



REPORT NO. PC-16-018

DATE ISSUED: January 21, 2016

ATTENTION: Planning Commission, Agenda of January 28, 2016

SUBJECT: AMENDMENTS TO THE DOWNTOWN COMMUNITY PLAN, THE CENTRE CITY PLANNED DISTRICT ORDINANCE, AND THE LOCAL COASTAL PROGRAM REGARDING THE EMPLOYMENT REQUIRED OVERLAY DESIGNATION BOUNDARIES

APPLICANT: Bosa Development California II, Inc. & Civic San Diego

SUMMARY

Issues: Should the Planning Commission (“Commission”) make a recommendation to the City of San Diego (“City”) City Council to approve amendments to 1) the Downtown Community Plan (DCP) for the Employment Required Overlay area; 2) the Centre City Planned District Ordinance (CCPDO) Employment Overlay Zone; and, 3) the Local Coastal Program for amendments to the boundaries of such Employment Overlay areas to remove the blocks located west of Kettner Boulevard, north of E Street, east of Pacific Highway, and south of Ash Street from such designations?

Staff Recommendation: Civic San Diego (“CivicSD”) staff recommends that the Commission recommends that the City Council:

1. Approve DCP Amendment 2015-01 to remove said blocks from the Employment Required Overlay area;
2. Approve CCPDO Amendment 2015-01 to remove said blocks from the Employment Overlay zone; and,
3. Approve the above amendments to the Local Coastal Program.

Community Planning Group Recommendation: On September 16, 2015, the Downtown Community Planning Council (DCPC) voted 17-0 to recommend that the City Council approves the proposed amendments.

Civic San Diego Board Recommendation: On September 30, 2015, the Civic San Diego (“CivicSD”) Board voted 8-0 to recommend that the City Council approve the proposed amendments.

Environmental Review: Development within the Downtown Community Plan (DCP) area is covered under the Final Environmental Impact Report (FEIR) for the San Diego DCP, Centre City Planned District Ordinance (CCPDO), and 10th Amendment to the Centre City Redevelopment Plan, certified by the former Redevelopment Agency (“Former Agency”) and the City Council on March 14, 2006 (Resolutions R-04001 and R-301265, respectively) and subsequent addenda to the FEIR certified by the Former

Agency on August 3, 2007 (Former Agency Resolution R-04193), April 21, 2010 (Former Agency Resolution R-04510), and August 3, 2010 (Former Agency Resolution R-04544), and certified by the City Council on February 12, 2014 (City Council Resolution R-308724) and July 14, 2014 (City Council Resolution R-309115). The FEIR is a "Program EIR" prepared in compliance with California Environmental Quality Act (CEQA) Guidelines Section 15168. Because a majority of the land covered by the proposed amendments are existing and the proposed residential development on the single undeveloped block is consistent with the overall development program evaluated in the FEIR, staff has determined that the potential environmental impacts of the proposed amendments were adequately addressed in the FEIR. Therefore, no further environmental documentation is required under CEQA.

Fiscal Impact Statement: None at this time.

Code Enforcement Impact: None

Housing Impact Statement: None

BACKGROUND

Downtown covers 1,450 acres, or 2.27 square miles, and is bounded by San Diego Bay to the west and south, Laurel Street and Interstate 5 to the north, Interstate 5 to the east, and Barrio Logan community plan area to the southeast. The Downtown area currently contains approximately 80,000 workers and 35-37,000 residents. Prior to 2006, development of the Downtown area was governed by the Centre City Community Plan (CCCP) adopted in 1992, and amended significantly in 1998 with the proposal for Petco Park. There are three planned district ordinances (PDOs) which govern development and land uses in the Downtown area – the Marina PDO governing the mainly residential areas of the southwest Downtown; the Gaslamp Quarter PDO governing the Gaslamp Quarter National Historic District; and, the Centre City PDO which governs the majority of Downtown and includes the neighborhoods of Little Italy, Cortez, Civic/Core, Columbia, and East Village.

