Tuesday March 21, 2006

L.A.'s Industrial Base Suffers from Scarcity of Land

LAEDC Chief Economist Jack Kyser discusses the results of a recent study suggesting that the L.A. region should not be so quick to embrace conversion of industrial land.

Collectively, the L.A. area's countless small manufacturing and light industrial firms make this region the nation's No. 1 manufacturing center; they fuel the local economy and add to the local tax base. But rising land costs threaten to push firms and their jobs elsewhere. TPR (*The Planning Report*) recently spoke about this trend with LAEDC Chief Economist Jack Kyser, who advises that Los Angeles should not be so quick to embrace a post-industrial economy.

What challenges does this region face regarding the supply and provision of land for industrial use?

The challenge is that we are land-constrained in Southern California ,a lot of people haven't gotten their heads around that,and when there is competition for space, industrial usually loses. People who want to build residential can bid higher prices, and a lot of cities want retail development because of the sales tax it generates. So industrial is the laggard in any competition for land.

A recent LAEDC report contends that "more than 40 million square feet of industrial space has been built and leased in Southern California in the last five year. But we need more, and there are fewer options for greenfield development in L.A. County." Elaborate on that point.

A lot of the demand for industrial is being driven by international trade. Looking at the two ports, last year they handled 14.2 million TEUs, and this year we're looking for 15.6 million. This demand is going to continue to grow. A lot of people would probably shrug and say that this amounts to nothing but imports and that it's bad. But a lot of these goods are actually designed and merchandised out of Los Angeles, made overseas, and then shipped in through the local ports where further processing takes place. So that is driving this huge demand. But anywhere you go, if you're trying to find big chunks of land, it's getting to be tough, even out in the western end of the Riverside/San Bernardino area.

The report also makes clear that industrial jobs pay an average of $17 per hour and represent 1.25 million jobs. In competition for land, why is industrial land being given the short shrift by our public leaders if these economic benefits are genuine?

They just don't understand what it means. To most people, industrial is sort of a dirty, unpleasant job, with a lot of environmental issues. But industrial in the context of modern Southern California is what you'd call light industrial. They're making a lot of electronics, medical instruments, drugs, apparel, furniture, metal fabrication, and a lot of these industries are relatively clean. Remember, also, the business base consists of small-to-medium sized firms. They're busy trying to survive, and they don't have time to go lobby the elected officials.

The other thing is that residential developers are very aggressive, and they're looking for any opportunity to find a building that they can convert to residential use, or if they do find some raw land, they can bid up the price. The irony is we need affordable housing, and the new housing that's being built certainly isn't affordable.

We're hearing a lot in the press about the need for affordable housing and land on which to build it. One of the myths you mention in the report is that industrial does not generate revenue for cities. What makes that a myth?

In a lot of industrial use, there is point-of-sale tax revenue, and if you want a really good example of that, you go to Vernon or Commerce or Industry, where industrial and manufacturing can generate sales tax revenue. The other thing that's important to think about is that they're creating middle class jobs with good wages and, often, benefits, and this money is then injected into the local economy. People go out and spend money in the retail economy. It's sad that a lot of elected officials just have no idea what industrial means to the future of Southern California.

One of the criticisms that the report addresses is the notion that industrial land use is incompatible with other uses. How true is this claim?

If you look at some of the modern industrial + take a drive to Carson and look at what Watson Land and the Carson Cos. have done, or go to Santa Fe Springs, where a lot of the oil fields have been recycled into modern industrial + many of them have nice landscaping, quite attractive buildings, provision for parking, and wide streets for the trucks to navigate.

I think modern industrial can be an asset to a community, and I think we're at the point where we have to think more out of the box. Maybe we can put an industrial use a half-level below grade and then put parking on top so we can conserve land. But modern industrial can be attractive, and sometimes it's a lot more attractive than the standard shopping mall.

What about the size of these parcels? The argument is that the small sites don't work for industrial, and there are also brownfield clean-up issues. How deep are both those challenges?

Brownfields are very difficult. We don't know what's in the land on some of the older sites around central Los Angeles, and people, I think, hesitate to get involved. But there are a lot of programs to help deal with environmental remediation. The other thing is that a lot of industrial land is in small ownership blocks.

