

## ATTACHMENT

DATE ISSUED: October 24, 2003 REPORT NO. P-03-333

ATTENTION: Planning Commission  
Agenda of October 30, 2003

SUBJECT: Draft Council Policy 600-41: Residential/Industrial Collocation and Conversion Criteria

REFERENCE: City Manager Report 03-157 to Land Use and Housing Committee, Planning Commission Workshop Report P-03-183, Planning Commission Amendment Initiation Reports P-03-057 and P-03-068 and Planning Commission Workshop Report P-00-035.

### SUMMARY

Issue - Should the Planning Commission recommend to the City Council adoption of a Council Policy for locating industrial and residential uses on the same site and for converting industrially-designated land to residential use?

Planning Department Recommendation - Recommend adoption of the proposed Council Policy 600-41.

Community Planning Group Recommendation - On September 23, 2003, the Community Planners Committee (CPC) discussed the criteria as an information item. CPC comments are contained in Attachment 5.

Environmental Impact - This project is exempt from CEQA based on Section 15061(b)(3).

Fiscal Impact - None with this action. The fiscal impacts of individual projects will be considered on a case-by-case basis.

Code Enforcement Impact - None

Housing Affordability Impact - To the extent the criteria would allow for construction of residential uses on industrial land, there would be an increase in the City's multi-family housing supply without using limited vacant land.

## BACKGROUND

The Strategic Framework Element of the General Plan recognizes that maintenance of both a short term and long term supply of employment land is critical for siting and expanding of businesses that are key to the City's economic prosperity. However, the lack of land designated for residential uses has exacerbated the City's housing crisis for both existing residents and for potential workers required by key employers. The basis for the proposed conversion and collocation criteria are policies in the Economic Prosperity and the Housing Affordability components of the recently adopted Strategic Framework Element. These policies are contained in Attachment 1.

The prominent Economic Prosperity policies in the Strategic Framework Element recommend identification of areas in Subregional Districts where the collocation of employment and residential uses can occur. While the Strategic Framework Element identifies Subregional Districts for the collocation of residential and employment uses, upon further analysis, it has been determined that workforce housing within employment centers should not be limited to Subregional Districts. Rather, the draft criteria should be looked at in its application citywide.

The Strategic Framework Action Plan contains a recommendation that the Economic Prosperity and Land Use elements of the General Plan address the industrial land conversion and collocation criteria for the siting of residential uses within employment centers. Although these elements are not expected to be complete until the end of 2005, there have been several requests for land conversions from industrial to residential use in Otay Mesa as part of the community plan update, one request in Kearney Mesa, and two proposals in the Sorrento Mesa area of Mira Mesa. The decision to now proceed with an interim Council Policy which outlines the procedure for collocation applications and criteria to evaluate both collocation and conversion proposals was a result of these requests. The proposed draft Council Policy 600-41 is contained in Attachment 2.

## DISCUSSION

### **Planning Commission Workshop**

On July 17, 2003, the Planning Commission held a workshop to discuss possible collocation and conversion criteria utilizing two examples of community plan amendments in Mira Mesa that propose residential development within the community's Sorrento Mesa employment center. The draft criteria presented to the Planning Commission are contained in the attached staff report, Attachment 5.

The Planning Commission had the following general comments regarding the criteria which have been addressed by staff as indicated in italics.

- **The ten-mile radius for jobs/housing balance is too large. Recommend a distance one could easily travel on transit, walking, or biking.**  
*The radius was reduced to five miles which represents a distance accessible by non-motorized transportation. The jobs/housing balance ratio was also reduced to 1.3 which represents the average for the San Diego region.*

