CP&DR

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General Plan Update Riles San Diego's Backcountry

Environmentalists Pleased, Landowners Concerned About Downzoning

BY JOSH STEPHENS

A world away from the Gaslamp Quarter and the Hotel del Coronado, eastern San Diego County is often described as California's own outback. Its roughly 3,600 square miles of unincorporated county territory encompasses mountains, farmland, and deserts – and includes only 16% of the county's 3 million residents. For the past 12 years, county officials and stakeholders have been trying to decide how to marry an ardently rural area with 21st century planning principals.

Now, after countless hearings and an estimated 500 stakeholder meetings, a general plan update for unincorporated San Diego County will soon be voted on by county supervisors. A vote was expected as early as October, but the number of requests to speak before the supervisors overwhelmed the agenda. Public hearings have been continued to the Dec. 8 meeting, and a vote will likely take place no sooner than January.

The plan update relies on growth projections by the San Diego Association of Governments, which expects the county's unincorporated areas to grow to from 443,000 to 627,000 residents by 2050. To accommodate that growth, the plan would discourage development in the county's eastern reaches and instead concentrate it in roughly 30% of the county's unincorporated territory. Meanwhile, it would protect up to 393,000 acres of sensitive habitat from development.

Most of the territory designated for higher densities lies in the western portion of the county, hugging inland boundaries of the county's coastal cities. The plan encourages greater density around the county's existing villages – such as Fallbrook, Julian, and Ramona – but strives to keep the backcountry nearly as rural as ever in part through minimum densities and conservation subdivisions.

If the current version is adopted it will be considered a victory for environmentalists and smart-growth advocates, especially those who see San Diego County as microcosm for the rest of the state.

"It's a plan of statewide significance, because San Diego has important natural resources, important farmland, and it has countryside," said Dan Silver, executive director of the Endangered Habitats League and member of the General Plan Interest Group. – CONTINUED ON PAGE 7

Nokia Gives Downtown Sunnyvale A Storybook Ending

… And that's the end of the fairy tale: Prince Nokia came to Princess Downtown Sunnyvale, providing the city with new jobs, plus helping complete the long-unfinished office building that had annoyed Sunnyvale for years. And the prince and princess lived happily ever after ….

Oh, Gramps, I love that story! Tell it to me again.

It's past your bedtime, swee' pea, and it's even getting late for me….

I'll scream. You'll be in trouble with Grandma.

Oh you would, would you? Well, pipe down, here goes: It started in the Seventies, before your mother was born, in the City of Sunnyvale, currently a burg of 135,000 souls located, – CONTINUED ON PAGE 6

inbrief

Planning Grants and Incentives Team at the Department of Conservation has announced its recommendations for the next round of Prop. 84 Sustainable Communities Planning Grants, which is administered by the Strategic Growth Council to support the climate change goals of AB 32 and SB 375. The council received 189 applications and has recommended 44 awards totaling roughly $23 million in funding.

The primary goal of the grant program is to help develop and implement plans that reduce greenhouse gas emissions and achieve objectives including infill development, public health, equity, natural resource protection, and urban revitalization. Grants are awarded in four focus areas: 1) local sustainable planning grants for cities and counties; 2) regional SB 375 grants for metropolitan planning organizations; 3) regional planning activities with multiple partners, and 4) economically disadvantaged communities. Awards of $10.3 million, $5.7 million, $2.2 million, and $4.6 million have been recommended for each of these respective focus areas.

For a full list of recommended projects, please download the PDF of the full report to the Strategic Growth Council [ ].