Right now a challenge for any big development is that the cost of land is so high, people are chasing sites, and this makes it very hard to assemble space. So one of our regional managers, who covers South Los Angeles, has identified the need for 1.3 million square feet of modern industrial from firms that are in the area and want to stay if they can find the space. He's been trying to help them assemble space, and he just can't. He says at the end of the day, the land costs are so high, they just blow the deal.

What's the cost, and what industries are affected, if we fail to create an intelligent, progressive industrial land use policy in this area?

It's almost every type of manufacturing activity. That includes high-tech, electronics, aircraft and parts, pharmaceuticals, furniture, food + it's across the board. Look at our demographic situation. We have a very large Latino population, and unfortunately, there tends to be a significant dropout rate from high school. So what do these young people do with less than sterling educational training? They can go to a McDonald's, or they can go to a small-to-medium size manufacturer, who can do on-the-job training, send them to a community college and then + bingo! + they can get into the middle class.

LAEDC recently addressed the Planning Commission of the city of L.A. What did you tell the commission, and what do you hope they'll take away from your presentation?

I told them not to measure the health of manufacturing by just the job numbers. There has been a big push for productivity. They use a lot of temporary help and do a lot of what we call "domestic outsourcing," in which companies off-load the activities to other local industry sectors. Manufacturing works with the demographics, and it has a large impact on other business sectors, including accounting, law, marketing, and advertising. It generates point-of-sale tax revenue, and there are other city revenues, such as city permits and utility taxes, that manufacturing generates. And don't forget that manufacturing provides many inputs to other key local industries, including the motion picture industry.

So I am asking them to come up with a sensible, rational policy towards industrial land. Some areas of the city probably are so far gone in terms of conversion that we should just walk away and let them go. But we need to draw the line with other areas. And then, importantly, there are a lot of land uses in the city that are really marginal, especially along the I-5 in the northeast San Fernando Valley. We have to look at taking all land to its highest and best use.

Communities with Prime Industrial Land

Communities which support the prime industrial areas identified by staff:

1. Mira Mesa
2. Rancho Bernardo
3. University
4. Torrey Pines
5. Sabre Springs
6. Carmel Mountain Ranch
7. Clairemont Mesa
8. Miramar Ranch North
9. Barrio Logan and Centre City Communities –do not have recognized Planning groups.
10. Otay Mesa –a portion of Otay Mesa will be identified as prime industrial land as part of the community plan update

Communities identifying additional prime industrial areas:

11. **Kearny Mesa –**Councilmember Frye testified at the March 1, 2006, Land Use and Housing (LUH) Committee that an additional area north of Clairemont Mesa Blvd. and west of Ruffin Rd. be included. The Kearny Mesa Planning Group concurs. Staff would not support its inclusion because very few industrial uses remain in the area and the permissive (IL-3-1) zoning allows commercial uses which reduces the areas feasibility for future industrial uses.

12. **Scripps Miramar Ranch –** The Scripps Ranch Community Planning Committee supports inclusion of all of the industrially-designated land in their community as prime industrial lands. Staff does not support inclusion of industrial land both north and south of Scripps Ranch High School due to land use compatibility issues and the significant intrusion of institutional and office uses in these two locations. The presence of sensitive receptors in the vicinity could limit the feasibility of future industrial uses.

13. **Clairemont Mesa**- The Clairemont Mesa Planning Group wants the southern portion of Rose Canyon identified to preclude other uses. Staff did not include this portion due to predominance of non-industrial uses such as commercial and the permissive IL-3-1 zoning which limits the market feasibility of the area for future commercial uses.

Other Communities:

15. **Navajo –** The Navajo Community Planning Committee does not support the identification of the sites adjacent to the river as prime industrial land. Staff supports inclusion because the site consists of large underutilized parcels suitable for modern industrial uses and the site's location in the central portion of the city. Additionally, if the site did not develop with industrial uses, it would leave the adjacent industrial part as an isolated industrial area, potentially reducing its industrial employment potential.

15. Linda Vista – Councilmember Frye testified at the March 1, 2006, Land Use and Housing (LUH) Committee that the southwest portion of the community (the Morena area) be identified as prime industrial land. The Linda Vista Planning Group does not concur. Inclusion of the area is not supported by staff due to the prevalence of obsolete industrial structures and the existing IL-3-1 zoning which renders the area less feasible for future industrial uses.

