San Diego, CA:
Sustainable Land Use Code Audit Report and Suggested Next Steps
Building Blocks for Sustainable Communities Program

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Background

Pursuant to Smart Growth America’s technical assistance award with San Diego, this memorandum constitutes the final report summarizing the “Sustainable Land Use Code Audit” workshop and suggesting possible next steps for the city.

Workshop purpose and focus

Based on pre-workshop discussions with staff from the City of San Diego Planning and Development Services Departments, the Smart Growth America (SGA)/Clarion team focused its code audit on the issue of encouraging mixed-use and transit-oriented development as envisioned in the City of San Diego General Plan. The General Plan (adopted in 2008) incorporated the “City of Villages” strategy as its central organizing theme. This strategy envisions dozens of compact, walkable mixed-use nodes centered on the city’s existing community centers connected with regional transit and defined by open space networks.

As background for the October workshop, Clarion Associates produced a detailed discussion paper that focused on key zoning code issues and options related to mixed-use and transit-oriented development (MU/TOD). This discussion paper was used as a basis for discussion of how the city could promote additional MU/TOD, streamline the development review process for such projects and ensure neighborhood compatibility.
Engagement of key leaders and stakeholders

On October 8, 2014, city staff and the SGA/Clarion team were joined by representatives of the Mayor’s Office at a dinner meeting on October 8 to provide additional background for the workshop. As Deputy Chief Operating Officer of Neighborhood Services, Mr. Graham oversees a number of city departments including both Planning and Development Services. He expressed strong support for the workshop’s efforts to encourage MU/TOD and make sure such development is compatible with the surrounding neighborhood. Mike Hansen from the Office of the Mayor noted that encouraging MU/TOD would be an important tool in implementing the city’s released draft climate action plan.

The workshop took place on October 9, 2014. It brought together a working group of about 15 people that included representatives from city departments, the U.S. EPA, the San Diego Association of Governments (SANDAG), neighborhood groups and private sector professionals to review the code audit recommendations from the SGA/Clarion team.

Local context

Prior to the workshop, Lara Gates led a tour of mixed-use and transit-oriented developments throughout San Diego. The city has a wide array of successful mixed-use and transit-oriented developments, both in urban and suburban settings.

At the opening of the workshop the following day, the working group provided the following additional insights to guide the conversation:

- San Diego is very diverse. One size will not fit all when it comes to drafting a MU/TOD zone and development standards. Moreover, while most new development in the city will likely be infill or redevelopment, not every neighborhood will be a good candidate for MU or TOD projects.
- Citizens are very concerned with the impacts of denser development, particularly regarding traffic, parking and design compatibility. Density is not a favorable term, particularly in more diverse, low-income neighborhoods where some feel there is already an infrastructure deficit that additional development could exacerbate.
- The current zoning code is voluminous and difficult to navigate, even for experienced professionals. Consolidation and streamlining are needed.
- One participant observed, “People are just not into transit.” For a variety of reasons including lack of connections and convenient service, a substantial number of San Diego citizens do not use or support transit.
- According to several of the working group developers and consultants the City of Villages concept is not widely known or discussed outside of professional land use planning and development circles.
- The Downtown area, through the Centre City Planned District, has incorporated a successful approach to mixed-use development that establishes by-right basic zoning development parameters (density, height, etc.) coupled with thresholds for design review by a design review board that includes staff and design professionals.
To provide context for the discussion of zoning code reforms, Chris Duerksen also summarized some of the important steps San Diego has or is taking to promote MU/TOD through zoning code amendments. These include:

- Adopting a transit-overlay zone that reduces off-street parking requirements automatically for developments near transit stations.
- Suggesting amendments to several commercial and residential base zones to encourage a mix of uses in these areas (e.g., allowing ground-floor commercial uses in multi-family zones).
- Proposing further amendments to townhouse zone (such as reducing the excessive frontage requirements) to allow smaller lot residential developments.
- Proposing a broad regulatory reform package that addresses a wide variety of regulatory issues such as CEQA document process, minor permit amendments and signage permit streamlining. The package will also create a new use category for drive-in and drive-through eating and drinking establishments to regulate this type of development as a separate use—a relevant issue in mixed-use/TOD areas.