- **Tie the residential development to funding for required public facilities, particularly to transit enhancements.**  
*Requirement 3 was added to require a public facilities financing plan amendment for to identify any facilities needed by the additional units and establish an appropriate assessment.*
- **How is a determination made regarding the density or intensity a parcel could accommodate when considering both types of uses?**  
*See the threshold criteria for determining industrial intensity and evaluation criterion 8 for the residential density.*
- **Do not use parcel size as a criterion to determine if a site is limited for industrial use.**  
*Parcel size was removed as a criterion to determine constraints for industrial use.*
- **Determine more specifically the type of industrial use which should be encouraged.**  
*Key industry clusters were defined for both the collocation and conversion threshold determination. Specific industries can be evaluated on a case-by-case basis if they are within the key clusters.*
- **There are some locations which are inappropriate for residential uses. Consider providing a locational analysis of where this could occur citywide as an alternative to citywide criteria. Establish a policy for the area similar to any overlay.**  
*A citywide map would not reflect the dynamic nature of industrial development in a community. The proposed Council Policy would be an interim policy until the criteria can be included in the Economic Prosperity Element of the General Plan due to be complete by the end of 2005. In addition, as community plans are updated, further refinements including mapping could be included in community plans based on community-specific parameters.*
- **The requirement for a Business Impact Report would add another layer of review for housing proposals.**  
*This was not included in the requirements.*
- **What is the critical mass of residential use which results in a viable neighborhood?**  
*Collocation provides an opportunity to more efficiently utilize vacant or underutilized land by integrating both uses on the same site, thereby increasing the supply of housing while potentially reducing automobile trips. Even smaller residential collocation projects in employment areas can result in a livable residential environment for some populations if properly designed without necessarily creating traditional neighborhoods with a full-range of commercial services. It is anticipated smaller scale commercial services will continue to locate in these employment areas to serve both employees and residents.*

### **Land Use and Housing Workshop**

Based on the input received from the Planning Commission, staff revised the criteria prior to the Land Use and Housing Committee workshop on August 6, 2003. In general, the Land Use

and Housing Committee's comments on the conversion/collocation issue focused on the protection of land for industrial users seeking to locate or expand within the City. The committee also requested the following additional information:

- **What are examples of successful collocation in other cities?**  
*Three examples of collocation are described and analyzed in Attachment 3.*
- **What are the trends regarding the intensification of industrial uses (increases in floor area ratios) and the use of underground and/or structured parking?**  
*Not all industries within the key clusters will be able to locate in more vertical structures. Pharmaceutical research and development is one type of industry which could operate in multi-story structures as evidenced in the Harvard MIT example. A major determinant of intensification is land costs. Trends indicate that where land costs exceed a particular threshold, more vertical development with structured parking will naturally occur.*
- **What types of industrial uses are most compatible with residential uses regarding sensitive receptors?**  
*Based on the information in Attachment 4 relating to the health effect of industry operations, none of the regulatory agencies would place an additional burden on businesses due to neighboring residential development. See discussion below on criteria 4.*

### **Draft Industrial Land Collocation and Conversion Criteria**

The draft council policy proposes that community plan amendments be required for all collocation and conversion proposals. The following draft criteria establish a threshold for community plan amendment consideration followed by a set of project requirements and additional evaluation criteria. The industrial land preservation threshold criteria should be met prior to being evaluated on the requirements and the remainder of the citywide evaluation criteria.

### **Industrial Land Preservation Threshold Criteria**

- **Collocation – Residential uses should be located on no more than approximately one-third of the entire site considered under a single discretionary permit. The proposal should result in no net loss of the amount of development for industrial uses most attractive to support the City's key industrial clusters.**  
*No net loss is defined as follows: For projects with entitlements granted with an approved planned development permit, the total square footage of industrial use approved with the planned development permits should be maintained. For projects without existing entitlements, the industrial square footage as calculated from an approximately 1.0 floor area ratio over the entire site should be maintained on the industrial portion of the site. For projects within the Kearny Mesa Community Plan area, the applicable floor area ratio will be 5.*

- **Conversion** – The proposal does not reduce the availability of land most attractive to support the City’s key industrial clusters.

*A goal of the General Plan is the preservation of an adequate supply of industrial land for key employment generating uses. The threshold criteria for both collocation and conversion are intended to maximize the preservation of land available for future employment use. For collocation projects, this could be achieved by intensification of the remaining industrial portion of the site. For conversion proposals, the surrounding existing and planned industrial land uses will be analyzed regarding their potential for high quality employment opportunities.*

*In addition, establishing a maximum area of a site for residential use will assist in maintaining the employment character of industrial areas.*

### **Project Requirements**

1. **The applicant is providing for a minimum of ten percent affordable housing on-site as defined by the City’s Inclusionary Housing Ordinance.**

*Affordable workforce housing is a key component of the adopted Strategic Framework Element. In determining the appropriate balance between housing and employment lands, staff must also consider whether any housing is being proposed which would be affordable to persons of low and moderate incomes. This criterion will result in the construction of on-site affordable units rather than provision of an in lieu fee in order to directly address housing needs.*