Following many cities in Europe, the San Francisco Bay Area may soon offer a low-cost bicycle sharing system for the use of commuters and tourists alike. Run by the Bay Area Air Quality Management District in collaboration with other local and regional agencies, the program would consist of roughly 1,000 bicycles made available at automated kiosks located throughout the City of San Francisco and in Santa Clara and San Mateo county cities along the Caltrain commuter rail route. MTC approved this project through its Climate Initiatives Competitive Grant Program, which supports innovative projects with the greatest potential to reduce greenhouse gas emissions and which can be replicated around the region. The project is intended to demonstrate bike sharing's potential to effectively reduce vehicle traffic and improve local air quality by offering a first- and last-mile transportation alternative to polluting single occupancy vehicles. Short trips would be free while extended check-outs would cost a yet-to-be determined fee. The Metropolitan Transportation Commission has allocated $4.3 million of the program's total cost of $7.9 million for a pilot project lasting one or two years. It would start as early as late 2011. While several similar programs are in the works in other U.S. cities, the BAAQMD contends that this would be the first such program operated on a regional basis.

The Temecula Planning Commission has been thrust into the national culture wars as it has considered a proposal to build a 25,000-square-foot mosque on 4.3 acres in the city. The commission's vote on the project has been delayed several times since it first came up in August. Opponents of the mosque have gone beyond typical neighborhood concerns – such as noise and traffic – and are claiming that the mosque would seek to limit the community's freedoms. A group called Concerned American Citizens is circulating a petition asking the Temecula City Council to pass an ordinance that would essentially strip Islam of its status as a recognized religion, on the grounds that it promotes terrorism and Sharia law. The Planning Commission was scheduled to vote on the project Nov. 17, but the agenda item was delayed when the venue for the meeting was moved.

On a 4-1 vote, Butte County Supervisors adopted a new general plan, which will guide the county's development over the next 20 years. The plan seeks to cluster new development around existing urban centers, such as the cities of Chico and Oroville, while it seeks to preserve agricultural lands and open space as the dominant feature of the county. The plan also seeks to attract high-tech businesses and to provide housing for would-be employees of those businesses. Speakers at the Oct. 26 board meeting raised concerns including not enough land designated for research parks and inadequate review of water supplies. [ ]

The California Climate Adaptation Task Force, a nonpartisan group of scholars and researchers, released its report "Preparing for the Unavoidable Effects of Climate Change – A Strategy for California" this week [ ]. The report recommends that California measure, anticipate, plan for, and adapt to the impacts of climate change. This includes the creation of incentives to encourage individuals, businesses and governments to take proactive, cost-effective actions to prepare for the local affects of changing global temperatures. "The impacts of climate change will be felt by all Californians," said Task Force Co-Chair William K. Reilly, former administrator of the U.S. Environmental Protection Agency, in a statement. " By acting now on climate change adaptation, we can not only help ourselves but also provide leadership for others on this difficult and divisive issue."

The report's recommendations include the following:

• Increase the monitoring of climate change impacts across California to ensure that policymakers can anticipate patterns of change and its future implications,

• Establish a Climate Risk Council for California, which will act as a central clearinghouse for all climate change research,

• Improve interagency coordination for adaptation planning to encourage sharing of resources, ideas, and training,

• Investigate ways to fund climate change adaptation, including changes to existing tax programs or development of new insurance programs.

The task force was initially convened by the Pacific Council on International Policy (PCIP), a Los Angeles-based non-partisan policy organization, in the summer of 2009. Later that year, Gov. Arnold Schwarzenegger asked the task force to serve as an advisory panel to the state.

With roughly 2,000 businesses and only 90 residents, the industrial City of Vernon has been plagued by corruption scandals and, now, may be the object of annexation by the adjacent City of Los Angeles. Los Angeles City Councilmember Janice Hahn has introduced a motion that would have the City of Los Angeles commence a feasibility analysis and economic impact analysis of annexation. Hahn has questioned the viability of Vernon as a city and in particular has noted its reported withholding of $10 million in affordable housing funds. Meanwhile, Los Angeles County prosecutors have also argued that Ver- – CONTINUED ON PAGE 3

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inbrief

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non does not qualify as a viable city. According to the *Los Angeles Times*, if the City of Los Angeles forces Vernon to dissolve, it would be the first such involuntary dissolution in the state's history.

