



**Centre City
Development
Corporation**

REPORT NO. CCDC-07-15

DATE ISSUED: May 16, 2007

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of May 22, 2007

ORIGINATING DEPT.: Centre City Development Corporation

SUBJECT: Floor Area Ratio Bonus Payment Program – Expansion Sub Area
of the Centre City Redevelopment Project

COUNCIL DISTRICTS: Districts 2 and 8

REFERENCE: None

STAFF CONTACT: Alexandra Elias, Advance Planning Manager, 619-533-7117

REQUESTED ACTION: That the Redevelopment Agency (Agency) approve the proposed Floor Area Ratio (FAR) Bonus Payment Program as established by the City Council (Council) with the passage of the Downtown Community Plan in the spring of 2006.

STAFF RECOMMENDATION: That the Agency approve the proposed FAR Bonus Payment Program.

SUMMARY: On February 28, 2006, in the motion to adopt the Downtown Community Plan and Related Documents, the Council directed CCDC to develop an FAR Bonus Payment Program that would allow developers of property in certain areas to acquire additional developable square footage by purchasing up to 2.0 FAR for \$15 per square foot.

FISCAL CONSIDERATIONS: The proposed FAR Bonus Payment program will generate revenue to the Corporation and the Agency as a component of developer incentive programs to increase development intensity downtown. The funds are anticipated to be used for the acquisition, design and construction of parks and public facilities downtown.

CENTRE CITY DEVELOPMENT CORPORATION RECOMMENDATION: On September 27, 2006, the Centre City Development Corporation Board unanimously approved this item (with one abstention) and commented that they would like to review the program in the future, and have the ability to adjust the \$15/square foot Bonus Payment if necessary and/or desirable.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The four-year process to develop and adopt the Downtown Community Plan that provides the framework for the proposed FAR Bonus Payment Program involved considerable public participation, including:

- Initial interviews with 60 individual stakeholders;
- Creation of a 35-member Steering Committee representing a broad spectrum of business and community interests that provided incremental input to the project team and acted as the primary venue for public input during the process. The Steering Committee held 20 public meetings;
- Subcommittees of the Steering Committee in five topical areas (arts and culture, economic development, urban design, neighborhood amenities, and transportation and circulation);
- Four large public workshops and meetings (in addition to Centre City Advisory Committee /CCDC/Planning Commission workshops);
- Project website at www.ccdc.com/planupdate;
- Four newsletters distributed to CCDC's mailing list and parties interested in the Community Plan process;
- Outreach to adjacent neighborhood and community groups¹;
- Seventeen related meetings of the Centre City Advisory Committee and its subcommittees;
- Three meetings of the Centre City Development Corporation;
- Four Planning Commission hearings over four months; and
- A joint meeting of the Redevelopment Agency and City Council to consider the Downtown Community Plan and related documents.

Additionally, members of the downtown development community and other interested parties were directly involved in discussions during the legislative process about the proposed FAR Bonus Payment Program.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The proposed FAR Bonus Payment Program offers developers in certain geographic areas (depicted on Attachment A) the opportunity to voluntarily increase the proposed intensity of a project by participating in a bonus program whose public benefit is to parks and public facilities. Stakeholders include the Building Industry Association (BIA), downtown developers, and other downtown interests. There has been interest by a number of project developers to participate in the program. The projected impacts of their participation would be an immediate increase of approximately 80,000 square feet of development in proposed projects, and a positive fiscal

¹ ACCORD (A Community Coalition for Responsible Development), Barrio Logan (Redevelopment Agency Staff), Building Industry Association, California Coastal Commission staff, Caltrans, Catholic Diocese of San Diego, Center on Policy Initiatives (CPI), City of San Diego Planning Department, City of San Diego Police Department, Commission for Arts & Culture, Downtown San Diego Partnership Urban Design Committee, Downtown San Diego Partnership Transportation Committee, East Village Association, East Village Community Action Network (EVCAN), Environmental Health Coalition, Grant Hill/Sherman Heights Revitalization Team, Social Service Providers, Industrial Environmental Association, Little Italy Association Community Plan Task Force, Marine Terminal Community Committee, San Diego Association of Governments (SANDAG) staff, San Diego Association of Governments Transportation Committee, San Diego Bicycle Coalition, San Diego City Schools, San Diego County Regional Airport Authority, San Diego Organizing Project (SDOP), San Diego Theatres/Convention Center, San Diego Unified Port District, Working Waterfront Group

impact of over \$1 million that would be dedicated to acquisition, design and construction of parks and public facilities downtown in this fiscal year. Over time, the benefit could include up to 4 million square feet of development generating up to about \$97,000,000 for parks and public facilities contained in the Downtown Community Plan.

