

CALIFORNIA COASTAL COMMISSION

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July 25, 2018

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TO: COMMISSIONERS AND INTERESTED PERSONS

**FROM: KARL SCHWING, DEPUTY DIRECTOR, SAN DIEGO COAST DISTRICT
DEBORAH LEE, DISTRICT MANAGER, SAN DIEGO COAST DISTRICT
ALEX LLERANDI, COASTAL ANALYST, SAN DIEGO COAST DISTRICT**

SUBJECT: STAFF RECOMMENDATION ON CITY OF SAN DIEGO LOCAL COASTAL PROGRAM AMENDMENT NO. LCP-6-SAN-18-0048-1 (Affordable Housing Regulations) for Commission Meeting of August 8-10, 2018

SYNOPSIS

On June 14, 2018, the City of San Diego (City) Local Coastal Program (LCP) Amendment Nos. LCP-6-SAN-18-0047-1, LCP-6-SAN-18-0048-1, and LCP-6-SAN-18-0049-1 were filed in the San Diego District office as a batched submittal. The submittal represents the City's first major LCP amendment submittal for the 2018 calendar year. The submittal involves three items: the 11th comprehensive update to the Land Development Code (LDC) – which serves as the certified Implementation Plan (IP), modification to and implementation of affordable housing regulations, and adoption of a Vernal Pool Habitat Conservation Plan and Vernal Pool Management/Monitoring Plan, respectively. At this time, the affordable housing regulations are before the Commission, with the 11th LDC Update and the Vernal Pool plans to be addressed at a later hearing. One year time extension requests for the 11th LDC Update and the Vernal Pool plans will go before the Commission at the August 2018 hearing.

SUMMARY OF AMENDMENT REQUEST

The City's amendment to the certified IP would incorporate the requirements of Assembly Bills 2501 (Bloom 2016), 2442 (Holden 2016), 2556 (Nazarian 2016), and 1934 (Santiago) to incentivize the development of affordable housing, and builds upon affordable housing regulations previously approved by the Coastal Commission in March 2017. Affordable housing density bonuses are predicated on California state law that allows a developer to increase density above the maximum set under a city's local land use plan when a certain percentage of the new homes are reserved for very low, low, or moderate income households or for seniors. In addition, developers of qualifying residential projects are entitled to receive certain benefits, including reduced parking standards, "incentives or concessions," and waivers of certain development standards when said standards prevent the applicant from achieving the density authorized under the state law. The state law requires that each jurisdiction adopt ordinances specifying how compliance with the state law will be implemented.

Additionally, the City's proposed amendment expands on the state laws by modifying the applicability of Assembly Bill 2442's density bonus for development incorporating

housing serving transitional foster youth, disabled veterans, seniors, and the homeless. Rather than basing the density bonus solely on the number of units serving the above groups, the City amendment will base the density bonus on the entire development's housing stock, increasing its attractiveness to developers and making it more likely to be utilized in comparison to the other incentives. The proposed amendment also encourages the creation of micro-units (approximately 600 sq. ft. in size) through the provision of density bonuses.

SUMMARY OF STAFF RECOMMENDATION

While the Commission supports the State mandate and City's efforts to encourage affordable housing opportunities, historically there have been issues in reconciling efforts to promote such opportunities and still maintain coastal resource protection measures. Given that the affordable housing density bonus programs all include provisions that cities grant concessions or incentives, such as modifications to site development standards, as a means to make density bonus projects more physically or economically feasible, there have been challenges in reconciling the affordable housing and coastal mandates.

Coastal resources such as sensitive habitats, shoreline bluffs, public view corridors and public access all have the potential to be adversely affected by density bonus programs if incentives or modifications offered to encourage affordable housing would conflict or eliminate critical resource protection measures in the certified Land Use Plan(s). Development standards such as habitat buffers, geologic setbacks, building height limits and parking requirements all dictate a development's footprint and bulk/massing. Reducing setbacks that provide buffers from identified resources, such as wetlands or coastal bluffs, could result in both direct and indirect impacts to those resources or the siting of new development in a more hazardous location. Increased density could impact levels of service along major coastal access routes in the absence of interconnected multi-modal transit programs.