A team of researchers from UC Davis and the US Geological Survey has released a series of findings on Lake Tahoe's future, if steps are not taken to address global warming. Among their findings, in the Tahoe Basin there will be a 1/3 reduction in the amount of precipitation that falls as snow by 2050, and by 2100 only 10% of annual precipitation will be snow. This will result in a significantly shorter skiing season and more rapid melting of the snow pack following winter. This latter effect may exacerbate periods of drought in the region, as less of the water supply is stored as ice and more of it continually melts and flows downstream. Additionally, the lake's lowered water levels could make access more difficult; and, a warmer lake will harbor more algae, turning it from a deep clear blue to a murkier green. The study represents some of the most detailed analysis ever conducted concerning a local environment's likely future do to climate change. While the extent of these events and their timing may be somewhat flexible, the scientists behind the report are certain of the overall trajectory for the region.

A 39,000-page draft environmental impact report on the proposed development of NBC Universal Studios in North Hollywood was released by the Los Angeles Department of City Planning earlier this month. The EIR describes what could be one of the largest redevelopment projects in the City of Los Angeles for the foreseeable future. The $3.1-billion plan would add 3,000 residential units as well as a host of commercial, retail, hotel, and studio uses to the studio's 391-acre property. The EIR notes removal of construction waste as one of the main environmental impacts. Neighbors are concerned about traffic that the completed development would generate. One of the trickier elements of the plan involves re-zoning the property, much of which is currently designated for heavy industrial use. A 60-day public comment period on the EIR runs through early January [ ].

By a 5-3 vote, the San Diego City Council voted to require Walmart stores larger than 90,000 square feet to conduct a full environmental review. As part of the building permit application process, Walmart will now have to study a new store's effects on the number of net jobs in the city, overall wages and benefits, and local traffic. The vote followed weeks of contentious debate among the council, members of the public, and Walmart representatives. The latter staged a high profile advertising campaign in print and on TV, and alleged that San Diego residents were leaving the city to shop at Walmarts beyond outside city limits. By contrast, those opposed to new superstores cited their tendency to displace locally owned retail and replace it with lower waged jobs.

Already mixed up in a San Jacinto corruption scandal that has claimed five city council members, local developer Stephen Holgate is now the subject of a $5.5 million lawsuit from the Riverside County Transportation Commission. Officials allege that Holgate misrepresented facts at the time of a land sale by the developer to the Commission in a manner that drove up the purchase price. Holgate maintains that the terms of the deal were based solely on information provided and fact-checked by the agency, therefore he could not have possibly manipulated it. The suit followed shortly after Holgate was indicted, with eight others, for allegedly receiving preferential development contracts from city officials in return for campaign contributions.

Los Angeles transportation guru Richard Katz has stepped down from his post on the California High Speed Rail Authority board of directors. A preliminary review by the state attorney general's office sought to determine if Katz' post represented a conflict of interest with his other public offices. Katz, a former state legislator, also serves on the boards of the Los Angeles Metropolitan Transit Authority and LA County's commuter rail system, Metrolink. Under California law, the attorney general could have concluded that Katz was occupying two "incompatible" positions. Katz chose to step down to avoid risking his post on LA's Metro board, where he is helping to implement the County's 30/10 Plan, which seeks to leverage a thirty year sales tax to build twelve transit projects in ten years. As well, Katz indicated that he wanted to continue to oversee the installation of Metrolink's collision avoidance system, which began following a deadly crash in 2008.