In 2006, the City Council adopted the DCP and major amendments to the CCPDO for the Centre City Planned District (CCPD). The development and adoption of the DCP resulted from a multi-year effort led by a 35-member Steering Committee appointed by Mayor and supported by Civic San Diego (then Centre City Development Corporation or CCDC) with the planning consulting firm of Dyett and Bhatia.

The new DCP was envisioned to implement the City's Strategic Framework Element of focusing new development in mixed-use transit nodes and corridors and making Downtown the single regional center for employment, commerce, and residential development. Therefore, the Downtown population was anticipated to be increased from the 1992 CCCP goal of 46,000 to 90,000 residents, along with up to 165,000 employees. Densities for future development were greatly increased through the allowance of Floor Area Ratio (FAR) bonuses to achieve higher density developments. While the 1992 CCCP allowed maximum FARs up to 10, the 2006 DCP increased the maximums up to 20.

While the City wished to accommodate a greater amount of the regional growth in the Downtown area, it also recognized the importance of ensuring a healthy mix of residential housing stock and employment opportunities. Employment opportunities would continue to include the traditional government, legal, finance and tourist industries, but the City also is striving to attract innovative, entrepreneurial enterprises in a variety of employment sectors. During the DCP update process, some of the Steering Committee members expressed concern that the very active residential condominium market at the time could overwhelm any competition for land that would be utilized for office and job growth in the Downtown area. During the preparation of the DCP from 2003-2006, Downtown was experiencing its greatest growth in residential development in its history, with over 8,000 dwelling units having been constructed in the previous 5 years and another 12,000 units in the pipeline, either under construction or in the planning processes. As a result, the Steering Committee created an Employment Required Overlay area in the Civic/Core and Columbia neighborhoods. The DCP states “In addition to the land use districts, Figure 3-6 identifies Employment Required Overlay areas where 50% of the area will be devoted to office, education, retail, and other commercial uses. That is, residential uses cannot exceed more than 50% of the areas”. DCP Figure 3-6 illustrates the boundaries of the Employment Required Overlay area and is included as Attachment B to this report.

The following are other key DCP Goals and Policies related to the Employment Required Overlay area and the neighborhoods in which it exists:

From the DCP Guiding Principles:

- **Intense yet always livable, with substantial and diverse downtown population.** An intense downtown is central to not only fostering vibrancy, but also to curtailing regional sprawl—a key tenet of San Diego’s City of Villages strategy—and minimizing growth pressures in mature neighborhoods. Increase residential population will contribute to downtown’s vitality, improve economic success, and allow people to live close to work, transit, and culture.
- **A nucleus of economic activity.** The Plan bolsters downtown’s position as the regional economic and employment center by ensuring availability of employment land, and development of regional destinations. The creation of jobs easily accessed via transit, bicycle, or on foot will also further regional mobility goals.

Land Use and Housing Policies:

- **3.1-P-1** Foster development of the Core into a compact but high-intensity office and employment hub of downtown, with a strong government, financial, commercial, and visitor-serving orientation, while permitting residential development to provide vitality during non-work hours.
- **3.3-P-2** Allow residential activity in all land use classifications (with exception of tidelands pursuant to the Port Master Plan and lands classified as Industrial). Allow for higher standard of review for residential development adjacent to industrial land use districts.

Neighborhood Goals and Buildout: Civic/Core

- **6.1-G-1** Create an intense districts with large and tall buildings reflecting Civic/Core's character as San Diego's business and political center, while promoting a mix of uses.
- **6.1-G-2** Strengthen Civic/Core as a focus of civic uses and government activity, and reconnect government buildings and open spaces to the public realm.

Neighborhood Goals and Buildout: Columbia

- **6.2-G-1** Develop Columbia as a mixed-use district, with an energetic waterfront that serves local needs and has a regional draw, relating to both the San Diego Bay and the Civic/Core district.

