standards for the Treatment of Historic Properties due to a loss of integrity of location, design, feeling and association.

The Applicant retained ZLD Consulting (ZLD) to conduct an economic analysis (Feasibility Study) of the proposed Project ("Base Project") and four alternative designs (Attachment 3). The designs were previously reviewed and approved by Historical Resources staff as sufficient for the purposes of this study. The Base Project and the alternatives analyzed included the removal of a non-historic rear addition to the Resource. The following four alternatives were evaluated for economic feasibility versus that of the Base Project.

Alternative	Description
Base Project	Relocate and rehabilitate the Resource onsite and incorporate it into a new eight story development with 52 residential units and ground floor and rooftop commercial spaces. The new development will project over the Resource.
Alternative 1	Retain and rehabilitate the Resource in its current location and develop a new eight story development at the rear of the lot with 14 residential units.
Alternative 2	Relocate and rehabilitate the Resource onsite and develop a new eight story development at the rear of the lot with 28 residential units.
Alternative 3	Retain and rehabilitate the Resource in its current location and incorporate it into a new eight story development with 38 residential units and a rooftop commercial space. The new development will project over the historic structure.

Alternative 4	Relocate and rehabilitate the Resource off-site and construct a new eight story development with 52 residential units and ground floor and rooftop commercial spaces.
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According to the Feasibility Study, the Base Project is the only project that will produce a net profit and is therefore the only economically feasible option. The Feasibility Study assumed a 5% Capitalization Rate, due to its centralized location in the highly desirable Little Italy and the quality of the proposed design. The Capitalization Rate is the rate that the investor marketplace will most often use to determine the value of an investor-grade project and the Capitalized Value is what an investor would expect by way of return on an all-cash basis at the completion of the project. The Capitalization Rate was then used to calculate the Capitalized Value of the property after construction based on the number of residential units, the number of commercial units and the projected stabilized net operating income for each alternative. The study concluded that only the Base Project would produce a Capitalized Value that was greater than the Development Cost due to a cost-effective design which produced 52 residential units and two commercial spaces. The same was true when the alternatives were evaluated on a per unit basis.

The Feasibility Study concluded that less environmentally damaging alternatives, Alternatives 1 through 4, were not economically feasible. Alternative 1, which is the least environmentally damaging alternative when compared to the Base Project because it does not propose to relocate the Resource or cantilever new construction over it, was not economically feasible because the low number of residential units and lack of commercial space resulted in a project that was worth less than the cost of development. Alternative 2, which is a less environmentally damaging alternative than the Base Project because it does not propose to build above the Resource, is also not economically feasible because the low number of residential units and lack of commercial space resulted in a project that was worth less than the cost of development. Alternative 3, which is a less environmentally damaging alternative than the Base Project because it retains the Resource in its current location, is not economically feasible due to the high cost of the engineering that will be required to cantilever out over the historic structure. The study concluded that Alternative 4, which proposes the relocation of the Resource offsite, is not economically feasible because acquiring a suitable receiver property creates an additional expense and the cost of development would still be greater than the value of the resulting project. Additionally, this is a more environmentally damaging alternative because offsite relocation would negatively impact the Resource's historic significance by removing it from its historic context and separating it from the other three Victorian residences on State Street that were designated in conjunction with the Resource. Although the Base Project proposes to relocate the Resource on site, it will remain on its original parcel and within its historic context. The impact of onsite relocation and construction above the Resource is environmentally preferable to offsite relocation because it will keep the Resource within the grouping of historic Victorian residences which were identified at the time of historic designation.

As demonstrated by the Feasibility Study, Alternatives 1 through 4 are not economically feasible. Therefore, there are no other feasible measures, including a less environmentally damaging alternative, that would further minimize the potential adverse effects on the Resource.