ATTACHMENT 7b

Prime Industrial Lands - Criteria Matrix
(Proposed Additions Included)

Community	Designated Industrial		Restrictive Industrial Zoning [4]		Market Feasibility		Predominantly Developed with Modern Industrial Structures		Free from Non-industrial Encroach-ment		Proximity to Resources of Extraordinary Value						Overall Grade 1-8
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Port [1]		Tech Rank [2]		Education [3]		
Mira Mesa	x		IL-2-1		x		x		x					1	x	UCSD/Burnham/Salk/Scripps	7
Torrey Pines	x			IL-3-1	built-out		x		x				adjacent to	1	x	UCSD/Burnham/Salk/Scripps	5
University	x		IP-1-1		built-out		x		x					3	x	UCSD/Burnham/Salk/Scripps	6
Carmel Mountain Ranch	x		IH-2-1		built-out		x		x					5			5
Rancho Bernardo	x		IP-2-1		built-out		x		x					5			5
Sabre Springs	x		IP-2-1		built-out		x		x					5			5
Clairemont Mesa (northern area)	x		IP-2-1		built-out		x		x					6	x	UCSD/Burnham/Salk/Scripps	6
Kearny Mesa (industrial core)	x		IL-2-1		x		x		x				adjacent to	6			6
Miramar Ranch North	x		IP-2-1		x		x		x					7			6
Scripps Miramar Ranch	x		IP-2-1		x		x		x					7			6
Navajo (Mission Gorge)	x		IL-2-1		x		x		x				adjacent to	10	x	SDSU	7
Otay Mesa	x		OMDD-1		x		x		x		x	border		23			6
Barrio Logan (working waterfront)	x			BLPD-1	built-out		x		x		x	harbor		61			4
Proposed Additions																	
Clairemont Mesa (southern area)	x			IL-3-1	built-out		x			x				6			3
Kearny Mesa (non-core)	x			IL-3-1	built-out		x			x			adjacent to	6			3
Linda Vista (industrial core)	x			IL-3-1	built-out			x		x			adjacent to	6			2
Scripps Miramar Ranch (n/w area)	x		IP-2-1		built-out		x			x				7			4

1 Port = port-of-entry facilities within 5 miles

2 Tech Rank = ranking by community or neighboring/adjacent community by number of high-tech resident employees

3 Education = majority of land area is located within 5 miles of major institutions dedicated to scientific research or which have a significant science and/or engineering curriculum

4 Restrictive Zones (highest : lowest) = IP-1-1, IH-2-1, OMDD-1 (no retail uses, no multi-tenant office uses) : IP-2-1 (no retail uses, no medical office uses) : IL-2-1 (no retail uses)
Other Industrial Zones (such as IL-3-1) allow a broad range of non-industrial uses