**Key Issues Addressed**

Based on the background discussion at the workshop, there was consensus to focus on five key issues during the workshop:

1. What is the best zoning vehicle to promote MU/TOD? (e.g., a new MU/TOD zone to replace the current Urban Village Overlay Zone or revised base zones)
2. How do we best promote a realistic mix of uses in targeted areas?
3. How do we ensure that MU/TOD projects are compatible with surrounding neighborhoods, both in terms of design and infrastructure capacity?
4. Can off-street parking regulations be improved to better support MU/TOD?
5. What incentives can be offered by the city in the zoning code to promote MU/TOD in an efficient, effective manner?

**Discussion and Recommendations**

This section summarizes the five key issues discussed at the workshop and recommendations for potential zoning code and other ordinance amendments. The page numbers denote where the issue is addressed in the workshop discussion paper.

**MU/TOD zones (p. 8)**

Given the great diversity of potential MU/TOD areas within San Diego, it is not surprising that the Urban Village Overlay Zone has been used infrequently for infill and redevelopment MU/TOD projects. The Urban Village Overlay Zone and its standards for land use mix and design were, according to staff, geared towards greenfield development. In contrast, the Planned Development
Permit (PDP) process features a great deal of flexibility to tailor a development to fit a specific area, but it is open to potentially time-consuming negotiations and accompanying uncertainty. In both instances, an environmental review is required under CEQA, which can be a time-consuming process if there will be a significant environmental impact and mitigation measures must be considered.

Importantly, staff has been working on several alternative approaches to encouraging mixed-use development. First, they have proposed amendments to existing commercial and residential base zones. Higher density residential zones that currently permit a very limited number of commercial uses in only 25 percent of the ground floor would be revamped to allow a broader range of neighborhood-serving commercial uses in up to 100 percent of the ground floor—subject to limits such as on hours of operation. Similarly, revised commercial zones would allow up to 109 dwelling units per acre where the highest density currently permitted today is 29 dwelling units per acre.

Another approach the city is exploring is updating community plans. The recent public review draft of the Encanto Neighborhoods Plan provides significant detail about the potential location of mixed-use use developments in that area as well as specifics regarding design, incentives and other key elements. If approved, that plan will provide significant guidance to potential mixed-use developers. Additionally, according to staff, because the plan will be accompanied by a programmatic EIR, it may obviate the need for later project-specific EIRs under the California Environmental Quality Act (CEQA) since the plan itself will have undergone such a review. This plan-based approach appears promising as it deals with the CEQA issue while providing a tailored approach to land uses and standards in specific areas with broad community input.

It was the consensus of the working group that a multi-pronged approach to regulating MU/TOD projects is most suitable for a community with as many diverse neighborhoods as San Diego, as this would give developers a variety of options from which to choose to fit their unique circumstances. This could be particularly true if the Urban Village Overlay Zone can be rewritten to better accommodate infill and redevelopment areas or replaced with a more comprehensive MU/TOD base zone. This new base zone might also incorporate an attractive feature of the Centre City district that establishes clear by-right intensity/density, height and other dimensional standards, coupled with thresholds for design review by design review board comprised of staff and design professionals.

As discussed above, another option would be to utilize existing base commercial and residential zones as proposed to be amended to allow more robust mixing of uses without any special hearing or approval processes.

The PDP process is useful for projects that needed maximum flexibility and variances from base zone district standards or had other unique features. However, its use might be reduced if the staff were given the ability to make minor administrative modifications to development standards such as height and setbacks. Many modern zoning codes allow staff to grant modifications from five to 20 percent of such standards if the modifications meet basic principles such as no serious adverse impacts on surrounding neighborhoods. This increased flexibility would likely make it less necessary to use the PDP process to secure multiple variances.
Finally, the group recommended that the city continue to pursue updated community plans that provide detailed guidance on preferred mixed-use development locations and design standards that might eliminate the need for later project-specific environmental reviews under CEQA.