2. The deviation is the minimum necessary to afford relief and accommodate the development and all feasible measures to mitigate for the loss of any portion of the historical resource have been provided by the applicant; and

The City's Historical Resources Regulations require that all designated historical resources be maintained consistent with the Secretary of the Interior's Standards (Standards). The proposed project is a substantial alteration that is not consistent with the Standards; therefore, a deviation from the Historical Resources Regulations is being requested. As demonstrated by the Feasibility Study prepared by the applicant's representative, relocation of the Resource to the front of the parcel with construction of an eight-story mixed-use tower above is the minimum deviation from the City's Historical Resources Regulations necessary to afford relief and accommodate the development of the site.

While the proposed development will result in substantial alterations to the Resource, the proposed project will take steps to mitigate this impact. Historical resource mitigation measures have been developed and adopted within the Downtown Final Environmental Impact Report (Downtown FEIR), with which the Project has been evaluated against and deemed consistent. The Mitigation Monitoring and Reporting Program (MMRP) (Attachment 4) for the Downtown FEIR requires the implementation of a documentation program submitted to City Heritage Preservation staff for review and approval, a pre-construction meeting, implementation of the Treatment Plan and monitoring to ensure its appropriate execution.

In order to mitigate for the impacts to the Resource, the applicant will be required to submit Historic American Building Survey (HABS) documentation, a Treatment Plan, and a Monitoring Plan. A set of HABS drawings and photos documenting the Resource will be created prior to the beginning of construction to document the Resource in its current condition. A copy of this documentation will be archived with the City and other depositories as outlined in the MMRP. The Treatment Plan (Attachment 5) outlines how the Resource will be dismantled in large sections by a qualified historic structure mover, stored during construction and relocated on site in order to accommodate the new development. A non-historic circa 1950 rear addition will be permanently removed when the building is taken apart. During construction, the Resource will be stored at a climate-controlled facility offsite. Once the Resource is reassembled and relocated to the front property line of the parcel, the exterior will be rehabilitated consistent with the Standards. The Monitoring Plan (Attachment 6) establishes specific timeframes within the construction timeline of the Project in which a Historical Monitor will be present. The Historical Monitor will document these visits to the site and submit reports to City staff for review. A pre-construction meeting will be held on-site in order to clarify selective demolition methods and protection of the Resource during construction.

The construction of the eight-story mixed-use building above the Resource contributes to the loss of historical context; however, the Feasibility Study concluded that the Base Project was the only economically feasible alternative. As demonstrated by Alternative 1, retaining the Resource in its current location with development directly to the rear of the Resource did not result in an economically feasible alternative because the small lot size could not accommodate the construction of enough income producing units to justify the high land and construction costs. The same issues were encountered when the Resource was relocated to the front of the lot as demonstrated by Alternative 2. Alternative 3, which studied retaining the Resource in its current location with levels three through eight cantilevering over the Resource, was also found to not be economically feasible due to the high cost of engineering the project. Alternative 4 studied offsite relocation, which was determined by the Feasibility Study to be economically infeasible due to the high cost of purchasing a receiver parcel. Additionally, offsite relocation does not further minimize impacts to the Resource because it will be completely removed from its historic context and the other Victorian residences on State Street that were called out in the historic designation. The Base Project proposes to retain the Resource in its entirety and relocate the building to the front of the parcel, keeping it within its historic context. A new, eight-story mixed-use tower will be constructed above and behind the Resource. The first and second stories of new construction will be completely behind the Resource and the historic structure's front and side elevations will be completely unaltered and visible. New construction will abut the rear façade, which is currently attached to a non-historic addition that will not be retained. The Base Project does not propose to remove any historic portions of the Resource. The third story, which will feature a wall of glass, will project over the rear half of the Resource and the fourth through eighth stories will project over the Resource to the property line. The design of the new construction leaves a void of space above the Resource to visually minimize the impact of the new construction above. Therefore, the project is designed with the minimum necessary deviations to afford relief from the restrictions of the Historical Resources Regulations and accommodate the development and all feasible measures to mitigate for the loss of any portions of the historical resource have been provided by the applicant.

3. The denial of the proposed development would result in economic hardship to the owner. For purposes of this finding, "economic hardship" means there is no reasonable beneficial use of the property and it is not feasible to derive a reasonable economic return from the property.

