



THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: July 15, 2022

TO: Heidi Vonblum, Planning Director, Planning Department

FROM: Tait Galloway, Deputy Director, Planning Department

SUBJECT: Coastal Height Limit Overlay Zone – Regulatory Barriers to Maximizing Density

Building height limits are a regulatory barrier that can constrain the overall development of housing which affects the number, cost and types of homes built. While the intent of the Coastal Height Limit Overlay Zone (CHLOZ) was adopted to protect views to the coast by restricting the development of taller buildings, it has also resulted in limiting the overall amount of new housing development for either for sale or rental. The CHLOZ limits new buildings to 30 feet above finished grade for areas to the west of Interstate 5 with a few exceptions such as Downtown and Barrio Logan. This has contributed to the cost of development and imposes a barrier to maximizing the number of homes that can be built on properties and the construction of homes that are rent restricted throughout the City. The California Housing and Community Development Department¹ noted in a report released in 2018 that restrictive development standards can also affect the development of housing. Parking standards, lot coverage, minimum unit sizes, and height requirements limit the available land on which housing can be built and affects the amount of housing that can be developed.

As you are aware, I have over 20 years' experience in land use and planning specifically in the City's Planning Department. During this time, I have reviewed hundreds of development projects. In my practical experience in my role in Planning, I have observed that newer housing developments within the CHLOZ have constructed smaller units with fewer homes built on properties that are generally less than half an acre in area. These observations are based on my reviews of development projects that have been submitted for approval to the City, for which my team is responsible for reviewing for consistency with community plans. Areas within the CHLOZ have had only a limited number of residential developments that exceed half an acre in area when compared to adjacent urban communities that are outside of the CHLOZ. While the intent was to protect coastal views, the CHLOZ has had the effect of limiting the ability to maximize the development of housing. A 2020 article from the online publication *Curbed* addressed this point by noting that "restrictive zoning codes are often an effective tool in the fight against new construction and, frequently, densification, helping to suppress housing supply even as demand rises." "Whether by limiting the height of new

¹ "California's Housing Future: Challenges and Opportunities," February 2018, *California Department of Housing and Community Development*: www.hcd.ca.gov/policy-research/plans-reports/docs/sha_final_combined.pdf

buildings or deciding that large apartment buildings need a minimum number of parking spots, these restrictions make construction more difficult and more expensive.”²

Based on a sample of 13 housing developments constructed in the CHLOZ since 2000, the average density is 45 homes per acre as shown in Table 1. These developments have a median site area slightly less than 1 acre. Regardless of the density, all the housing developments in the sample are three stories, which is currently limited by the CHLOZ. Under the more-recently adopted Midway–Pacific Highway Community Plan, the densities for the 4 projects in this area could have been greater than what was constructed. The Mission Apartments is the only development in the sample that has homes with rents deed restricted below the average market rates for rent. Housing developments with density at or above 45 homes per acre generally have smaller homes that are between 600 and 1,100 square feet with one and two bedrooms. Only the Mission Apartments and the Lofts 2015, which has the highest density in the sample, have three bedrooms homes.

Table 1: Sample of Housing Developments in the CHLOZ built since 2002

Name	Community	Site Area (Ac)	No. Units	Density (DU/AC)*	Unit Size Min	Unit Size Max
The Bay at Point Loma	Midway Pac Hwy	6.89	144	21	1440	1500
Mission Apartments	Midway Pac Hwy	1.56	85	54	841	1,182
Lofts 2015	Midway Pac Hwy	0.89	85	95	820	939
The Californian	Midway Pac Hwy	1.81	81	45	698	1,181
Bayside Cove	Mission Beach	1.65	59	36	1,100	2,275
The Point	Pacific Beach	0.46	21	46	400	940
Jefferson Pacific Beach	Pacific Beach	2.96	172	58	588	1,773
Upper Voltaire	Peninsula	0.51	28	55	800	1,500
Blue Point Townhomes	Peninsula	0.35	12	24	1,400	1,500
Famosa Townhomes	Peninsula	0.26	9	35	1,400	1,500
Bella Mar	Peninsula	0.48	16	34	2,000	2,000
Nimitz Crossing	Peninsula	0.54	36	67	624	950
Dylan	Peninsula	9.51	180	19	824	1,876
	<i>Median</i>	<i>0.89</i>	<i>59</i>	<i>45</i>	<i>824</i>	<i>1,500</i>
	<i>Average</i>	<i>2.14</i>	<i>71</i>	<i>45</i>	<i>995</i>	<i>1,470</i>