**Mix of uses (p. 18)**

In most communities with MU/TOD zones, code provisions include standards intended to ensure that projects include at least some minimum mix of nonresidential and residential uses as they are built out. The Urban Village Overlay Zone contains requirements for minimum mix of uses as a percentage of each development site (e.g., 20 percent residential, 10 percent MU core). Similarly, the TOD Design Guidelines suggest an even more ambitious use mix (e.g., 30 percent MU core and 10,000 square feet of retail within 1/8 mile of transit stop). However, the working group agreed that San Diego should proceed cautiously in this arena. A mandatory mix of uses in a MU/TOD zone may be a disincentive and lead a developer to propose a single-use development in a base zone instead or simply not proceed with a proposal. On the other hand, allowing one use to dominate in a designated MU/TOD area (e.g., 90 percent residential) can undercut the goals of an urban village and also fail to provide the jobs and retail stores near transit stations that are key to supporting transit ridership.

The working group considered several options it felt might be workable. First, a new MU/TOD base zone district might establish a maximum percentage that any one use could be developed instead of specifying a minimum percentage, as is done in the Urban Village Overlay Zone. Thus the new regulations might specify that no use (e.g., commercial, residential, civic or industrial) exceed 60 percent of the total floor area in any MU/TOD zone. This would prevent any one use from predominating while giving a developer wide latitude on the desired market-supported mix in a specific area, rather than having to adhere to a minimum for each type of use. Another option to promote mixed-use rather than requiring it may be to offer incentives such as increased densities, a broader range of permitted uses and streamlined development review to projects that include three or more uses in a development.

Importantly, as outlined above, San Diego staff are taking steps to allow more commercial uses in high density residential zones and denser residential in some commercial zones. Wisely, staff has also inserted compatibility standards such as limits on hours of operation on expanded commercial in residential zones to reduce potential adverse impacts on residences. Similarly, the city should take care not to allow residential uses to dominate in existing commercial zones (e.g., it might limit the total amount of residential in a specified area or require notices to new residents they are locating in an area zoned commercial).

The working group discussed a related issue that several in the development community felt was essential to address: the traffic impact study manual. According to both staff and the development community, the traffic impact study manual (which dates from 1998) focuses too heavily on street/road level of service and thereby penalizes mixed-use and transit-oriented development that favor alternative transportation modes. The issue of how and when to use vehicle level of service (LOS) standards is being evaluated throughout the State of California as a result of the passage of SB 743. One of the provisions of SB 743 requires the Office of Planning and Research (OPR) to update how transportation impacts analysis occurs under CEQA. The OPR draft currently being circulated for public review proposes a vehicle miles traveled-based approach to replace the LOS standard.
Development design and compatibility (pp. 37, 40)

There are a plethora of building design and compatibility standards and guidelines in the City of San Diego General Plan, community plans, the TOD Design Guidelines, and zoning code that address building design and compatibility issues. For example, the Urban Village Overlay Zone requires building entries to face the street, prescribe minimum window transparency on retail streets and dictates that building facades be varied and articulated. Likewise, the TOD Design Guidelines address commercial building facades, building materials, entries and similar issues (pp. 40-42). Residential building setbacks, facades, and garages are also addressed (pp. 47-49). Staff noted that the TOD Guidelines are primarily an archive document at this time. The overall TOD planning approach informed development of the City of Villages strategy, and relevant components of the TOD Guidelines were incorporated into the Urban Design, Land Use and Mobility elements of the city’s General Plan. Many planned districts in Chapter 15 have detailed building design requirements as well. Some of the clearest, modern statements of design policy and goals for MU/TOD areas are found in the Urban Design element (Chapter 4) of the Encanto Neighborhoods Plan.

