



THE CITY OF SAN DIEGO

Report to the Historical Resources Board

DATE ISSUED: February 13, 2026 REPORT NO. HRB-26-0XX

HEARING DATE: February 26, 2026

SUBJECT: **ITEM #2 – 2906 UNIVERSITY AVENUE SITE DEVELOPMENT PERMIT**

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

APPLICANT: Purpose Real Estate, Inc.

LOCATION: 2906-2920 University Avenue, North Park Community, Council District 3, APNs 446-412-1000 and 446-412-1100

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 2906-2912 University Avenue (HRB #1482, the Edward and Emma Newman Building) 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 an 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 resource, the Edward and Emma Newman Building ("Resource") is a two-story, Spanish Colonial Revival style commercial structure constructed in 1929 in the North Park Community Planning Area. The Resource was designated by the HRB on January 26, 2023 as HRB #1482 under San Diego Historical Resources Board Criteria A and C (Attachment 2). Under Criterion A, the Edward and Emma Newman Building was historically designated with a period of significance of 1929-1932 as a special element of the economic and historic development of North Park and the City as a property that is representative of the early commercial development of North Park that occurred along University Avenue as a result of the expansion of streetcar lines and subsequent residential growth. Specifically, the building housed North Park's first department store, the Mudd Department store. The Resource was designated under Criterion C with a period of significance of 1929 as an example of a Spanish Colonial Revival style One-Part Commercial Block building type. A full discussion regarding the historic significance of the resource is available in the Historical Resources Technical Report (Attachment 3). The building previously contained commercial and assembly uses but is currently vacant.

PROJECT DESCRIPTION

The project utilizes the Complete Communities Housing Solutions initiative and consists of a new seven-story mixed-use multi-family residential development with 92 dwelling units (including 16 affordable), one level of subterranean parking and a rooftop amenity deck (Project). The Project proposes to retain and rehabilitate the west and south facades of the designated historic resource, HRB #1482, located at 2906-2916 University Avenue, and demolish the building's north façade, roof and the adjacent non-historic structure located at 2920 University Avenue. The historic facades will clad the exterior of the building's podium which will contain commercial space and amenities for the residential units. Rehabilitation of the historic facades will include the restoration of arched transom windows on the Kansas Street elevation, the removal of a non-original metal canopy and the restoration of the ceramic tile bulkhead. New construction will be set back six feet from the historic facades on the second level and one foot on levels three through seven. An eight-foot set back at the southwest corner of the development will highlight the corner tower at the University and Kansas intersection (Attachment 1).

ANALYSIS

The Project proposes substantial alterations to the Edward and Emma Newman Building, HRB #1482, including demolition of the north façade, roof and the construction of six residential stories above. Therefore, the proposed development is, by definition, a substantial alteration requiring an SDP, consistent with [SDMC Section 143.0251](#). Specific SDP Supplemental Findings pursuant to [SDMC Section 126.0505 \(j\)\(1-3\)](#) 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 Edward and Emma Newman Building 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 Edward and Emma Newman Building, HRB #1482 (“Resource”) was designated in 2023 under Criteria A with a period of significance of 1929-1932 and Criterion C with a period of significance of 1929. The HRB designated the property under Criterion A as a special element of the historical and economic development of North Park and the City of San Diego as a whole, and under Criterion C as an example of the One-Part Commercial Block building type and the Spanish Colonial Revival style of architecture.

The proposed Project (Base Project) retains the existing west and south façades of the Resource, adds one level of subterranean parking below and an additional six stories of new construction above the Resource, with a six-foot setback at the second level and one foot setback at levels three through seven. The proposed removal of the Resource’s existing roof and north façade is not consistent with the Secretary of the Interior’s Standards (Standards). Additionally, the construction of the six stories above the Resource is not consistent with the Standards due to the proposed massing, size, scale and proportion of the new construction in relation to the Resource.

The Applicant retained DPF, LLC to conduct an economic analysis to evaluate the Base Project and five alternatives (Attachment 4). The variables studied in the alternative analysis were the setback of the new construction from the façade of the Resource and the height of the proposed new construction. The setback and height were studied because they have the most visual impact on the historic structure. Scenarios 1 through 3 maintained the existing west and south historic facades and Scenarios 4 through 6 retained the whole Resource. The DPF analysis used the Internal Rate of Return (IRR) and Return on Cost (ROC) as measures to determine the economic feasibility of each alternative. The five alternatives that were evaluated for their respective IRR and ROC versus that of the Base Project are summarized in the table below:

Alternative	Description	Impact to Resource
BASE Scenario 1	Rehabilitate the Resource’s west and south facades and build a seven-story, 92 dwelling unit tower above with a six-foot setback at the second level and a foot setback at levels three through seven, eight-foot setback at corner tower, two commercial units, one level of subterranean parking, utilizes Complete Communities.	Retain historic west and south facades, demolish roof and north façade