Economic Development Strategy Policies:

- **11.3-P-1** Preserve sites in Core/Columbia for business or primarily employment-oriented development to ensure that downtown's employment potential is maintained.
- **11.3-P-2** Permit office and other employment oriented in a variety of locations across downtown, and allow mixed use development in all neighborhoods.
- **11.3-P-3** Ensure a balanced inventory of land for appropriate use designations and development intensities in strategic locations

The CCPDO implements these DCP policies by establishing an Employment Overlay zone designation (initially this was the Employment Required Overlay zone but its ER abbreviation presented confusion with the Employment/Residential Mixed Use zoning designation, also abbreviated ER) so it was later changed to Employment Overlay).; The following criteria and regulations apply within the Employment Overlay zone:

1. At least 50% of the gross floor area of any new development within this overlay district shall be dedicated to *employment uses* such as professional office, education, cultural uses, retail, hotel, or similar commercial uses (uses qualifying as employment uses are listed in the Land Use Table 156-0308A).
2. Residential uses in this district shall not exceed 50% of the gross floor area of any development, counted against the Base Maximum FAR (most of the properties within this district can earn FAR bonuses, but this bonus gross floor area may not be used for residential uses).
3. Existing floor area dedicated to employment uses shall not be converted to any non-*employment use*.
4. Developments including 100% *employment uses* (not including hotel uses) may increase their FAR to the maximum allowed for that site under the CCPDO (most sites within the overlay district contain a Base Maximum FAR of 8-10 and can earn bonuses up to a Maximum of 14-20, either through a variety of FAR Bonus programs or automatically under this provision with 100% *employment uses*).

This last incentive provision, allowing for a maximum FAR for 100% *employment use* developments within the overlay district, is similarly applied throughout Downtown where a development containing 50% *employment uses* (exclusive of hotel uses) can receive an automatic increase to the Maximum FAR allowed for that site. The recently completed Sempra Energy office building located north of Petco Park utilized this provision to increase the permitted FAR from 6.25 to 7.25.

On October 21, 2015 the Planning Commission considered and approved by a vote of 4-1 a request to initiate potential amendments to the Employment Required Overlay regulations, including several independent applications for removal from the designations as well as an overall review of the overlay district. Subsequently, CivicSD staff also presented the initiation to the Downtown Community Planning Council (DCPC) on October 27, 2015, which supported the initiation by a 15-0 vote (the DCPC had previously voted 17-0 to recommend approval of these specific amendments on September 16, 2015).

DISCUSSION

At the time of the adoption of the DCP and CCPDO amendments establishing the Employment Required Overlay area, the western boundary was placed at Pacific Highway and therefore included ten blocks west of Kettner Boulevard bordered by Ash Street on the north and E Street to the south. Nine of these blocks were governed by a 1992 Development Agreement ("1992 DA") between the City and the Catellus Development Corporation. The 1992 DA provided for a mix of land uses, allowing office, retail, hotel and residential land uses. Two of these blocks were already developed with recently constructed residential projects (The Grande North and South towers). In addition, two of the blocks possessed entitlements for residential developments which were about to commence construction (the Bayside and the Sapphire towers). In addition, the Electra residential tower was under construction on the tenth block not governed by the 1992 DA. An exhibit showing these ten blocks and their respective developments/entitlements is included in Attachment A.

After adoption of the DCP and 2006 CCPDO amendments, the land use plans were not immediately submitted to the Coastal Commission for certification due to outstanding litigation. In addition, there were further refinements being made to the plans which were considered and adopted by the City. Ultimately, the DCP and 2006 CCPDO (and subsequent amendments) were certified by the Coastal Commission in 2012. In the interim, two additional blocks had obtained entitlements for residential towers under the 1992 DA – 1) Pacific Gate (under construction) and 2) Kettner and Ash (about to commence construction). In 2012, due to the pending expiration of the 1992 DA, the City Council approved a new 2012 DA to cover the remaining three blocks yet to commence construction in order to preserve the project entitlements and developer obligations. The 2012 DA will expire in 2022.