The working group suggested that the city consider consolidating, clarifying and simplifying the many building design regulations and guidelines for MU/TOD developments that are scattered among several documents. The Urban Design element of the Encanto Neighborhoods Plan provides a good starting point for this exercise. That plan also incorporates an interesting transfer of development rights (TDR) scheme that reduces density at the edge of the core TOD area and allows it to be transferred into the core near the transit station.

General compatibility requirements for new development are scattered throughout the zoning code, particularly in the Chapter 15, Planned Districts. Some general regulations address compatibility in more detail. For example, Section 143.0430 applies to developments requesting a planned development permit in the urbanized communities in the RS Zones. The regulations limit density to the average density of all similarly zone single dwelling units within a 500-foot radius of the site and requires that building mass and bulk be similar to the surrounding 500-foot radius neighborhood. Additionally, it states that development design “shall incorporate architectural elements that have a pronounced importance in establishing compatible infill design.” Interestingly, the Urban Village Overlay Zone contains no specific compatibility requirements.

The Encanto Neighborhoods Plan contains some common-sense compatibility and building transition suggestions in Chapter 4, Urban Design. For example, it contains very clear step-back and setback guidelines where the upper stories of larger mixed-use and multi-family buildings are adjacent to single family (pp. 4-8).

San Diego should explore creating a consolidated set of guidelines or standards focusing on compatibility and transitions as it seeks to encourage more intense mixed-use development in infill and redevelopment areas. Compatibility standards should not only address physical tools such as step backs, setbacks, landscaping buffers and the like, but also operational compatibility (noise, hours of operation, lighting, placement of trash/recycling facilities, location of delivery and loading zones, etc.). These standards that could be imposed by staff in a mixed-use base zone or PDP. The city has already taken a step in this direction by including the possibility of limits on hours of operation of commercial establishments that will be allowed on the ground floor in some residential zones as discussed above.
From a process perspective, the working group agreed that it would be highly preferable if design/compatibility requirements were handled by staff or by a design review board that includes design professionals as is currently done in the Centre City Planned District.

The working group also discussed the need to work closely with neighborhood groups during the community plan process to educate them on density and height issues, illustrating what certain densities and height look like in actual developments. This can help defuse “knee-jerk” opposition to greater densities and heights around transit stations.

**Off-street parking (p. 31)**

Parking is a perennial challenge in most MU/TOD projects. Because these sites are often very constrained, extensive surface parking is usually infeasible and structured parking is very expensive. Many communities have taken aggressive steps to reduce the off-street parking requirements for MU/TOD, based on numerous studies that demonstrate they typically do not generate as much vehicle traffic as single use projects and thus do not require as much parking as a suburban greenfield development. However, in San Diego, as elsewhere in the United States, parking can still be a hot button issue when a higher density MU/TOD development is proposed in a neighborhood already experiencing congestion and a perceived shortage of off-street parking spaces.

San Diego has already incorporated many provisions in its zoning code to reduce parking for MU/TOD projects. The general parking regulations in Section 142.05 reduce off-street parking required for many commercial uses by 25 percent within a designated transit area (as defined in the Transit Area Overlay Zone Section 132.1002). Maximum limits are also set forth (although they tend to be very liberal—up to triple the minimum). Similarly, multi-family units in transit areas are allowed to provide about 20 percent less off-street parking. Twenty-five percent of parking in transit areas can be provided through shared parking per Section 142.0545. Additionally, the code contains an innovative section addressing “reduced parking demand housing.” Section 142.0527 allows for significant reductions in off-street parking for housing for families, senior citizens and the disabled, as well as small studio and one-bedroom dwellings. Reductions are keyed to factors such as walkability of the area and proximity to transit.