To demonstrate the financial feasibility of the Base Project, the applicant retained ZLD Consulting (ZLD) to conduct an economic analysis of the proposed Base Project and four designs as potential alternatives. The Feasibility Study compared the Capitalized Value to the Development Cost to determine the economic feasibility of each alternative. The table below summarizes the conclusions of the Feasibility Study for each alternative for these metrics.

		Base Project	Alternative 1	Alternative 2	Alternative 3	Alternative 4
Capitalized Value		\$19,735,202	\$4,122,098	\$8,244,197	\$12,760,553	\$19,735,202
Development Cost		\$17,650,000	\$6,100,000	\$9,180,000	\$14,910,000	\$20,300,000
Differential		\$2,085,202	-\$1,977,902	-\$935,803	-\$2,149,447	-\$564,798
Capitalized Value Per Unit		\$365,467	\$294,436	\$294,436	\$319,014	\$365,467
Development Cost Per Unit		\$326,852	\$435,714	\$327,857	\$372,750	\$375,926
Differential Per Unit		\$38,615	-\$141,278	-\$33,421	-\$53,736	-\$10,459

Alternatives 1 through 3 analyzed various configurations of the proposed mixed-use tower that maintained the Resource on site and Alternative 4 analyzed relocating the Resource to another parcel. According to the Feasibility Study, only the Base Project, which retained the Resource on site, produced the highest number of residential units and created two commercial spaces, yielded a product where the Capitalized Value of the final project was worth more than the Development Cost. The Base Project is the only economically feasible alternative of those studied.

The current use of the property as a single-family residence is an underutilization of the site in a location where the DCP encourages maximization of density and housing opportunities in order to meet the population and employment targets of the DCP (DCP, 3.2-G-1). One of the guiding principles of the DCP is to create an intense yet always livable community with a substantial and diverse Downtown population. An intense downtown is central to not only fostering vibrancy, but also to curtailing regional sprawl and minimizing growth pressures in mature neighborhoods. Increased residential population will contribute to Downtown's vitality, improve economic success, and allow people to live close to work, transit, and culture (DCP, Section 1.1). In pursuit of this, the goals and policies of the DCP target a residential population of approximately 90,000, and downtown employment of over 165,000 by 2030 (DCP, 3.2-G-1), which is accomplished by maintaining high overall intensities across Downtown to use land efficiently (DCP, 3.2-G-2). The goals and policies of the DCP also encourage historical resources to be retained on-site and integrated into the Downtown fabric in a way that contributes to the achievement of the goals for significant development and population intensification (DCP, 9.2-G-1). The Base Project will meet the goals of the DCP

by retaining the Resource on-site, providing 52 new housing units, including seven affordable units, and two employment-producing commercial spaces.

As demonstrated by the Feasibility Study, maintaining the Resource in its current location and constructing a new project at the rear of the parcel would not result in a reasonable economic return on the property. A reasonable economic return is only produced by the Base Project, which proposes to relocate the Resource to the front of the parcel and construct a new mixed-use tower that projects above the historic structure. Additionally, maintaining the Resource as a single-family residence is an underutilization of the site and the Base Project would meet the goals of the DCP by maintaining the Resource on-site, providing housing and producing commercial spaces that will create employment in downtown. Therefore, the denial of the proposed development would result in economic hardship to the owner as there is no reasonable beneficial use of the property without a substantial alteration of the Resource and it is not feasible to derive a reasonable economic return from the property.

City Staff from the City Planning and Development Services Departments has determined that there is substantial evidence to support the SDP Supplemental Findings related to the designated historical resource. In addition, Staff has determined that the proposed mitigation measures of the MMRP and draft permit conditions (Attachment 7) are sufficient to reduce the identified impacts to the Ordway Residence, HRB #278.

CONCLUSION

Staff recommends that the HRB recommend to the Planning Commission adoption of the historical resources section, recommendations, findings and mitigation measures of the environmental document and findings associated with the SDP related to the designated historical resource.



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Attachment(s):

1. Development Plans
2. Historical Resources Technical Report
3. Economic Feasibility Study
4. Environmental Consistency Analysis
5. Treatment Plan
6. Historic Monitoring Plan
7. Draft Permit