DRAFT Industrial Land and Proposed Prime Industrial Land -- *Alternative*

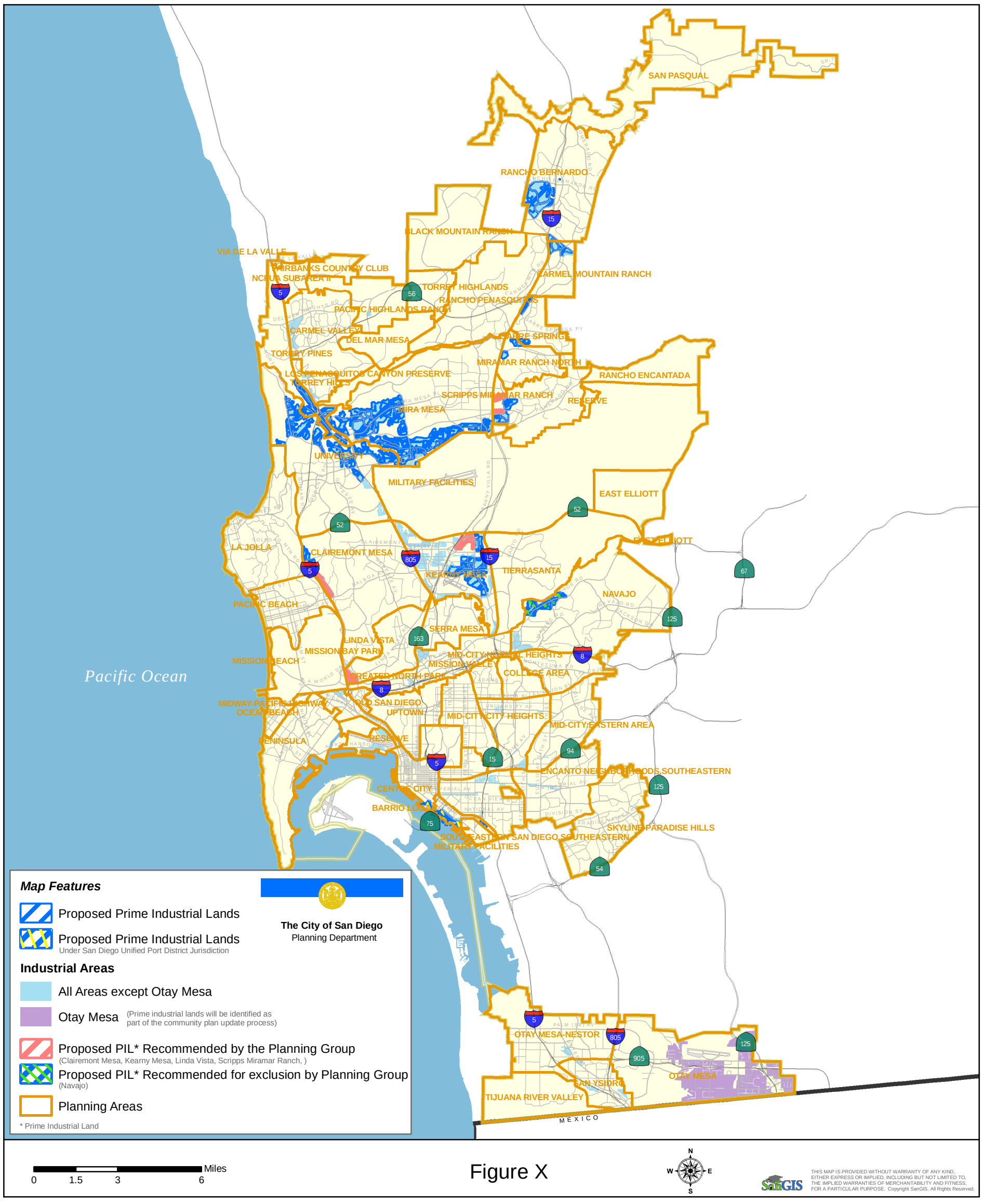

Figure X

Menu of Community Plan Industrial Land Use Designations

Industrial [1, 2]			
Business Park	Office Use Permitted	Provides for areas characterized by office development and also permits research, product development and light manufacturing with enhanced design features. It is appropriate to apply in areas primarily characterized by office development with some light industrial uses.	.25 to 2.0 FAR
Business Park-Residential Permitted	Office Use Permitted	Applies in areas where employment and residential uses are located on the same premises. Permitted employment uses include those listed in the Business Park designation. Multifamily residential density to be specified in the community plan. Development standards that address health and compatibility issues will be included in future zones.	.25 to 2.0 FAR
Scientific Research	Office Use Limited	Provides for activities limited to scientific research, product development and testing, engineering and any other basic research functions leading to new product development with only limited manufacturing. Office uses, except corporate headquarters, are not permitted, except as accessory to the primary use or as direct support for scientific research uses.	.25 to 2.0 FAR
Light Industrial	Office Use Limited	Allows a wider variety of industrial uses than the Business Park designation and Scientific Research designation by permitting a full range of manufacturing activities and adding secondary industrial uses such as warehouse storage, distribution and transportation terminals. Only corporate headquarters office use and single-tenant office uses associated with corporate headquarter establishments and industrial uses, even on separate premises, are permitted. Export-oriented Technology Services are also permitted provided they are base-sector in nature. Otherwise, only limited office or commercial uses should be permitted which are accessory to the primary industrial use. Heavy industrial uses such as extractive and primary processing industries that have significant nuisance or hazardous effects are excluded.	.25 to 2.0 FAR
Heavy Industrial	Office Use Limited	Provides for industrial uses emphasizing base-sector manufacturing, wholesale and	.25 to 2.0 FAR

		distribution, extractive, and primary processing uses with nuisance or hazardous characteristics. For reasons of health, safety, environmental effects, or welfare these uses should be segregated from other uses. Nonindustrial uses, except corporate headquarters, should be prohibited.	
Institutional[4]			
Institutional		Provides a designation for uses that are identified as public or semi-public facilities in the community plan and which offer public and semi-public services to the community. Uses may include but are not limited to: airports, military facilities, community colleges, university campuses, landfills, communication and utilities, transit centers, water sanitation plants, schools, libraries, police and fire facilities, cemeteries, post offices, hospitals, park and ride lots, government offices and civic centers.	N/A