In this amendment, however, the City of San Diego has worked with multiple stakeholders, including Commission staff, and has proposed regulations that encourage affordable housing opportunities while ensuring that resource protection standards will be maintained. Furthermore, this amendment application builds upon affordable housing regulations previously approved by the Commission in March 2017 and which, to date, have been implemented without major issues or complaint from the public.

As identified and mandated through the certified land use plans, the City's critical coastal resources are protected under the City's land use regulations and development review procedures, particularly through the Environmentally Sensitive Lands (ESL) regulations. ESL includes sensitive biological resources, wetlands, steep hillsides, coastal beaches, sensitive coastal bluffs and special flood hazard areas. The City's process for approving development in the coastal zone, particularly in areas subject to the ESL regulations, is rigorous. For example, when development is proposed and environmentally sensitive lands are present, the LDC requires that in addition to a coastal development permit, a Neighborhood or Site Development Permit with specific findings, including consistency with the certified land use plan(s), must be obtained. The Commission's previous

approval of the City's affordable housing density bonus regulations provide the necessary safeguards to ensure that any future incentives, concessions or waivers that involve modifications to development standards will not conflict with approved resource protection measures, such as wetland buffers, coastal height limits or bluff top setbacks. Those safeguards are not being modified in the City's current amendment proposal and will still apply to all affordable housing development, whether it is utilizing any density bonus or not.

The high visitor demand and low parking supply in many of the City's coastal areas can create impediments to coastal access that dissuades members of the public from visiting the coastal area. A way to lessen the demand on public parking is to ensure that future development provides sufficient parking spaces to meet visitors' anticipated needs. However, while the IP contains lowered parking requirements for affordable dwelling units, due to the high cost that providing parking can add to a development, state law additionally permits residential development incorporating a sufficient number of affordable units within a development to qualify for a parking reduction that extends to all of the development's dwelling units, including the market rate units. To qualify for the reduced parking provisions, the development project must be located within one half-mile of a major transit stop, which is defined as a rail station, a ferry station served by bus or rail, or the intersection of two or more major bus routes with a service frequency of 15 minutes or more often. While it is likely that the market rate dwelling units would make up the majority of units in a qualifying development, increasing the potential for residents to occupy public on-street parking, the fact that such developments must be near qualified transit hubs limits the potential for adverse impact and encourages transit use. In addition, the most critical area where competition for public parking could adversely impact coastal access would be the nearshore two or three blocks of the coastline. Given the land use demands for those properties and the higher real estate costs, the potential for affordable housing development in those areas is limited. Thus, the proposed amendment can be approved as submitted.

The appropriate resolutions and motions begin on Page 5. The findings for approval of the Implementation Plan Amendment as submitted begin on Page 5.

BACKGROUND

The City's first Implementation Plan (IP) was certified in 1988, and the City assumed permit authority shortly thereafter. The IP consisted of portions of the City's Municipal Code, along with a number of Planned District Ordinances (PDOs) and Council Policies. Late in 1999, the Commission effectively certified the City's Land Development Code (LDC) that includes Chapters 11 through 14 of the municipal code. It replaced the first IP in its entirety and went into effect in the coastal zone on January 1, 2000. The Commission has certified many IP amendments since 2000.

ADDITIONAL INFORMATION

Further information on the City of San Diego LCP Amendment No. LCP-6-SAN-18-0048-1 may be obtained from **Alexander Llerandi**, Coastal Planner, at (619) 767-2370.

PART I. OVERVIEW

A. LCP HISTORY

The City of San Diego has a long history of involvement with the community planning process; as a result, in 1977, the City requested that the Coastal Commission permit segmentation of its Land Use Plan (LUP) into twelve parts in order to have the LCP process conform, to the maximum extent feasible, with the City's various community plan boundaries. In the intervening years, the City has intermittently submitted all of its LUP segments, which are all presently certified, in whole or in part.