The accompanying report for the Pacific and Broadway – Parcel 1 project proposes to amend the 2012 DA and entitle a residential project on the last undeveloped/unentitled block west of Kettner Boulevard. Because the proposed amendment to the 2012 DA requires a finding of consistency with the land use plans, Bosa Development proposed to remove the Employment Required Overlay designation from its block as part of its application. However, CivicSD staff recognized that the area for consideration for removal from the Employment Required Overlay should include all blocks west of Kettner Boulevard due to existing developments/land uses.

Plan Amendment Processing Policies

The Land Use and Community Planning Element of the General Plan provides the following policies for plan amendment processing:

- **LU-D.12** Evaluate specific issues that were identified through the initiation process, whether the proposed amendment helps achieve long term community goals, as well as any additional community-specific amendment evaluation factors.
- **LU-D.13** Address the following standard plan amendment issues prior to the Planning Commission decision at a public hearing related to: level and diversity of community support, appropriate size and boundary for the amendment site; provision of additional benefit to the community, implementation of major General Plan and community plan goals, especially as related to the vision, values and City of Villages strategy;; and provision of public facilities.
- **LU-D.14** Consider consolidating multiple concurrent land use plan amendment proposals to analyze and assess the impacts of the development projects and the land use changes cumulatively.

While staff is continuing to evaluate other site specific applications and whether any significant comprehensive changes should be made to the Employment Required Overlay area, these proposed amendments are being brought forward at this time along with the applications for the Pacific Highway and Broadway – Parcel 1 project. Staff is recommending approval of these amendments for the following reasons:

1. Existing Developments/Entitlements West of Kettner Boulevard – as shown in Attachment A, seven of the ten blocks are developed, under construction, or entitled and about to commence construction with nonconforming residential land uses governed by previous zoning and/or a development agreement. Under the current Employment Required Overlay designations of the DCP and CCPDO, these seven blocks would all be considered Previously Conforming Uses and subject to the City’s regulations for such uses. This Previously Conforming status serves no purpose and could complicate real estate sales and/or re-financing of individual condominiums. Of the other two blocks, the only conforming land uses are the Santa Fe Depot train station and the Museum of Contemporary Art, neither of which will be redeveloped.
2. Remaining Undeveloped/Unentitled Block – the proposed Pacific Highway and Broadway – Parcel 1 project would develop the block at the northeast corner of Pacific Highway and Broadway with a significant residential tower consistent with the development pattern and land uses along Pacific Highway and provide additional public benefits to the immediate neighborhood as provided in the 2012 DA. While the project is primarily residential, it does provide for ground level retail uses to activate the public plaza and enhance the pedestrian experience. With the recent completion of the North Embarcadero Visionary Plan improvements along Harbor Drive and Broadway, the construction of the Lane Field hotel developments, and the construction of the Pacific Gate residential project to the south this long neglected section of Downtown will finally see its “front door” contain significant improvement. The development of the project will

provide a 50-foot deep public plaza and street improvements to enhance the pedestrian experience and access to the bayfront consistent with the North Embarcadero Visionary Plan. It should be noted that the 2012 DA allows for a similar residential development to proceed in 2017 with or without these amendments, so the proposed amendments only serve to facilitate the more timely completion of the project and its public improvements.

The removal of these designations from these blocks will have no practical effect given the historical development of this area and the governing development agreements. The removal of the overlay designations will more closely align with the development pattern and land uses for the area consistent with the DCP and overall goals for a dense, mixed-use Downtown.

Conclusion:

CivicSD recommends that the Commission recommends that the City Council:

1. Approve DCP Amendment 2015-01 to remove said blocks from the Employment Required Overlay area;
2. Approve CCPDO Amendment 2015-01 to remove said blocks from the Employment Overlay zone; and,
3. Approve the above amendments to the Local Coastal Program.