[1] Density and intensity ranges will be further refined and specified in each community plan within the ranges established in this table. Whenever a plus (+) sign is identified next to a density or intensity number, the upper end number of the range will be further specified in each community plan without causing the need for amending the General Plan. For uses located within an airport influence area, the density and intensity ranges should be consistent with the Airport Land Use Compatibility Plan and Air Installation Compatible Use Zone study or steps should be taken to overrule the Airport Land Use Commission.

[2] Consult the Economic Prosperity Element for policies related to the commercial and industrial land use designations.

[3] Commercial land use designations may be combined to meet community objectives.

[4] Community plans will further define the specific institutional use allowed on a particular site.

[5] Building intensity numbers for commercial areas within the Centre City community planning area are not reflected in this table because these numbers are to a greater extent much higher, when compared to the rest of the City, to specifically address development that is typical of the downtown area. However, these higher intensity numbers have been considered as part of the environmental analysis for the General Plan.

Residential and Industrial Uses
Summary of Health-Related Issues

The local Air Pollution Control District (APCD) regulates stationary sources of toxic air contaminants. APCD analyzes health risk on the basis of the risk to the nearest residence and the nearest business; there is no differentiation in the safety levels required for residents or employees. Emission reduction measures could be required if businesses or residences were built in closer proximity to an existing facility than any of the surrounding businesses, and the closer proximity raised the health risk over the threshold of 10 in one million. APCD's District Rule 1200, Toxic New Source Review, permits new equipment on a piece by piece basis, no equipment that emits toxic air contaminants at a health risk level over 10 in one million is permitted. APCD indicated that 80% of equipment creates less than 1 in one million risk. Significant existing toxic air contaminant emitting facilities are regulated by the Air Toxic Hotspots program. Emissions are reevaluated every four years, and any facility with a higher than 10 in a million risk is required to perform a Health Risk Assessment and implement emission reductions if appropriate. The San Diego county average is about 600 in one million risk, of which 400 is due to emissions from mobile sources such as diesel fuel. Given this background risk, emissions from nearby facilities would likely be comparatively small. Although the individual risks of facilities or equipment are all below 10 in a million it is possible that the cumulative impact could be greater. Currently, APCD does not perform cumulative analysis due to technical and methodological limitations.

The State Air Resources Board (ARB) regulates mobile sources of toxic air contaminants. Diesel particulate matter emissions would be the main source of concern in an industrial area. ARB is currently bringing forward several regulatory actions that would reduce emissions from sources including transportation refrigeration units, fuel trucks, portable engines, stationary engine (generator) units and garbage trucks among others. All of these regulations are aimed at reducing diesel particulate matter and would apply to all sources, whether they are in close proximity to residential development or not. The 2000 Diesel Risk Reduction Plan models generic risk scenarios for the most common diesel PM emissions. The presence of distribution centers or other uses that involve heavy diesel truck traffic could increase toxic air contaminant emissions significantly.

The State ARB has begun developing guidelines for local jurisdictions which address a distance separation between sources of toxic air pollutants and sensitive receptors. To date, a 1000-foot distance is recommended between sensitive receptors and other stationary sources of noxious air emissions. In the absence of additional studies by the ARB, staff is therefore recommending a distance of 1000 feet unless the applicant can produce a study which indicates a lesser distance is adequate. The location of potential sources of air contaminants is available at APCD.

The County of San Diego's Hazardous Materials Division of the Environmental Health Department regulates the management, storage and disposal of hazardous materials within the county. The manufacturer or facility manager is required to determine whether or not waste is hazardous, if it is the waste must be picked up by a hazardous waste disposal company. The disposal company is then responsible for treatment and disposal of the waste. Facilities with large amounts of hazardous materials, such as propane or chlorine, are required to create accidental release plans. The County does not make a determination of safety to the surrounding community; it instead relies on zoning to determine whether or not a use is allowed and on Cal-OSHA to establish worker safety controls and requirements. Information is available at EHD to potential applicants regarding the location of hazardous materials for use in any study undertaken.