When the Commission approved segmentation of the LUP, it found that the implementation phase of the City's LCP would represent a single unifying element. This was achieved in January 1988, and the City of San Diego assumed permit authority on October 17, 1988 for the majority of its coastal zone. Several isolated areas of deferred certification remained at that time; some of these have been certified since through the LCP amendment process. Other areas of deferred certification remain today and the City is completing that planning; the Commission will consider those submittals in the future.

Since effective certification of the City's LCP, there have been numerous major and minor amendments processed. These have included everything from land use revisions in several segments, to the rezoning of single properties, to modifications of citywide ordinances. In November 1999, the Commission certified the City's Land Development Code (LDC), and associated documents, as the City's IP, replacing the original IP adopted in 1988. The LDC became effective in January 2000.

B. STANDARD OF REVIEW

Pursuant to Section 30513 of the Coastal Act, the Commission may only reject zoning ordinances or other implementing actions, as well as their amendments, on the grounds that they do not conform with, or are inadequate to carry out, the provisions of the certified land use plan. The Commission shall take action by a majority vote of the Commissioners present.

C. PUBLIC PARTICIPATION

Section 30503 of the Coastal Act requires local governments to provide the public with maximum opportunities to participate in the development of the LCP amendment prior to its submittal to the Commission for review. The City has held Planning Commission and City Council meetings with regard to the subject amendment request. All of those local hearings were duly noticed to the public. Notice of the subject amendment has been distributed to all known interested parties.

PART II. LOCAL COASTAL PROGRAM SUBMITTAL - RESOLUTIONS

Following a public hearing, staff recommends the Commission adopt the following resolutions and findings. The appropriate motion to introduce the resolution and a staff recommendation are provided just prior to each resolution.

- I. MOTION:** *I move that the Commission reject the Implementation Program Amendment for the City of San Diego LCP Amendment No. LCP-6-SAN-18-0048-1 as submitted.*

STAFF RECOMMENDATION OF CERTIFICATION AS SUBMITTED:

Staff recommends a **NO** vote. Failure of this motion will result in certification of the Implementation Program Amendment as submitted and the adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the Commissioners present.

RESOLUTION TO CERTIFY IMPLEMENTATION PROGRAM AMENDMENT AS SUBMITTED:

The Commission hereby certifies the Implementation Program Amendment for the City of San Diego as submitted and adopts the findings set forth below on grounds that the Implementation Program Amendment conforms with, and is adequate to carry out, the provisions of the certified City of San Diego Land Use Plans, and certification of the Implementation Program Amendment will meet the requirements of the California Environmental Quality Act, because either 1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the Implementation Program Amendment on the environment, or 2) there are no further feasible alternatives or mitigation measures that would substantially lessen any significant adverse impacts on the environment that will result from certification of the Implementation Program.

PART III. FINDINGS FOR APPROVAL OF THE CITY OF SAN DIEGO'S IMPLEMENTATION PLAN AMENDMENT, AS SUBMITTED**A. AMENDMENT DESCRIPTION**

The City of San Diego is herein proposing an amendment to the certified IP, consisting of the latest modifications to the affordable housing regulations. The proposed amendment would clarify when and how affordable dwelling units would need to be replaced when demolished by a development, clarify exemptions for affordable dwelling units from applicable mitigation fees, expand the applicability of the density bonus for development incorporating transitional foster youth, disabled, veteran, senior, or homeless housing so as to be applied to the entire development and provide density bonuses for "micro-unit" residential development that contains only dwelling units under 800 sq. ft. and averaging 600 sq. ft. The request would also provide density bonuses and incentives for affordable development incorporating child care facilities or for commercial developments incorporating affordable housing into or nearby the development, and consolidating and

clarifying the regulations governing the parking reductions and off-site location of affordable housing.