* Density: Dwelling Units per Acre or Homes per Acre

“According to Brian Montgomery, Federal Housing Administration Commissioner and Assistant Secretary for housing, constraints on housing not only reduce the supply of affordable housing, but also increase the number of households that are cost burdened, spending more than 30 percent of their income on rent.”³ He also stated that “[l]and use policies and zoning regulations constrain the supply of affordable housing. Density limits,

² Patrick Sisson, Jeff Andrews, and Alex Bazeley, “The Affordable Housing Crisis, Explained” March 2, 2020, *Curbed*: www.archive.curbed.com/2019/5/15/18617763/affordable-housing-policy-rent-real-estate-apartment

³ “Regulatory Barriers and Affordable Housing Quarterly Update,” *PD&R Edge*: www.huduser.gov/portal/pdredge/pdr-edge-featd-article-072318.html

height restrictions, parking requirements, lengthy permitting and approval processes, and community opposition all contribute to increased housing prices.”

Within the Midway Pacific Highway Community Plan area there has only been four new multi-family housing developments built since 1980 which were built between 2007 and 2018 as shown in Table 2. These newer housing developments have an average density of 54 units per acre. All the apartments in the Mission Apartments have restricted rents. These developments do not include the redevelopment of the Gateway Village military housing since this is restricted to military families and are not subject to the City’s regulations. Both the Mission Apartments and the Loft 2015 were able to achieve higher densities by using the existing slope to construct a partial below grade parking area. Typically, other developments, which are not sited on an existing slope, utilize a portion of their ground floor area for off-street parking; thereby, reducing the number of units they can construct. "Overregulation," said Brian Montgomery, "can reduce the profitability of development and can discourage developers."

In 2018, the City updated the Midway Pacific Highway Community Plan to allow for the construction of housing in more locations and increase the density of housing developments up to 73 housing units per acre in many areas of the community. The City has also removed the minimum number of parking spaces requirements for housing developments and adopted programs to help streamline the housing approval process. In the last four years, since the updated community plan and corresponding zoning went into effect, the redevelopment of the former Midway Post Office is the only housing development that has been approved and started construction. In the Planning Department’s discussions with the developer, Hammer Ventures, I understood that they would have proceeded with a housing proposal with more homes if the CHLOZ was not in place. This is consistent with Brian Montgomery’s comment that “the height limitation is one of the key factors in discouraging the construction of housing.”

Table 2: Housing Developments in the CHLOZ built since 1980

Name	Type	Completed	Site Area (Ac)	No. Units	Density (DU/AC)*	Unit Size Min	Unit Size Max
The Bay at Point Loma	for sale	2007	6.89	144	21	1,440	1,500
Mission Apartments	rental	2012	1.56	85	54	841	1,182
Lofts 2015	rental	2010	0.89	85	95	820	939
The Californian	rental	2018	1.81	81	45	698	1,181

* Density: Dwelling Units per Acre or Homes per Acre

Given the higher development costs associated with developing in the CHLOZ, seven of the 13 housing developments sampled have homes for sale, five are attached townhomes developments as shown in Table 3. The average density is 36 homes per acre with home sizes ranging between 1,200 and 1,600 square feet. With higher costs of developing within the CHLOZ, more recent housing developments have under built the number of homes on properties but have built larger homes and more expensive townhomes. This means that the properties are built out to less than their otherwise maximum allowed density. According to Abby Boshart, policy coordinator in the Metropolitan Housing and Communities Policy Center at the Urban Institute, “[r]educing obstacles to building will also be critical to addressing the

housing gap. Communities can reduce, or altogether eliminate, single-family zoning to allow building both taller and smaller to increase density.”⁴

Based on my professional experience and involvement in multiple development projects in this area, the CHLOZ can limit the ability to maximize the number of homes allowed on a property which can serve as a barrier to building homes at all affordability levels. Based on data I reviewed from the San Diego Housing Commission provided in March 2022,⁵ communities within the CHLOZ only account for about three percent of the total rent restrict homes within the City. The Mission Apartments in the Midway Pacific Highway community is one of the few large residential developments built in the last 40 years with rent restrictions on all its homes within the CHLOZ. According to a report prepared by the research organization *California 100*, “zoning laws, and other regulations that govern land use, fundamentally shape what is built and for whom, contributing to the state’s affordability crisis as well as to ongoing patterns of residential segregation.”