Contacts:
Air Pollution Control District – Rob Rieder and Tom Weeks (858) 650-4620
County Hazardous Materials Division – Joan Swanson (619) 338-2231
Cal-OSHA – Wendy Carlson (619) 767-2060
Air Resources Board – Carolyn Suer (916) 327-5985

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Using 1000 feet as a planning and policy-making guideline to protect public health and the environment

When crafting policy to protect the public health and welfare—the purpose of planning—scientific data must be weighed along with policy precedents, the input of experts and communities affected by the issue at hand, and a precautionary approach that aims at maximum levels of prevention. Several regulatory, scientific, and legislative measures form a reasonable basis to compel the City of San Diego to address the issue of siting sensitive land uses next to sources of air pollution and hazardous materials risks. All of these factors were considered when drafting the provision of the collocation policy proposed as part of San Diego's General Plan Update that establishes a guideline of a 1000 foot buffer between pollution sources and sensitive uses.

- **Science**: Numerous public health studies have proven the adverse health effects of exposure to air pollution and toxic substances. A study released this month by the California Air Resources Board (CARB) found that significant cancer risk due to pollution from operations at the Ports of Los Angeles and Long Beach occurred throughout a study area of *20 square miles*. Computer modeling is another science-based tool that has helped us to understand the risk of accidents involving hazardous chemicals. Even these tools, however, cannot predict the risk of accidents involving multiple hazardous materials or the toxic mix and dispersion of contaminants in the case of a fire at a facility housing hazardous materials.
  The CARB Air Quality and Land Use Handbook is one of the best science-based tools we have to evaluate safe distances between air pollution sources and sensitive receptors. However, it is still very limited in its scope and can only be used as a guide in developing general plan policies.
  - The Handbook includes siting recommendations for only 8 specific uses because the ARB felt that other uses have not yet been subject to the rigorous study and modeling that went into crafting their recommendations. In fact, even of the 8 uses addressed, the ARB does not specify distances for two uses because studies are on-going and they did not feel the data was sufficient to issue specific recommendations.

- Of the 6 uses with specific distance recommendations, 4 are industrial uses: distribution centers, rail yards, chrome platers and gasoline dispensing facilities. Of these, only gasoline facilities carry a recommended separation distance of less than 1000 ft. 1000 feet is the most common guideline for industrial uses.
- On a policy level, especially in a general plan, a default distance must be selected to provide a generic guideline because science-based recommendations do not exist for every specific industrial use.
- The ARB's buffer recommendations do not take into account cumulative impacts, which are relevant in areas where industries are clustered, such as the Tenth Avenue Marine Terminal in Barrio Logan or the Kearny Mesa area.
- The Handbook only evaluates air toxics and does not take into consideration hazardous materials or accident risks posed by industrial uses.

- **Policy Precedents**: The Unified Port of San Diego Board passed a direction to staff in September of 2005 to act to establish separation between Port operations and sensitive land uses. They used a 1000 foot separation as the guideline in the direction to staff. Also in 2005, the City of Chula Vista approved a General Plan including a broad policy to "avoid siting . . . major toxic air emitters within 1000 feet of a sensitive receptor" or vice versa. Recognizing the air pollution impacts of freeways and highways, many policies have established land use guidelines to protect sensitive receptors. Chula Vista's General Plan establishes a 350 foot buffer between I-5 and residential development. SB 352 (Escutia) established strict guidelines for the development of schools within 500 feet of a freeway.

- **Experts**: Regulators with long histories in the field (such as the local heads of the San Diego County Air Pollution Control District and the San Diego Department of Environmental Health) recommend 1000 feet as a general guideline for protecting the public from exposure to air toxics, hazardous materials and accident risk.

- **Community Input**: The communities where Environmental Health Coalition (EHC) and our allies statewide and nationally work have long recognized the importance of separating industrial and sensitive uses because they deal with the health effects every day—asthma, frequent emergency room visits, higher cancer rates. Our members have consistently supported buffer policies, including the 1000 foot standard adopted at the Port and in Chula Vista. Recognizing the need for flexibility when considering the particular geography of specific communities, our

members will continue to support using 1000 feet as a safe, healthy guideline for separating people from pollution sources.