HISTORY OF AFFORDABLE HOUSING DENSITY BONUSES

In 2003, the City adopted amendments to the LDC to allow deviations from development regulations as an additional incentive for affordable/in-fill housing and sustainable building projects. These changes were submitted to the Commission as LCP Amendment No. 1-03 in 2003. During review, it became apparent that the City and Commission were operating under different versions of the previously adopted LDC sections related to affordable housing and density bonus provisions. As a result, the City withdrew its LCP amendment application. In 2004, the state passed SB 1818, significantly changing the state's density bonus laws and requiring local governments to overhaul their local codes to incorporate the updated state requirements. During that time, the City was also in the process of drafting amendments to the Density Bonus regulations, and it was anticipated that the amendments would help clarify the affordable housing provisions that were codified. In November 2007, the City adopted new Density Bonus regulations, which were submitted concurrently as an LCP amendment. As such, the former LCP amendment application pertaining to allowing deviations from development regulations as an additional incentive for affordable/in-fill housing and sustainable building projects was resubmitted in December 2007 as LCP Amendment Nos. 3-07(A) and 3-07(B). LCP Amendment No. 3-07(A) proposed to grant increased densities and incentives to encourage development with affordable or senior housing, while LCP Amendment No. 3-07(B) would allow deviations from development regulations as further incentives for affordable housing developments, adding a new division to the LDC. At the January 2009 hearing, LCP Amendment No. 3-07(A) was withdrawn by the City, and LCP Amendment No. 3-07(B) was continued to the April 2009 hearing, where the Commission approved it with suggested modifications limiting the incentives available by precluding deviations from the Coastal Height Overlay Zone, Parking Impact Overlay Zone, and Environmentally Sensitive Land regulations within the Coastal Zone, and certified it at the September 2009 hearing.

In April 2013, the City submitted LCP Amendment No. SAN-MAJ-1-13A, to modify parking requirements for regulated affordable housing units, defined as development where all or a portion of the dwelling units are rental units reserved for a period of at least 30 years for low or very low income tenants. The amendment proposed to modify parking requirements such that they would be calculated according to parking demand as determined by proximity to transit, walkability index of the surrounding community, size of the dwelling unit, etc., with a related Land Development Manual "Calculating Affordable Housing Parking Requirements." The amendment also included provisions stating that within the City's Parking Impact Overlay Zone, which includes the Beach Impact Overlay Zone, affordable housing development would still be held to the stricter parking requirement due to the high public visitor demand for parking in those near-shore areas. The Commission approved LCP Amendment No. SAN-MAJ-1-13A as submitted at the November 2013 hearing.

In 2014, the state of California passed AB-2222, further modifying the density bonus and related incentives to further encourage the development of affordable and senior housing

opportunities within the state. In response, the City submitted LCP No. LCP-6-SAN-15-0035-4 in November 2015, which introduced the density bonuses in their current form into the LCP, modified two definitions, clarified the method for calculating the amount of dwelling units in a development, and explained when and how the density bonus and related incentives would apply. LCP Amendment No. LCP-6-SAN-15-0035-4 was certified as submitted by the Commission at the May 2016 hearing.

In March 2017, the Commission approved LCP Amendment No. LCP-SAN-16-0063-2 certifying the latest round of amendments to the IP to implement the state's affordable housing laws. The amendment increased the maximum density bonus, increased the maximum number of incentives, streamlined the permit process when a Planned District Ordinance (PDO) permit was also required, reduced the parking ratio for dwelling units in areas of high transit frequency (consistent with AB 744), and allowed the affordable dwelling units to be constructed off-site pursuant to specified criteria. The 2017 LCP amendment and certification implemented many of the affordable housing regulations that are being further modified, built-upon, or consolidated in the subject amendment.

B. FINDINGS FOR APPROVAL

The standard of review for LCP implementation submittals or amendments is their consistency with and ability to carry out the provisions of the certified LUP.

a) Purpose and Intent of the Ordinance.

The purpose of these regulations is to streamline processing and relax development requirements for developers who guarantee that a portion of their residential development will be available to moderate income, low income, very low income, transitional foster youth, disabled veteran, seniors, or homeless segments of the populace, as well as to encourage the development of "micro-units" to increase the stock of small, more affordable housing inventory. The regulations are intended to assist the housing industry in providing adequate and affordable housing for all economic segments.

b) Major Provisions of Part A: Affordable Housing Density Bonus

The major provisions identify what developments would be eligible for incentives and then specify the requirements for the programs. Specific provisions include the following:

- A Site Development Permit will not be required when a development seeks a deviation from applicable development regulations that exceeds the allowable incentives. However, site development permits are still required in association with other elements, including lands that contain environmentally sensitive habitat.
- Expand allowable incentives to base density bonuses on the total housing stock of developments that incorporates housing for transitional foster youth, disabled veterans, seniors, and the homeless, rather than just on the number of units specifically serving those groups so as to increase its attractiveness to developers and subsequently the likelihood the incentive will be utilized.

