



**Amendment to San Diego Municipal Code 132.0505 Coastal Height Limit**

*August 2020*

**SDCTA Position:**

**SUPPORT**

**Rationale for Position:**

This measure demonstrates positive economic implications through increased tax base from development, as well as taking the item to a vote of the people demonstrates good governance and supports the previous views of SDCTA on these items. Increased housing and commercial development with increased height limits will spur increased tax revenues. Increases in height limits supports the adopted Community Plan Update that calls for increases in housing and density for a revitalization of the area. The measure will also help support the Grand Central Station project by increasing populations in a central area close to mass transit, the airport and key military operations/job centers. SDCTA has supported increased height limits twice in the past for similar reasons.

**Title:** Amendment to San Diego Municipal Code 132.0505 Coastal Height Limit

**Jurisdiction:** City of San Diego

**Type:** Municipal Code Amendment

**Vote:** Simple Majority

**Status:** On the November 3, 2020 Special

**Issue:** Public vote to remove the 30-foot height limit for the Midway-Pacific Highway Community Plan area.

**Description:** The amendment would exclude the Midway-Pacific Highway Community Plan from the overlay zone, which is subject to 30-foot height limits.

**Fiscal Impact:** Increases in Development Impact Fees (DIF), increases in property tax revenue.



## Background

The Midway-Pacific Highway Community Plan area covers 1,324 acres, with 88 acres owned by the City of San Diego.<sup>1</sup> The Midway Community is currently part of the Coastal Height Limit Overlay Zone (CHLOZ), established in 1972 through Proposition D.<sup>2</sup> The CHLOZ can only be amended through simple majority approval of City of San Diego voters. This measure seeks to remove the Midway-Pacific Highway planning area from the Coastal Height Limit Overlay Zone and use existing Municipal Code height requirements.<sup>3</sup>

The Coastal Overlay Zone includes all areas west of I-5, not including Downtown or state and federally owned properties.<sup>4</sup> The height limit was implemented to “protect public views and preserve the community character of San Diego’s coastal zone.”<sup>5</sup>

The height limit has been amended several times in the past - through Proposition L (1988) to restore the 1915 Agar/Mission Brewery building, Proposition D (1998) to allow construction at SeaWorld, and Proposition C (2000) to build the International Gateways of Americas project.<sup>6</sup>

### *SDCTA History*

SDCTA has taken official positions in the past on the Coastal Height Limit Overlay Zone. In 1972, SDCTA took a position of *oppose* to the original restrictions on the height limit. Reasoning for the position included, “It is doubtful that a height limitation, in itself, can be instrumental in the preservation of the coastal area. This could result in an even more undesirable building pattern than that which it is designated to prevent.”

When Sea World proposed an initiative in 1998 to allow a height limit increase within its leasehold from 30 feet to 160 feet, SDCTA supported Sea World’s measure.

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<sup>1</sup>Campbell, Jennifer, and Chris Cate. “Proposal to Amend the Coastal Height Limit Overlay Zone in the Midway District.” Accessed July 15, 2020.

<sup>2</sup> “Midway Height Limit Relaxation.” SD Regional Chamber of Commerce, May 27, 2020.

<sup>3</sup> Midway Height Limit Relaxation.” SD Regional Chamber of Commerce, May 27, 2020.

<sup>4</sup> Bowen, Andrew. “Proposal To Nix 30-Foot Height Limit In Midway District Advances.” KPBS Public Media. KPBS, May 14, 2020.

<sup>5</sup> California Coastal Commission. “STAFF RECOMMENDATION ON CITY OF SAN DIEGO LOCAL COASTAL PROGRAM AMENDMENT NO. LCP-6-PEN-17-0028-1” June 29, 2017.

<sup>6</sup> “O-2020-140 Ballot - Coastal Height Limit Measure” City Council July 21, 2020.