Scenario 2	Rehabilitate the Resource's west and south facades and build a seven-story, 87 dwelling unit tower above with a six-foot setback at levels two through 7, smaller residential units due to setback, eight-foot setback at corner tower, two commercial units, one level of subterranean parking, utilizes Complete Communities.	Retain historic west and south facades, demolish roof and north façade
Scenario 3	Rehabilitate the Resource's west and south facades and build a seven-story, 70 dwelling unit tower above with a six-foot setback at levels two through 7, eight-foot setback at corner tower, two commercial units, one level of subterranean parking, utilizes State Density Bonus Law.	Retain historic west and south facades, demolish roof and north façade
Scenario 4	Rehabilitate the Resource and reuse the adjacent structure, no new construction, two commercial units, no parking.	Retain and rehabilitate historic building
Scenario 5	Rehabilitate the Resource and build an eight story, 28 dwelling unit tower on the adjacent parcel, two commercial units, no parking.	Retain and rehabilitate historic building
Scenario 6	Rehabilitate the Resource and build two additional stories setback from the west and south facades, 20 dwelling units, two commercial units, no parking.	Retain and rehabilitate historic building, new construction consistent with the Standards

As demonstrated by the DPF analysis, the Base Project was the only economically feasible option due to the yield of the largest quantity of residential units and largest size residential units. The Base Project was the only scenario that was able to achieve the market standard minimum ROC of 5%. In contrast, the DPF analysis concluded that the other scenarios were not economically feasible. The DPF analysis concluded that Scenarios 2 and 3 which also retained the historic west and south facades and constructed a seven-story residential tower above but had larger setbacks for the new construction from the historic façade, were not economically feasible due to their failure to meet the minimum IRR and ROC needed to achieve project financing (see Finding 3 below). Scenarios 2 and 3 yielded fewer and smaller residential units resulting in less rental income. The alternatives that would have the least adverse impact on the Resource, Scenarios 4 and 5, which evaluated the rehabilitation and reuse of the Resource with no new construction above, also did not meet the minimum IRR and YOC needed to achieve project financing due to the high cost of property acquisition (see Finding 3 below). Scenario 6, which proposed construction of an additional two stories above the Resource in a manner that would be consistent with the Secretary of the Interior's Standards and would not require a deviation from the City's Historical Resources Regulations also failed to achieve financing due to the low yield of residential units (see Finding 3 below).

The DPFG analysis concluded that the Base Project, which proposes retention of the historic west and south facades with a six-foot setback at the second level and a foot setback at levels three through seven, was the only economically feasible project with minimal adverse impacts to the Resource. 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.

The City's Historical Resources Regulations require that all designated historical resources be maintained consistent with the 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 Economic Alternatives Analysis prepared by the applicant, the Base Project which proposes retention of the west and south historic facades with a seven-story residential tower above is the minimum deviation from the City's Historical Resources Regulations necessary to afford relief and accommodate the development of the site.

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 (defined below), and a Monitoring Plan (defined below). A set of HABS drawings and photos documenting the Resource will be created prior to the beginning of construction to document the historically significant building in its current condition (Attachment 7). A copy of this documentation will be archived with the City and other depositories as outlined in the Mitigation Monitoring and Reporting Program (MMRP) (Attachment 5). The Treatment Plan narrative (Attachment 8) and accompanying drawings outline how the existing historical facades will be protected during construction and modified in order to accommodate the new development. Existing character-defining features, such as the storefront windows, faux-adobe stucco exterior, pilasters and corner tower will be preserved and repaired as needed. Restoration work will include the removal of the non-historic metal marquee and the reconstruction of the arched transom windows on the Kansas Street façade. The Monitoring Plan establishes specific timeframes within the construction timeline of the Project in which a historic architect, qualified per the Standards of the National Parks Service, will be present and monitor construction activity. The historic architect will document these visits to the site and submit reports to City staff for review. A pre-construction meeting will be held on-site to clarify selective demolition methods and protection of the Resource during construction. Additionally, the applicant is proposing to retain and preserve historic signage imbedded in the sidewalk adjacent to the Resource.