2. **The project should be located within one-half mile to existing or planned transit.**

*The foundation of the Strategic Framework Element City of Villages strategy is linking new growth to transit availability.*

3. **The project pays its fair share of community facilities required to serve the additional residential units (at the time of occupancy). In addition to the required Community Plan amendment, concurrent processing of a Facilities Financing Plan Amendment may be required.**

*The processing of both a community plan amendment and facilities financing plan amendment will address the impacts to facilities of an added residential population with a proposed conversion or collocation and mitigation of any impacts. In addition, if mitigation for facilities impacts, such as requirements for additional park space, schools or libraries, causes the need for further encroachment into industrial areas, it would be analyzed as part of the community plan amendment process.*

### **Evaluation Criteria**

1. **The proposal implements the “smart growth” policies contained in the Strategic Framework Plan and Transit-Oriented Development Design Guidelines.**

*This criterion is intended to utilize design guidelines to address multiple uses on one site, including buildings to interface with surrounding developments and incorporating pedestrian-oriented amenities. Vehicular, pedestrian, and bicycle access into and within development projects, in particular, is important to maximize walkability and establish pedestrian linkages to and from a site to surrounding development.*

**2. The site is not located in an employment area where existing or future incompatibilities may result regarding truck traffic, noise, and other external environmental effects.**

*Based on the information in Attachment 4 relating to the health effect of industry operations, none of the regulatory agencies would place an additional burden on businesses due to neighboring residential development. The Air Pollution Control District analyzes health risk on the basis of the risk to the nearest residence and the nearest business so there is no differentiation in the safety levels required for either residents or employees. All of the relevant safety concerns will be addressed in the environmental document for a collocation or conversion request. Although complaints from residents, based on the perception of health risks are possible, the extent to which they would preclude industries seeking to locate or expand is uncertain.*

**3. The site has parcel configuration, topographical, or infrastructure constraints that limit its potential for employment use.**

*Some sites proposed for conversion to residential may have physical, environmental, or topographic constraints which may make a site unsuitable for industrial development. This criterion is intended to address site constraints and the physical relationship that a parcel proposed for conversion has to surrounding industrial uses.*

**4. The proposal promotes jobs-housing balance of 1.3 to 1 within a five-mile radius.**

*This criterion is intended to address an area's land use and mobility needs. By achieving a jobs-housing balance, there are increased opportunities to walk or bike to work.*

**5. The community plan amendment should specify appropriate densities which maximize the development potential of the land for residential purposes.**

*Appropriate densities must be based on the community plan amendment analysis. However, further underutilization of land should be discouraged.*

## CONCLUSION

Due to increasing pressure for additional development in San Diego, competition for remaining underutilized or vacant land will continue to be based on short term market conditions. On an interim basis, the establishment of threshold criteria, addressing no net loss of industrial land, the project requirements, and the evaluation criteria represent a conservative approach to land use changes based on input received from both the Planning Commission and Land Use and Housing Committee workshops. Once the impacts of built collocation and conversion projects can be

assessed, the criteria can be reconsidered as part of the Economic Prosperity and Land Use Elements and refined for specific communities as part of ongoing community plan updates.

This item is scheduled for Land Use and Housing Committee consideration on November 5, 2003.

Respectfully submitted,

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Note: Attachments 6-11 are not available in electronic format. A copy is available for review in the Office of the City Clerk.

- Attachments:
1. [Strategic Framework Plan Policies related to Industrial/Residential Collocation](#)
  2. [Draft Council Policy 600-41](#)
  3. [Collocation Examples](#)
  4. [Summary of Health-Related Issues](#)
  5. [Community Planners Committee Comments, dated September 23, 2003](#)
  6. Letter from April Bailey, Director of Governmental Affairs, BIOCOM
  7. Planning Commission Workshop staff report P-03-183
  8. City Manager's Report to Land Use and Housing Committee 03-157, dated July 30, 2003
  9. Letter from San Diego Regional Economic Development Corporation, dated July 23, 2003
  10. Letter from the Industrial Environmental Association, dated August 4, 2003
  11. Letter from Lynn Heidel and Robin Moore; Sullivan, Wertz, McDade and Wallace, dated August 4, 2003