BACKGROUND

This proposed FAR Bonus Payment Program advances the Visions and Goals of the Downtown Community Plan and the Objectives of the Centre City Redevelopment Project by:

- Providing incentives to developers to increase intensity of development downtown, pursuant to the City of San Diego's Strategic Framework Element of the General Plan; and
- Generating funds to assist in the acquisition, design and construction of public parks and facilities called for in the Downtown Community Plan.

Pursuant to the City of Villages policies embodied in the City of San Diego's Strategic Framework Element, downtown was called out as an area that should increase building intensity to help accommodate the City's growth. To that end, there are a series of FAR bonuses in the Centre City Planned District Ordinance (PDO) that offer developers incentives to increase development intensity in their projects. These bonuses are available for developers who provide public benefits in their projects or contribute toward the development of these public benefits provided by another entity. Examples of the types of incentives that are available in the PDO are: affordable housing, eco-roofs, ground floor public plaza/open space, and others.

As part of the motion to adopt the Downtown Community Plan and Related Documents this past spring, the Council directed CCDC to draft implementing language to establish a new FAR Bonus Payment for Agency approval to include the following:

1. The FAR Bonus Payment would be set and fixed at \$15/FAR square foot to be applied at the time that the development application is deemed complete and payable upon issuance of a building permit;
2. The FAR Bonus Payment should only apply to development projects within the Redevelopment Project Areas covered by the Plan;
3. Subject to the requirements of California Redevelopment Law, the FAR Bonus Payments would be deposited into a dedicated fund to be used to assist in the acquisition and construction of Downtown Parks and Public Infrastructure that have been identified in the Centre City Public Facilities Financing Plan. To the extent that FAR bonus pays for public facilities identified in the Financing Plan, that cost basis of such facilities shall be reduced.

Subsequent discussions resulted in two modifications to the program. First, a escalation factor was added, allowing for the adjustment of the program to allow for inflation, based on the Consumer Price Index (CPI) for urban San Diego County on July 1 annually. Additionally, item #3, above was changed to the following:

“Subject to the requirements of California Redevelopment Law, the FAR Bonus payments will be deposited into a separate, dedicated, interest earning fund (FAR Bonus Fund). The FAR Bonus Fund will be used in conjunction with Development Impact Fees (DIF) to pay for the acquisition and construction of downtown parks and public infrastructure identified in the Centre City Public Facilities Financing Plan and associated with new development.”

The sites that are eligible to participate in the FAR Bonus Payment Program are shown on Figure 3-10 of the Downtown Community Plan (Attachment A). These were sites that in previous drafts of the Community Plan had been proposed for automatic increases in FAR. Policymakers determined that any increase in FAR would need to be earned by providing a public benefit. The \$15 FAR bonus payment program is a public benefit because it creates a new funding source for the design, acquisition and construction of parks.

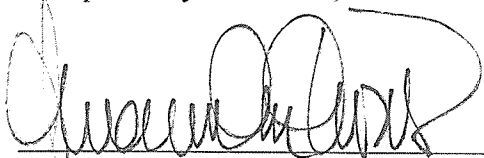
Attachment B outlines the purpose, procedures and general requirements associated with the proposed FAR Bonus Payment Program. CCDC anticipates consideration by the Agency in October.

Environmental Impact – This activity is not a project, and therefore not subject to CEQA per CEQA Guidelines Section 15060(c)(3).

CONCLUSION

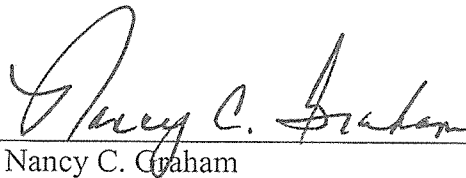
CCDC was directed by the Council to develop the proposed FAR Bonus Payment Program that is outlined in this report. CCDC requests that the Agency approve the proposed FAR Bonus Payment Program.

Respectfully submitted,



Alexandra Elias, AICP
Advance Planning Manager

Concurred by:



Nancy C. Graham
President

Attachments: A - Downtown Community Plan - Figure 3-10, “Maximum FAR Through Bonus Payment”
B - FAR Bonus Payment Program