The construction of a seven-story residential tower above the Resource contributes to the loss of historical context; however, the DPFG analysis concluded that the Base Project was the only economically feasible alternative and therefore the only alternative considered to be feasible to construct. The other Scenarios, which each proposed less of an impact to the Resource, were found to not be feasible. As demonstrated by Scenarios 2 and 3, construction of a seven-story residential tower with a larger setback from the historic

facades did not result in an economically feasible alternatives because these Scenarios resulted in fewer and smaller residential units yielding a lower rental income. Scenarios 4 and 5 which studied retention and rehabilitation of the Resource with no new construction above were both found to be infeasible due to high cost of land acquisition and construction costs. Additionally, Scenario 5 did not produce enough residential rental units to offset development costs. Similarly, Scenario 6, which studied the addition of two stories in a manner that was consistent with the Secretary of the Interior’s Standards, was not feasible because it did not produce enough residential rental units to offset the cost of development.

The Base Project incorporates several design features, discussed later in this paragraph, that either provide a distinction between the historic façade and the new construction or minimize the visual impacts of the tower. The exterior of the new construction will use a combination of stucco, glazing and fiber cement panels that reference the architectural vocabulary of the historic building while providing a juxtaposition between the Resource and the new tower above and on the adjacent parcel. The new second level will feature spandrel glass and a six-foot setback to provide a visual distinction between the old and new construction. At the corner of Kansas Street and University Ave, the historic tower will be highlighted with no new construction above. Additionally, the project will include restoration of historic features as included in the Treatment Plan to minimize impacts. Therefore, the Project is designed with the minimum necessary deviation 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 portion 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 a property and it is not feasible to derive a reasonable economic return from the property.

To demonstrate the financial feasibility of the Project, the Applicant retained DPF, LLC to conduct an economic analysis of the proposed Project (“Base Project”) and five designs for potential alternative designs with less impact on the Resource. The DPF analysis used the IRR and ROC as measures to determine the economic feasibility of each alternative. As stated in the analysis, for a rental residential project to be economically feasible, it must achieve a minimum IRR of 12-18% and a ROC of 5.0% or higher. Anything below these thresholds would be unlikely to attract investors and achieve project financing in today’s market. The table below summarizes the conclusions of the DPF analysis for each alternative for these metrics.

Alternative	IRR Min: 12-18%	ROC Min: 5.0%
Base	9.7%	5.1%
2	8.2%	4.8%
3	4.8%	4.1%
4	3.2%	2.4%
5	3.8%	3.9%
6	-0.2%	3.0%

All the Scenarios studied failed to meet the minimum 12-18% IRR required to achieve project financing. Additionally, only the Base Project achieved the minimum ROC. According to the DPFGE Economic Alternative Analysis, "while it would be true that these returns are low, in comparison to the risk profile of this project, the ownership has remained committed to the vision for this project, to see the historic character of the building maintained while also deliver much needed housing units to the City, however, any further reduction in the returns would make the development infeasible due to the ownership's ability to secure the required debt and equity to facilitate the project."

The Resource has been vacant since the start of the COVID-19 Pandemic and is an underutilization of the site in a location where the North Park Community Plan encourages the addition of residential units. The North Park Community Plan Policy LU-2.7 encourages medium to high-density residential development in areas near transit and higher-volume traffic corridors. The Property is in proximity to roadways with high volumes of traffic including University Avenue and Interstate 805. Additionally, the Property is located near North Park's Community Village, centered at 30th Street stretching along University Avenue's mixed-use transit corridor. According to the City's General Plan and the North Park Community Plan, housing in close proximity to public transit is needed throughout the North Park Community. The proposed project will meet the Land Use, Mobility and Urban Design policies promoted by the North Park Community Plan.

The DPFGE Analysis concluded that only the Base Project with a six-foot setback at the second level and a foot setback at levels three through seven is the only economically feasible project, as the five alternatives all fail to meet the minimum IRR and ROC to successfully attract investors and achieve project financing. Since all alternatives to the Base Project that were analyzed failed to meet the minimum thresholds for financial feasibility and the building's current vacancy prevents the advancement of the goals and policies of the North Park Community Plan, there is no other reasonable beneficial use of the property from which the applicant may derive a reasonable economic return besides the Base Project as demonstrated above. There are no reasonable beneficial uses of the Resource without a substantial alteration of the Resource. Therefore, it is not feasible to derive a reasonable economic return from the property without substantial alteration and the denial of this proposed development would result in economic hardship for the owner.

City Staff from the City Planning and Development Services Departments believes that there is sufficient evidence to support the SDP Supplemental Findings related to the designated historical resource. In addition, Staff believes that the proposed mitigation measures of the MMRP and draft permit conditions (Attachment 6) are sufficient to reduce the identified impacts to the Edward and Emma Newman Building, HRB #1482.

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 historic resource.



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Attachments:

1. Development Plans
2. Historical Resources Board Resolution #R-23012602
3. Historical Resources Technical Report
4. Economic Alternative Analysis
5. Draft Addendum to EIR No. 380611
6. Draft Permit with Conditions
7. Draft HABS Documentation
8. Draft Treatment Plan