- For development that will remove existing affordable dwelling units, the development must include replacement dwelling units.
- Development providing at least 10 percent of the total pre-density bonus total dwelling units as affordable housing will be exempt from payment of Inclusionary Affordable Housing Fees.
- “Micro-unit” development, meaning development wherein the average dwelling unit size is no more than 600 sq. ft. and no dwelling unit is over 800 sq. ft., shall qualify for a 100% density bonus if the bonus does not require deviations or waivers from height or building setbacks.
- Affordable housing development that further incorporates child care facilities serving lower income segments shall qualify for additional density bonuses.
- Commercial development that provides a certain amount of affordable housing either through direct construction, financial contribution, or donation of property to future affordable housing shall qualify for development bonuses.
- Consolidation of the previous relaxed parking requirements for affordable development into one overarching section.

c) Adequacy of the Ordinance to Implement the Certified LUP Segments.

The standard of review for LCP implementation submittals or amendments is their consistency with and ability to carry out the provisions of the certified Land Use Plan(s). In general, as noted earlier, density bonus regulations raise potential issues with the protection of critical coastal resources. Allowing greater density than could otherwise be permitted could adversely affect coastal resources through more intensive development, such as high rise buildings, that could encroach on public views or contribute to increased traffic that would deter coastal access. In addition, the granting of incentives, concessions or waivers/reductions to otherwise required development standards to encourage affordable housing opportunities could also lead to coastal resource impacts, such as direct impacts to sensitive habitats or reductions in required buffers. Critical coastal resources are mandated for protection first in the Coastal Act’s Chapter 3 policies and then applied, as appropriate, to each coastal community through the establishment of resource protection standards in their certified land use plans.

In the case of the City of San Diego, it has developed community planning areas based on its established neighborhoods and future urbanizing area. Predicated on those community planning areas, the City utilized the geographic segmentation provisions of the LCP regulations and developed its land use plan component covering twelve different communities (i.e., North City, La Jolla, Pacific Beach, Mission Beach, Ocean Beach, Peninsula, Otay-Mesa Nestor, and others). Each community plan or LCP Land Use Plan contains policies that protect public views, scenic resources, public access, recreational opportunities and sensitive coastal resources including, but not limited to, beaches, bluffs,

slopes, hillsides and environmentally sensitive lands in that community. The Commission's review of the proposed changes to the Land Development Code must assure that development is approved only when consistent with the certified LUPs.

Listed below are representative policy excerpts contained in the certified Land Use Plan segments in the Coastal Overlay Zone for the City of San Diego.

La Jolla LCP Land Use Plan

- Introduce opportunities for the production of more affordable housing within La Jolla to meet the housing needs of all income levels.

Balanced Communities

- a. The City should promote opportunities for the development of affordable housing by allowing a density bonus, provided that this extra density is allowed only for projects certified by the Housing Commission. To qualify, a portion of the additional units would need to be restricted as affordable housing to "low-income," or "very low-income" persons under applicable state statutory standards for the affordable housing density bonus and implementing City regulations.
- b. The City should pursue replacement of demolished affordable housing units within the community in order to maintain affordable housing units that exist in La Jolla, consistent with the locational priorities stated in the Coastal Overlay Zone Affordable Housing Replacement regulations.
- c. The City should encourage the use of affordable housing programs administered by the Housing Commission to promote the development of affordable housing. These programs include both land use and financial incentives.
- d. The City should seek to locate higher density housing principally along transit corridors and in proximity to emerging lower income employment opportunities.