- **Precaution and prevention**: Precisely because we lack risk and pollution data for so many specific uses we must use guidelines that will provide an adequate margin of protection in most cases. In fact, for large facilities, those that have very toxic materials, or in the case of a fire, 1000 feet may not be protective enough. 1000 feet is at the high end of a common-sense, consensus-based spectrum of possible buffer distances, and provides a precautionary approach to protecting public health. History has certainly proven that the more we learn about the health effects of air pollution, chemicals and metals involved in industrial operations rarely have we found that lower levels of protection and prevention are necessary. The decisions we make today should not make the children of tomorrow the testing ground to determine what constitutes a dangerous level of exposure to toxics.

The Environmental Health Coalition (EHC) has promoted the safe separation of families and children from sources of toxic pollution or hazardous accident risk in policy-making and land use planning for over 25 years. For the reasons outlined above, we will continue to advocate for the use of 1000 feet as a general policy guideline in the communities we represent in San Diego, National City, Chula Vista and Tijuana. EHC has worked with the City of San Diego to craft the collocation policy referenced above as part of the General Plan Update. EHC submits this brief as another in a series of communications to support the policy, and will continue to advocate for its passage as currently drafted.

Examples of Other Jurisdiction's Industrial/Residential Policies

New York City

More than 500,000 industrial jobs remain in New York City, forming 15 % of the City's total employment. These jobs are largely distributed among four major sub-sectors: wholesale trade, manufacturing, construction, and transportation/warehousing, and utilities and waste management which contribute to more than $1.7 billion to the City's revenue in direct tax revenue annually.

In a survey of 500 of the City's industrial companies, qualitative information was obtained about the issues that industrial employers face. Even though New York City is a key market for industrial companies, expanding and relocating within the City is difficult. More than 50 percent of the companies surveyed had near-term expansion plans, but fewer than half of them plan to expand at their current location. Overall, New York City's industrial businesses are particularly concerned about three challenges facing their sector: 1) Space constraints and real estate uncertainty, 2) high costs, and 3) obstacles to supportive business environment. Since housing prices in New York are high, many of the city's working class industrial areas had already been converted to high-rise residential uses.

In order to address these concerns, the city launched a comprehensive program which included the application of Industrial Business Zones (IBZ's) to the most productive industrial districts in the City. Specific boundaries of the IBZs were determined based upon several factors including 1) existing land uses, 2) the neighborhood's industrial character, 3) no as-of-right zoning for new residential development, 4) traffic patterns, and 5) Empire Zone boundaries. Boundaries continue to be designated in phases to allow for appropriate field data collection, consultation with stakeholders and completion of planning activities.

The IBZs will serve as target areas for several new initiatives which will: 1) Guarantee not to rezone to allow residential uses 2) Provide new relocation credit for industrial businesses 3) Conduct area planning to identify individual IBZ solutions 4) Market IBZs to new, expanding or relocating businesses. In addition, the initiatives to protect and stimulate the supply of industrial space will: 1) discourage illegal conversion of industrial property 2) make city-owned land available for industrial use and 3) lower the cost of real estate production and maintenance.

San Jose

Over the past 50 years the City of San Jose has grown from an agricultural community of 95,000 people to the largest city in the Bay Area and the urban center of Silicon Valley, the world's leading center of technology innovation. Currently, the city is home to 925,000 residents and to 54,000 employers with more than 355,000 workers.

San Jose has 13,000 acres of land in active use for employment. The projected job growth can be accommodated by using currently vacant buildings that are not functionally obsolete, using new buildings on vacant lands, and new buildings on previously developed lands (re-use at current of higher intensity). There is more opportunity for vertical workplaces with increased floor-to-area ratios and employment densities in certain sub-areas. This creates the opportunity for San Jose to encourage more efficient use of industrial lands and the recycling and/or reinvestment of functionally obsolete buildings. It is anticipated that absorption of existing vacant space would occur as well as the construction of new buildings on vacant land.

Despite opportunities to recycle and intensify already-developed sites, some companies will want the option of develop in larger campuses on "greenfield" sites. It is important to retain vacant lands for this opportunity. Their ability to support job growth in the future will determine the future location and characteristics of employment sub-areas. All employment lands are not equal and are not interchangeable.