An effort to protect up to 240,000 acres of wild lands in Kern County received a boost when the state approved the purchase of conservation easements on over sixty thousand acres in Tejon Ranch. With help from a $15 million grant from the Wildlife Conservation Board, 240,000 acres of wilderness will ultimately fall under one of the largest private property easements in California. The newly formed Tejon Ranch Conservancy will oversee the expansive and ecologically significant lands. Under the easement, future development will be prohibited, while hunting and ranching are allowed to continue. The area includes desert grasslands, Joshua trees and oaks, and river woodlands. ■

Q&A

MIKE WINN

CHAIR, CBIA

BY JOSH STEPHENS

Mike Winn, president of Sacramento-based land development and planning firm Michael Winn Associates, assumes the chairmanship of the California Building Industry Association at a challenging time, to put it mildly. The ravages of the recession and their relationship with the housing market are of course well known, and they have struck at the heart of thousands of developers, contractors, and architects who were deluged with work only a few years ago. As CIBA contemplates a year of dwindling membership and new priorities, CP&DR spoke with Winn about the organization's outlook on a changing California.

CP&DR: What are your goals this year as CBIA Chair?

WINN: Our industry has gone through quite a crisis really. Membership in CBIA is down so we've had to pick and choose our battles pretty carefully.

Going into 2011, the focus is pretty much around the implementation of SB 375 and the various regional plans related to the greenhouse gas targets. We want to make sure they're as reasonable as they can be for the healthy growth of each of the regions.

School financing is another big priority for us in 2011. We're doing everything we can legislatively and with the regulators to see that adequate state funds are there for new school construction.

Construction defect reform is likely to gain some steam next year. About 5 years ago SB 800 provided for the right to ask homebuilders to repair construction defects and all types of customer service issues. We're concerned about loopholes that still need to be closed by legislation and abuses that are still going on statewide.

CP&DR: How important are public-sector projects going to be in the coming years?

WINN: Very important. The membership of CBIA is very diverse: architects, engineers, builders, developers. Particularly those with the ability to design and build in the public sector – or on public funded facilities – there's definitely a gravitation in that direction. For the conventional homebuilder, those opportunities really aren't too realistic.

CP&DR: What kind of shape are conventional homebuilders – the type who might have been doing subdivisions in the Inland Empire five years ago – in now? How are they riding out this crisis?

WINN: Those who are still standing aren't doing much volume. Even the big publically traded companies – the Pultes, the Lennars, the KBs aren't either. But the large private companies have worked through their debt issues and probably learned how to shrink and be more effective. They're tackling business plans that might show 50-100 homes per year whereas in the past it might have been 500-600 homes per year. Probably more importantly, their focus is now on infill or in what I might characterize as the inner suburbs or metropolitan areas. Right now there's not a great deal of new master-planned development being initiated.

CP&DR: What's that been like for your members to adapt to this new business and regulatory landscape?

WINN: It's interesting that this is all happening at one time: the industry is contracting, the rules for land use development are changing, and commercial banking capital is scarce. So the adaptation has probably been expedited by that combination. The companies that are still standing in the major metropolitan areas are aware that they're going to have to be more diverse and build different product and do infill. I'd say on the whole they're welcoming that. It might be the only opportunity that they have.

CP&DR: Does that require a totally different attitude towards their business, or can a greenfield developer shift their focus to infill without disrupting what they consider their business to be?

WINN: Some have done it very well. I can't say that uniformly the large-scale greenfield builder is going to jump at infill opportunities. Some have made the jump very adeptly and are till working in both types of markets with very distinct products in each. I've seen some hybrid examples too where some of the best examples of greenfield architecture have been brought into infill situations.

CP&DR: On the coasts, infill has been big for a while. How are these trends playing out in Sacramento?

WINN: The regional planning agency certainly is. Between the Blueprint that was adopted five years ago and the metropolitan transportation plan, there's a high percentage of homes over the next couple of decades that will be attached and in infill locations. There now are a couple small-scale developments happening – eight homes, twelve homes, sixteen homes on infill lots. That was the type of thing you didn't see at all during the boom.

CP&DR: What would you pursue if you had more latitude to push other policy agendas?