Mission Beach Precise Plan and Local Coastal Program Addendum

- The promotion of a wider variety of dwelling unit sizes including studios, one, two or more bedroom houses and apartments.
- The encouragement of all types of individuals and family sizes to live in Mission Beach.
- The promotion of an economically balanced community through the investigation of individual and community rehabilitation efforts, changes in taxing and assessment procedures, and the use of subsidy funds where applicable.

Ocean Beach Community Plan and Local Coastal Program

- Reduce vehicular traffic demand placed on the street network by encouraging the use of alternative modes of transportation, including public transit, bicycles, and walking.
- Enhance transit patron experience by improving transit stops and increasing transit service frequency.
- Support transitional housing uses in Ocean Beach.
- Provide housing for all economic levels.
- Enforce the Coastal Zone Affordable Housing Replacement Program to facilitate replacement of existing affordable housing units and the retention of existing affordable units. Required replacement housing should be constructed in Ocean Beach.
- 2.1.2 Utilize the Affordable Housing Density Bonus Program to assist the building industry in providing adequate and affordable housing for all economic segments of the community.
- 2.1.3 Ensure that new residential development is constructed within the density ranges identified in this Plan and meets adopted parking standards.
- 2.1.4 Support existing and new transitional housing projects in Ocean Beach.
- 2.1.5 Retain and expand the number of affordable housing units in Ocean Beach.

For any new development which proposes to provide affordable housing based on increased density related to a granted density bonus or incentive, the discretionary review process will be the same process as that which would have been required if the density bonus element was not proposed. Unless otherwise exempt, all development within the coastal zone in the City of San Diego requires a coastal development permit. In the case of a proposed development within the coastal zone also occurring on a site where environmentally sensitive lands are present, a Site Development Permit would also be required. The proposed development must meet the findings of each of the respective permit processes or the development cannot be approved. Furthermore, Section 132.0505 explicitly states no building or addition shall be constructed in excess of the thirty foot height limit within the Coastal Height Limit Overlay Zone of San Diego, meaning that no development incentive will result in a structure taller than thirty feet.

The Coastal Development Permit process includes a separate set of findings that must be made in order to assure conformance with the certified land use plan policies, the certified LCP implementation plan and, where applicable, the public access and recreation policies of the Coastal Act. Section 126.0708 specifies the findings that are necessary for Coastal Development Permit Approval and states the following:

An application for a Coastal Development Permit may be approved or conditionally approved only if the decision maker makes all of the findings in Section 126.0708(a) and the supplemental findings in Section 126.0708(b) that are applicable to the proposed development.

Specifically, Section 126.0708 (a) states:

Findings for all Coastal Development Permits:

- (1) The proposed coastal development will not encroach upon any existing physical accessway that is legally used by the public or any proposed public accessway identified in a Local Coastal Program land use plan; and the proposed coastal development will enhance and protect public views to and along the ocean and other scenic coastal areas as specified in the Local Coastal Program land use plan;
- (2) The proposed coastal development will not adversely affect environmentally sensitive lands; and
- (3) The proposed coastal development is in conformity with the certified Local Coastal Program land use plan and complies with all regulations of the certified Implementation Program;
- (4) For every Coastal Development Permit issued for any coastal development between the nearest public road and the sea or the shoreline of any body of water located within the Coastal Overlay Zone, the coastal development is in conformity with the public access and public recreation policies of Chapter 3 of the California Coastal Act.

For developments occurring on property where environmentally sensitive lands are present, as mentioned above, a Site Development Permit would also be required. While the City's proposed amendment will delete the requirement to obtain a Site Development Permit when requesting a development incentive beyond the allowable limit, Section 126.0505 will still require a Site Development Permit to be obtained for development that contains or has the potential to impact Environmentally Sensitive Lands (ESL). The ESL regulations apply to sensitive biological resources; steep hillsides; coastal beaches; sensitive coastal bluffs; and special flood hazard areas. All Site Development Permits must have certain findings made pursuant to Section 126.0505(a).

Section 126.0505 – Findings for all Site Development Permits:

A Site Development Permit may be approved or conditionally approved only if the decision maker makes all of the findings in Section 126.0504(a) and the supplemental findings in Section 126.0505(b) through (m) that are applicable to the proposed development as specified in this section.