The TOD Design Guidelines (p. 79) recommend that reduced parking standards be applied in urban transit-oriented developments, but the percent parking reductions are quite modest (e.g., two to seven percent for residential and two to seven percent for mixed use). The guidelines also suggest instituting maximum parking ratios and allowing off-street parking requirements to be satisfied by nearby on-street parking. Although the zoning code currently includes transit area parking reductions, there do not appear to be similar reductions for on-street parking.

The working group recommended that the city conduct further analysis to support extending the transit area parking reductions to all designated mixed-use areas. Also, it may want to examine lowering the maximum allowed parking ratios in MU/TOD zones to limit large surface parking lots. The working group also agreed the city should allow MU/TOD developments to count adjacent on-street parking spaces towards off-street parking requirements. Likewise, the working group supports the proposal in recent community plans to eliminate required parking for the first 5,000 square feet of commercial/retail in a mixed-use development.
Incentives and bonuses (p. 41)

It might be appropriate to add provisions to a zoning code offering an intensity or density bonus to encourage MU/TOD developments that incorporate features important to a MU/TOD area’s character to an extent beyond that required by general standards. Such bonuses could allow new development to exceed the maximum density, floor area ratio or building height standards set forth in Table 2 of the discussion paper if, for example, the development:

- Provides affordable or workforce housing units
- Provides public amenities beyond that required by development standards
- Qualifies for LEED certification
- Is a vertically mixed development with residential uses on upper floors above street-level retail sales and service and service-oriented office uses
- Has any other development feature important to establishing and maintaining the character of the MU/TOD area.

There are many ways to draft intensity/density bonus provisions. Such provisions need to specify the particular type and level or extent of development features that qualify for a bonus and quantitatively relate them to a particular type and level of bonus. If multiple types or levels of features are to qualify for multiple types or levels of bonuses, it is probably best to use a point system. Each type and level of a qualifying feature would be assigned a certain number of points, and each type and level of bonus would require a minimum point total.

The city currently offers a host of development incentives and bonuses in its zoning code to promote a variety of development types—everything from mixed-use projects to affordable housing, accessible units, and sustainable buildings. For example, the Urban Village Overlay Zone offers a ten percent density bonus over the base zone density for projects located within 2,000 feet of an existing or planned light rail transit station. Section 143.0720, which proffers density bonuses up to 35 percent for provision of affordable housing, is widely used by developers.

The Centre City Planned District (Chapter 15) offers a wide range of density and FAR bonuses for provision of affordable housing, urban open space, green buildings, employment uses and eco-roofs and might thus serve as a model.

Recent community plans have also suggested a range of incentives and bonuses to help achieve plan goals. These include ministerial approval of land use entitlements that are consistent with the plan, elimination of required parking for the first 5,000 square feet of commercial/retail in a mixed-use development and FAR bonus for public open space, among other incentives.

Process incentives and permit streamlining can also be powerful incentives, but based on experience in other major cities, it is unlikely that major mixed-use projects will be able to be reviewed subject only to ministerial approval. However, it may be possible to craft a review process like used in the City Centre district, whereby if a mixed-use development complies with the permitted use list, intensity/density limit, and dimensional standards (height, setbacks, etc.) in the applicable zone or community plan as documented by staff review, then only design review would go through a discretionary process. The design review might be conducted by a design review board that includes design professionals, as is reportedly done with Downtown San Diego.
projects. That approach would have the potential to greatly narrow the scope of issues subject to negotiation and public hearing.

**Miscellaneous issues and recommendations**

Due to time constraints, the working group was not able to consider a number of other recommendations in the SGA/Clarion discussion paper. We suggest that the city staff continue to work with the development community and others to review these recommendations, which cover topics such as accessory uses in MU/TOD projects (e.g., automated teller machines, drive-through facilities and solar collection systems). Refer to page 20 of the discussion paper for these topics.

Another topic worth spending time with is that of mobility standards that go beyond the typical street level of service standards to address pedestrian and bicycle levels of service and connectivity (p. 29 of the discussion paper).

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