WINN: There's a limit to what the state agencies or legislature can do with local building permits or impact fees, but that's always going to be near the top of our list to the extent that we can find equity in the way public agencies charge impact fees. That has an awful lot to do with how affordable houses can be. In some jurisdictions it got to be where $100,000 in impact fees alone was not extraordinary. On the building materials side and on the labor side, it's just an unusual period. Costs of construction materials may be down and labor is plentiful.

CP&DR: Are you surprised that we haven't hit an equilibrium whereby the cost of construction has dropped and construction would be viable again?

WINN: We hoped that that would be the case. Some of the bigger public builders have tried mightily to drive their hard cost of construction down to a point where they reached that equilibrium on sales price that they begin to attract new buyers. But in some cases that involves writing their land cost down to zero if they're able to do so. That's quite an advantage over a conventional real estate company.

CP&DR: Now that ARB has announced the SB 375 targets for the different regions, what would you like to see

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CBIA Weathers Economic Downtown

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happen with SB 375 implementation?

WINN: We were part of the 375 collaboration, so I think CBIA on balance is looking forward to implementation but is very concerned that it be done in a realistic way. The targets, depending on the region, are very aggressive. It's our hope that a second look can be taken or other benefits of implementing those targets can go into effect without slowing things down more than they already are.

As these regions begin to roll out their metropolitan transportation plans and sustainable community design strategies…it's really going to be incumbent upon us, the builders, to stay engaged. It frightens some people and it's confusing. But it's the new rules of the game.

CP&DR: Is there a silver lining to SB 375? Is it going to promote things that are going to be good for builders?

WINN: Two elements of that silver lining are important. Local jurisdictions that had been reluctant to approve higher density housing seem less so, with the advent of 375 and the blueprint regional plans. And then of course there are some CEQA benefits that could realistically cut a year off the process at a point where that year makes a huge difference. I think there's real benefit to the way the legislation came out of the mill. We just have to see how it behaves once it hits the ground.

CP&DR: Who are your core members now, what are you doing to reach out, and what are you doing to help them keep their spirits up?

WINN: That's probably our number-one objective here. The reorganization is really our focus over the next few months. It's going to be an interesting year whether we have 3,000 members or 4,000 members.

As much as legislative and regulatory matters, we're reorganizing internally. We have a new president, Liz Snow. We're trying to get the organization down so that it's primarily a government-affairs association and we can afford to be as active as possible. That's going to be a big change for the builders who benefited from CIBA's efforts through the revenue that came through our big trade show, the Pacific Coast Builders Conference every June in San Francisco. That model is broken. We can no longer rely on revenue from one trade show. Builders have to reach into their pockets and look at the value benefit of CBIA. We are down in membership, from 5,000 members a few years ago to just under 4,000 now.

CP&DR: Are you perceiving different issues bubbling up in different parts of the state?

WINN: It's a good relationship. We have a mission between the local chapters, the state, and the national chapter. The communication is very good. We meet and collaborate a few times a year within California. And whenever one of our local chapters has a real issue of statewide significance, it boils up pretty quickly. If you're building in San Diego or Redding or the Bay Area or Los Angeles, the big issues seem to be common to all of us. Occasionally there's going to be an issue – water, for instance – in which you'd have a Northern and a Southern California perspective. ■

Sunnyvale Avoids Redevelopment Disaster

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in its own words, in "the Heart of Silicon Valley."

Does Silicon Valley have a heart, gramps?

I'm not sure, angel, but it certainly has a lot of jobs, with 118,000 people working here daily. So keep in mind the city's an established employment center.

So they don't need redevelopment, Gramps?

Oh no, every city needs redevelopment, sugar cookie. Sunnyvale has a single redevelopment project area, which is downtown Sunnyvale. For many years, the single largest project in the redevelopment area was Sunnyvale Town Center, a regional mall built in 1979 by the late, great Ernie Hahn.

Can we go visit the mall?