### *Past Actions*

In September 2018, the Midway Community Plan was approved by the City Council after several years of community planning. The Community Plan outlined goals to create mixed use development, with a combination of residential, commercial, industrial, military, institutional, and civic uses. Proponents of removing the Midway District from the CHLOZ argue that the height limit impedes the full implementation of the Midway Community Plan. If the measure passes, the height limit would still be in effect in the rest of the CHLOZ.<sup>7</sup>

On July 21, 2020, City Council voted 7-2 to place the measure on the November ballot. The City Attorney was directed to prepare the ballot title and analysis of the measure by August 11, 2020.<sup>8</sup>

### *Housing*

In the measure proposal, San Diego City Councilmembers Campbell and Cate cited the need to meet the demand for 150,000 to 220,000 new housing units by 2028, as projected by the San Diego Housing Commission<sup>9</sup>. The area currently has 1,982 housing units. In 2018, the City Council updated the Midway Community Plan to increase housing capacity from 2,000 housing units to 11,000 units.<sup>10</sup> Proponents argue that the removal of the height limit is needed to incentivize developers to build in the area.

### *Sports Arena Development*

In 2018, the Midway-Pacific area was upzoned to promote development for the Sports Arena. The City was accepting proposals for the redevelopment of the 48 City-owned acres surrounding the Pechanga Arena to encourage transit and pedestrian-oriented development until July 20.<sup>11</sup>

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<sup>7</sup> Campbell, Jennifer, and Chris Cate. "Proposal to Amend the Coastal Height Limit Overlay Zone in the Midway District." Accessed July 15, 2020.

<sup>8</sup> "O-2020-140 Ballot - Coastal Height Limit Measure" City Council July 21, 2020. Accessed July 15, 2020.

<sup>9</sup> Campbell, Jennifer and Chris Cate. "Memorandum: Amendment to San Diego Municipal Code 132,0505 Coastal Height Limit." February 27, 2020.

<sup>10</sup> Garrick, David. "Ballot Measure to Lift the 30-Foot Height Limit near San Diego Sports Arena Takes Step Forward." Tribune. San Diego Union-Tribune, June 11, 2020.

<sup>11</sup> Grove, Jennifer Van. "Should San Diego Get Rid of the 30-Foot Height Limit in the Midway District?" Tribune. San Diego Union-Tribune, March 3, 2020.



Two proposals met the City’s minimum requirements. The first, led by Brookfield Properties and ASM Global, includes arena redevelopment, parks and housing. The second, led by Toll Brothers, also includes parks and housing with a stadium for the San Diego Loyal soccer team. Both of these proposals would require the height limit to be removed.<sup>12</sup>

### *NAVWAR Facilities*

The measure has the potential to complement development plans for the federally-owned NAVWAR facilities. Federal properties are not subject to the height limit; however, proponents of the measure claim that the removal of the height limit will align with the NAVWAR/SANDAG plans for redevelopment by incentivizing investment in the area.<sup>13</sup> The redevelopment of NAVWAR facilities would include updated Navy facilities, housing, and office space.<sup>14</sup>

### **Fiscal Impact**

The removal of the height limit and redevelopment of the Midway area has significant implications for taxpayers. The increase in residential, commercial, and industrial properties would expand the tax base and increase local revenue through increases in property tax revenue. Additionally, plans for mixed-use development, including commercial and retail space, will increase sales tax revenue.

Plans for development of the Midway District will act as a catalyst for further redevelopment, attracting new developers to surrounding areas. The proposed “bay to bay” pedestrian walkway connecting Downtown with coastal zones, in addition to plans for transit-oriented development, will increase the commercialization of the region as hotels and retail businesses spring up in the area, increasing tourism and subsequent revenue.<sup>15</sup>

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<sup>12</sup>Duffy, Savannah. “Proposed Ballot Measure to Remove 30-Foot Height Limit in Midway Community Progresses.” Point Loma-OB Monthly. Point Loma-OB Monthly, June 10, 2020.

<sup>13</sup> Campbell, Jennifer, and Chris Cate. “Proposal to Amend the Coastal Height Limit Overlay Zone in the Midway District.” Accessed July 15, 2020.

<sup>14</sup>Grove, Jennifer Van. “Navy Starts Environmental Review of NAVWAR Property.” San Diego Union-Tribune, January 24, 2020.

<sup>15</sup> Gormlie, Frank. “Councilmembers Campbell and Cate Push for Measure on November Ballot to Remove 30 Foot Height Limit in Midway Area.” OB Rag, March 2, 2020.