Respectfully submitted:

Concurred by:



Aaron Hollister
Senior Planner



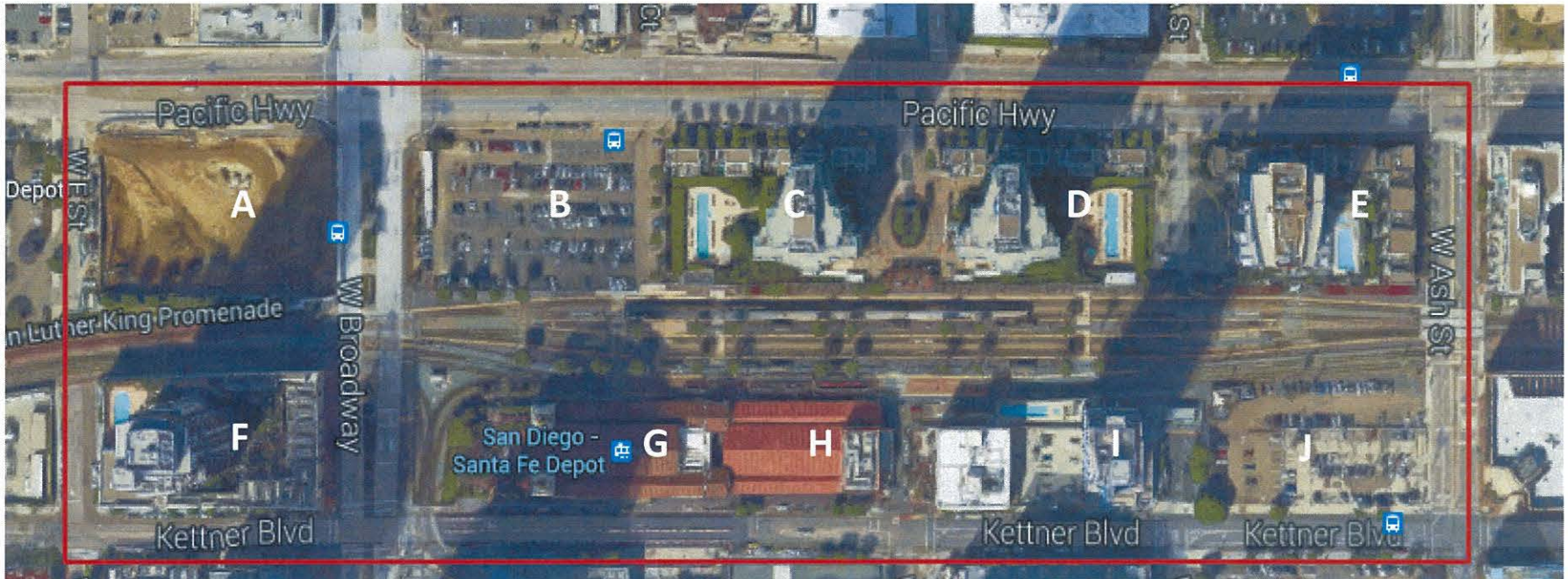
Reese A. Jarrett
President




Brad Richter
Assistant Vice President, Planning

Attachments: A – Aerial Map of Area including Existing and Proposed Land Uses
 B – DCP Map of Proposed Revised Employment Required Overlay Area
 C – CCPDO Map of Proposed Revised Employment Overlay Area