The City has taken a proactive approach to considering land conversion proposals in employment areas. The first consideration is the contribution that the sub-area makes to San Jose's economic base in terms of jobs, ongoing city revenues, and opportunities to accommodate projected demand for job growth. If it is determined that the sub-area's contribution to the economy would be compromised by allowing other uses, the City will guide conversion projects to more appropriate areas. If it is determined that other uses such as housing could be allowed, the location of housing to neighborhood services, the location of housing within one-half mile of transit, and the impact of housing on city revenue and service costs should be considered. When looking at adding retail, the contribution of the development of the site to the City's need for retail should be considered.

Santa Clara

The city of Santa Clara established a policy to evaluate the potential for converting current industrial sites to residential uses based upon an articulated set of planning and fiscal principles.

Since the conversion of sites may have economic development and fiscal impacts with respect to City revenues and costs, an evaluation was designed to address findings of suitability for the conversion of property from industrial/commercial uses to a residential use for an area or specific site. Subtotals for each of five categories allows for the weighing of criteria where some subjective factoring may be arguably crucial to the evaluation of a site. The categories are ranked on a scale of 0-4. A higher total in the ranking, more than 50 points of a possible 80, generally means the area/site is a positive candidate for conversion. Comments and supporting information may be included. The results of the evaluation would then be considered by the decision maker along with any required fiscal/economic evaluation of the proposed land use change.

The five categories are:

1) General Plan and Zoning Compatibility- The establishment of General Plan and zoning designations provides property owners and tenants with a degree of reliance on allowable land uses within an area. Proposals should demonstrate that changes in the designation(s) of a project site would not adversely affect the uses of nearby properties.

2) Residential Attributes – The suitability if a site for residential uses may depend upon its location, orientation, site and overall relationship to its surroundings. Projects to be located on small parcels that are effectively isolated within industrial/ commercial areas would be discouraged.

3) Environmental Compatibility – The introduction of housing into industrial areas may present risk of exposure of residents to potential hazardous conditions or other incompatible industrial/commercial activities.

4) Availability of Services – The proximity to schools, shopping, libraries and other residential supporting activities is an important consideration.

5) Other Planning Considerations – The conversion from employment to housing should not adversely impact the City's fiscal and economic situation.

Chicago

Chicago does not have a comprehensive plan to guide land use decisions. However, the City developed a special zoning district to protect manufacturing uses. The "Planned Manufacturing District" (PMD), was adopted by the City Council in 1998.

PMDs were engineered with the support of a coalition of community organizations, industry, residents and alderman. The concept also received important support from major industrial and manufacturing concerns in the area. PMDs are a prototype of industrial sanctuaries that are established by application by property owners, the alderman or the mayor. Each PMD provides that no residential uses will be permitted in the area to which it is applied, and that supplementary regulations specifying prohibited uses and other restrictions will be developed and adopted by the city council for each area when the district is actually applied to the zoning map. The PMD merely sets forth general parameters for its application, leaving the details to be worked out for each particular location. In addition, any changes to the PMD ordinance, including recommendations by the planning commission, require the approval of city council.

To protect manufacturing industries, each PMD ordinance prescribes a specific supplementary use regulation intended to curb non-industrial uses. The use restriction varies with each district, but in general, uses permitted as-of-right consist of general manufacturing and industrial uses along with limited accessory retail and office uses supplementary to industrial uses. Residential uses are prohibited, as are day care centers and adult establishments.

ATTACHMENT 12

Economic Prosperity Element Public Input

Meetings: These are meetings with representatives from these outside groups or the group itself.

All Community Planning Groups
Environmental Health Coalition
SANDAG
NAIOP
San Diego Organizing Project
Chamber of Commerce, including the Public Infrastructure Subcommittee, the Housing Subcommittee, and the General Plan Subcommittee
Industrial Environmental Association
Building Industry Association
S.D. County Air Pollution Control District
S.D. County Dept. of Environmental Health
Redevelopment PAC Chairs
Regional Economic Development Corporation
Council of Design Professionals
San Diego Workforce Partnership
San Diego City Schools
San Diego Community College District
Otay Mesa Coalition

Formal Presentations:
DSD Technical Advisory Committee
Small Business Advisory Board
Science and Technology Commission
Chamber of Commerce General Plan and Housing Subcommittees
ACCORD (CPI, Environmental interest groups, and San Diego Labor Council)
Senior Affairs Advisory Board
Otay Mesa Chamber of Commerce
C3
Community Planners Committee
BIOCOM

E-Mail

Large distributions of the EP Element were sent in February and July 2005.
Various sections were e-mailed to particular groups for review and comment.