(a) Findings for all Site Development Permits

- (1) The proposed development will not adversely affect the applicable land use plan;
- (2) The proposed development will not be detrimental to the public health, safety, and welfare;

- (3) The proposed development will comply with the applicable regulations of the Land Development Code.

The supplemental findings in subsections (b) through (m) address suitability of the development with Environmentally Sensitive Lands, suitability of requested deviations with Environmentally Sensitive Lands, suitability of deviations from flood maps, suitability of deviations with steep hillside regulations, suitability of the development with known archeological resources, suitability of requested deviations with known archeological resources, suitability of a request to relocate a historical resource, suitability of alteration of a historical resource, suitability of mobile home park discontinuance, suitability of condominium conversions, and suitability of public right-of-way encroachments.

While development incentives and density bonuses are being expanded to encompass a greater number of development types and population segments, as noted above, none of the otherwise required resource protection measures are being modified in this amendment.

The expansion of incentives to developments serving a greater number of vulnerable segments of the population is a laudable goal, though it does increase the opportunities in which development incentives such as reduced parking requirements may conflict with Coastal Act policies regarding public access. However, upon further analysis, the proposed amendment does satisfy both sets of laws in that development qualifying for reduced parking must be located in close proximity to alternate transit hubs, which meets the LCP goals of promoting alternate transit, while decreasing the likelihood of tenant parking demand spilling out into public streets. Finally, given that the highest public parking demand is located within the Beach Impact Area – generally the 2-3 blocks closest to the coast – where the likelihood for affordable development occurring is relatively low – means that the proposed amendment’s allowance for parking reductions for market rate units, as well as the affordable units, is unlikely to have substantial adverse impacts to public access.

With regards to extending incentives to commercial developments that incorporate affordable housing through direct construction, donation of land, or contribution of funds, the proposed amendment language contains clear criteria that limit where such off-site development can occur, namely within the City of San Diego by public amenities and within a transit priority area. Furthermore, by allowing the off-site development of affordable dwelling units, it creates the opportunity builders to co-locate their required affordable dwelling units into a single site, gaining economies of scale, reducing the cost of constructing the affordable units, and thus further lessening the barriers to the construction of affordable units. Thus, by allowing greater flexibility in the siting of the affordable units subject to reasonable criteria to ensure their success, the City’s proposed amendment can better put into effect the policies of the LCP that identify the shortage of affordable housing in many parts of the City’s coastal zone, and meet the social justice goals of the community plans.

In summary, the Commission supports concentrating development in existing urban areas able to accommodate it and encouraging affordable housing opportunities in a manner

where critical and sensitive coastal resources are protected and coastal access is maintained. Therefore, the proposed affordable housing revisions can be found consistent with the applicable land use plans and approved as submitted.

PART IV. CONSISTENCY WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Section 21080.5 of the California Environmental Quality Act (CEQA) exempts local government from the requirement of preparing an environmental impact report (EIR) in connection with its local coastal program. The Commission's LCP review and approval program has been found by the Resources Agency to be functionally equivalent to the EIR process. Thus, under CEQA Section 21080.5, the Commission is relieved of the responsibility to prepare an EIR for each LCP.

For the City's action, an environmental impact report (EIR No. 96-0333) was completed for the original adoption of the Land Development Code and a Program EIR (No. 104495) was prepared and certified for the General Plan Update. The City has previously utilized these documents for CEQA compliance in association with other code amendments and has similarly found that no further CEQA analysis is needed for this amendment.

Nevertheless, the Commission is required in an LCP submittal or, as in this case, an LCP amendment submittal, to find that the LCP, or LCP, as amended, does conform to CEQA provisions. In this particular case, the LCP amendment will not have any significant adverse effects on the environment and there are no feasible alternatives or feasible mitigation measures available which would substantially lessen any significant adverse impact on the environment. The updated ordinance ensures compliance with the ESL regulations and prohibits any deviation to the Coastal Height Limit. For specific development projects that ultimately benefit from any allowable incentive or concession, environmental impacts will be required to be mitigated. In summary, no adverse impacts to any coastal resources are anticipated.