New development in the area would be subject to Development Impact Fees (DIF) and increase local government revenue.<sup>16</sup> Councilmembers Cate and Campbell state that the revenue from impact fees could go towards “parks, fire stations, police, pedestrian infrastructure, road improvements, and more.”<sup>17</sup>

## **Governance Impact**

The measure would amend San Diego Municipal Code 132.0505 to allow variances in the height limit in part of the coastal zone. The Midway Community Plan Update called for more density in the area and changing the height limit would allow that greater density through taller buildings. The proposed increase in height limit along with added density in the Community Plan Update would further coincide with the development of the Grand Central Station project, connecting residents with mass transit in the area. Midway is central to key San Diego destinations including the airport, Old Town and nearby work centers like the submarine base and MCRD. Coordination with government agencies as well as proponents of the community plan demonstrate good governance.

## **Proponents**

Proponents of the amendment argue that the removal of the Midway area from the CHLOZ is essential to fully implementing the community plan and attracting investments.<sup>18</sup> Furthermore, residential and commercial development would provide needed renovation to a blighted area. Expansion of development in the area would increase the tax base and provide additional tax revenue to the City of San Diego. Affordable housing advocates argue that removing the 30-foot height limit will incentivize housing development and help address San Diego’s housing crisis.

Cathy Kenton, chair of the Midway-Pacific Highway Planning Group stated:

“The height limit was meant for coastal communities, but it was arbitrarily applied to the Midway district which has no beaches and is landlocked by freeways. The community wanted this on the ballot, and we look forward to a community-led campaign to revitalize our neighborhood”<sup>19</sup>

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<sup>16</sup> Garrick, David. “Ballot Measure to Lift the 30-Foot Height Limit near San Diego Sports Arena Takes Step Forward.” Tribune. San Diego Union-Tribune, June 11, 2020.

<sup>17</sup> Campbell, Jennifer, and Chris Cate. “Proposal to Amend the Coastal Height Limit Overlay Zone in the Midway District.” Accessed July 15, 2020.

<sup>18</sup> Campbell, Jennifer, and Chris Cate. “Proposal to Amend the Coastal Height Limit Overlay Zone in the Midway District.” Accessed July 15, 2020.

<sup>19</sup> Jennewein, Chris. “Ballot Measure Would Lift 30-Foot Height Limit to Revitalize Blighted Midway District.” Times of San Diego, July 26, 2020.



Proponents of the amendment argue that the Midway area should have never been included in the height limit, because it is not a true coastal city like La Jolla and Point Loma.

Proponents include:

- San Diego YIMBY Democrats
- Regional Chamber of Commerce
- Building Industry Association of San Diego
- Downtown Partnership Political Action Committee
- Midway-Pacific Highway Planning Group<sup>20</sup>

### **Opponents**

Opponents argue that removing the height limit in the Midway area will allow for similar measures to pass in other coastal communities such as La Jolla, Pacific Beach, Ocean Beach, Mission Beach, and Point Loma.<sup>21</sup>

### **Ballot Proposal**

“Article 2: Overlay Zones Division 5: Coastal Height Limit Overlay Zone SECTION 132.0505:

Coastal Height Limit This limitation shall not apply to: (4) that land area of the Coastal Zone within the Midway-Pacific Highway Community Plan area approximately bounded by the San Diego River on the north; San Diego International Airport and Laurel Street on the south; Interstate 5 on the east; and Sports Arena Boulevard, Midway Drive, Kemper Street, Rosecrans Street, and Lytton Street, including the Kemper Neighborhood Village and the Lytton District, on the west; all as more particularly described on Document No. OO- \_\_\_\_\_, a copy of which is on file with the City Clerk.”<sup>22</sup>

### *Ballot Language*

“Shall People’s Ordinance 010960 be amended to exclude the Midway-Pacific Highway Community Plan area from the 30-foot height limit on buildings in the Coastal Zone, with any future development still required to comply with other governing laws?”

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<sup>20</sup> Duffy, Savannah. “Proposed Ballot Measure to Remove 30-Foot Height Limit in Midway Community Progresses.” Point Loma-OB Monthly. Point Loma-OB Monthly, June 10, 2020.

<sup>21</sup> Ibid.

<sup>22</sup> Campbell, Jennifer and Chris Cate. “Proposal to Amend the Coastal Height Limit Overlay Zone in the Midway Community.” San Diego City Council, July 21 2020.



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