Attachment A

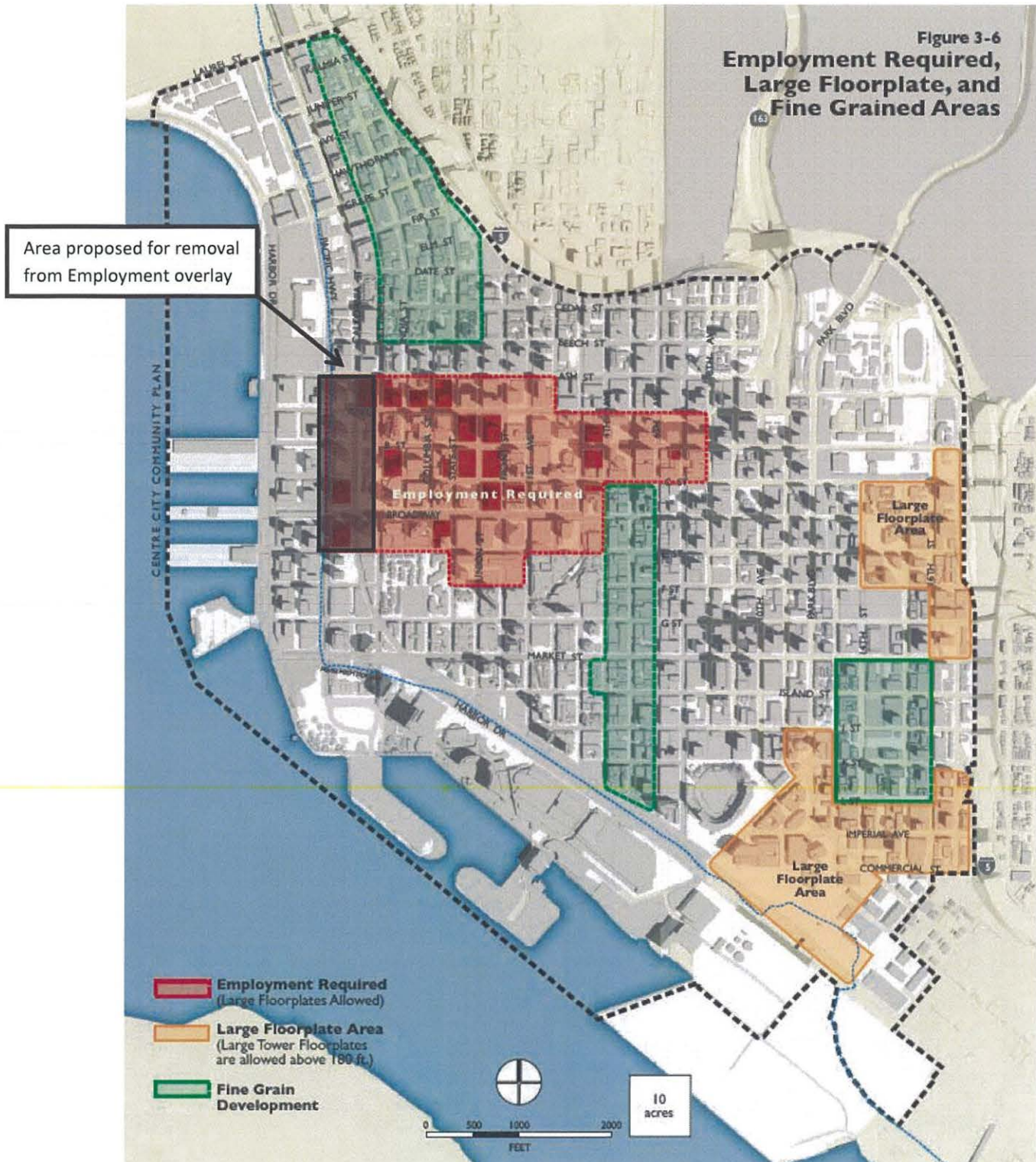


Development of Blocks within Overlay Area

 Boundary of Area Proposed for Removal from Employment Overlay

- A. Pacific Gate – Residential Project Under Construction
- B. Pacific and Broadway – Parcel 1 – Proposed Residential Construction
- C. Grande South – Residential Project Completed in 2004
- D. Grande North – Residential Project Completed in 2005
- E. Bayside – Residential Project Completed in 2009
- F. Electra – Residential Project Completed in 2008
- G. Santa Fe Depot
- H. Museum of Contemporary Art
- I. Sapphire – Residential Project Completed in 2008
- J. Kettner and Ash – Residential Project in Permit Plan Check

Attachment B



Attachment C

Figure C
Land Use Overlay
Districts

Area proposed for removal
from Employment overlay