Table 3: Sample of For Sale Housing Developments in the CHLOZ built since 1980

Name	Community	Site Area (Ac)	No. Units	Density (DU/AC)*	Unit Size Min	Unit Size Max
The Bay at Point Loma	Midway Pac Hwy	6.89	144	21	1,440	1,500
Bayside Cove	Mission Bay	1.65	59	36	1,100	2,275
The Point	Pacific Beach	0.46	21	46	400	940
Upper Voltaire	Peninsula	0.51	28	55	800	1,500
Blue Point Townhomes	Peninsula	0.35	12	24	1,400	1,500
Famosa Townhomes	Peninsula	0.26	9	35	1,400	1,500
Bella Mar	Peninsula	0.48	16	34	2,000	2,000

* Density: Dwelling Units per Acre or Homes per Acre

Although the City has taken actions to reduce and remove regulatory barriers and streamline the approval process, the CHLOZ remains as a barrier to maximizing the construction of homes and residential developments with restricted rents. The *California 100* report further explains that “California’s zoning codes have also evolved to encompass a wider and stricter array of prohibitions on what can be built on a given parcel, including narrower zoning categories such as single-family-only districts, dwelling unit density limits, minimum parking space and lot size requirements, height limits, building setbacks, and more.” The report also explains that while some local jurisdictions have responded to the housing crisis by adopting ordinances that encourage housing production, “over two-thirds of cities and counties in California’s coastal metros have done the opposite: adopting policies explicitly aimed at limiting housing growth and leading to disparate levels of housing production across communities. Restrictive zoning and land use regulations have contributed significantly to the state’s ongoing housing crisis. Zoning also shapes where new housing gets built. Prior to the adoption of zoning and related regulations, when demand for housing increased in a neighborhood, developers could

⁴ Abby Boshart, “Reducing Affordable Housing Barriers Will Be Critical to Addressing the Mounting Rental Crisis,” March 30, 2022, *Housing Matters, Urban Institute*: www.housingmatters.urban.org/articles/reducing-affordable-housing-barriers-will-be-critical-addressing-mounting-rental-crisis.

⁵ Email communication from Hannah Diaz, Special Programs Manager, San Diego Housing Commission to Tait Galloway, City of San Diego Planning Department, dated March 8, 2022.

build more densely—taller, with more square footage, higher lot coverage, and/or smaller units—helping to defray the rising price of land.”⁶

The online *PD&R Edge* article⁷ notes that reshaping local regulations allows jurisdictions to make a lasting impact on the supply of affordable housing. The City has taken actions to remove barriers to providing opportunities to construction housing by updating the Midway Pacific Highway Community Plan and the corresponding rezones in 2018 and removing parking minimums in 2020 within transit priority areas. Eric Shaw, director of the District of Columbia Office of Planning and Lisa Sturtevant, senior visiting fellow for the Urban Land Institute's Terwilliger Center for Housing, “agreed that to make efficient changes at the local level, local jurisdictions should align their various plans — comprehensive plans, transit-oriented development plans, and transportation plans, to name a few — so that the community can have a consistent set of goals. Local jurisdictions can leverage aligned plans with consistent goals to reduce the time and cost of approval processes.” Removing the CHLOZ would further eliminate a regulatory barrier by maximizing the number of homes that can be built on properties within the Midway Pacific Highway community and providing a range of housing types and pricing to accommodate the density approved in the Midway-Pacific Highway Community Plan. This would bring regulations in alignment with the policies and goals in the Midway-Pacific Highway Community Plan, the General Plan and Climate Action Plan.

Sincerely,



Tait Galloway
Deputy Director

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⁶ “Housing and Community Development in California,” *California 100*: www.california100.org/app/uploads/2022/03/Housing-and-Community-Development-FOT-REPORT-Single-pages-FINAL.pdf

⁷ “Regulatory Barriers and Affordable Housing Quarterly Update,” *PD&R Edge*: www.huduser.gov/portal/pdredge/pdr-edge-featd-article-072318.html