Well, not exactly, my green-eyed girl. The mall doesn't exist anymore. But let's not get ahead of ourselves. The agency helped the mall developer assemble about 34 acres in the city's sparsely developed downtown area. The redevelopment agency committed $16.8 million in tax allocation bonds to buy the property and demolish the existing on-site structures, plus another $22.3 million in lease revenue bonds to build an adjoining parking structure. That was nice of the city.

That's what cities do for big money makers like Sunnyvale Town Center, which operated profitably for nearly two decades before the original partnership sold, in 1998, to American Mall Properties. The new owner--let's call him Suitor No. 1 to Princess Sunnyvale – had an expansion plan, including a public parking structure. After finishing the parking, however, the rest of the expansion came to grief early in the current decade, when American Mall Properties found itself beset with both a high vacancy rate in the mall and the bankruptcy of its lender, Finova.

That's sad, Gramps.

Real estate is not for the meek, little one. Anyway, a few years later, in 2002, San Diego National Bank--otherwise known as Suitor No. 2--bought the loan and served American Mall Properties with a default notice shortly after. Sunnyvale Town Center ended up in the hands of a receiver, and not for the last time. A little while later, AMP defaults on the Mello-Roos bonds (I guess you still have to pay your taxes even when your project is losing money.)

That's unfair.

Rules are rules, honey cake. Anyway, the Mello Roos bond holders started to foreclose on the mall. Unsurprisingly, American Mall filed for bankruptcy protection shortly after that.

This is a long story, Gramps.

And it's not over, honeybun. In 2003, another investor, this time an affiliate of Lehman Brothers – Yes, Suitor No. 3 – bought the bank loan. The mall property was now shuttered and an adjoining parking structure declared unsafe by city officials. The city put out a request from proposals for a master developer from the various landowners in the mall area. Lehman Brothers –

Oh. That's a scary story! Don't tell me that one again!

Don't worry: this happened way before all that.

Anyway, Lehman's partner was a Georgia-based developer, Forum Development Group, and together they put forward a proposal to demolish both the mall and the dilapidated parking deck. To replace the mall, Lehman-Forum proposed a mixed-use center with 500,000 square feet of retail, 292 residential units and 275,000 square feet of office space, plus 5,651 parking spaces. They also asked to extend public streets through the property--a worthwhile move to integrate the former mall property back into the downtown street grid.

In return, the city agreed to pay for the demolition of the old parking structure, while also agreeing to give the developer up to $4.05 million annually in tax increment generated by the project. Oh, I love happy endings!

Not quite yet, darling. Lehman-Forum was unable to get financing for the project by a December 2004 deadline. Lehman bought out Forum (we're not done with them, however) and asked the city to push the deadline back to May 2005. As master developer, Lehman solicited proposals from developers, including Forum, and in April 2005, Lehman sold the entire mess back to Stanley Thomas, the principal owner of Forum.

I think I'm getting sleepy.

Forum went to work on the expansion plans later the same year, tearing down the old parking structure, but was late getting started on construction. The city told Forum that the latter was in breach of its agreement. By 2006, the city told the developer that it intended to exercise its right, under the redevelopment agreement, to buy back the mall and find yet another developer. "No, no!" said the developer. "Let me find a new buyer!"

Gramps, why didn't the city just blow up the mall with dynamite and make it into a pumpkin patch?

Well, that's a good question, sweetheart. By 2007, Forum sold the property to a partnership between RREEF Properties and Sand Hill Properties – Suitor No. 4, let's call them – who wanted to build the earlier project, while adding a hotel and a grocery store. Fine, why not, said the city, "Just build something!"

So Sand Hill and RREEF built the beginnings of the project, including three office buildings, which were about half finished in 2009. At that point, the latest developers announced a slowdown as they sought a new round of financing. They were sued that same year by their building contractor, who alleged that Sand Hill and RREEF were behind on payments. By October 2009, yet another receiver was in place.

Is this project occupied by evil spirits, Gramps?

I think so. The current receiver is Jerry Hunt, a principal of Quattro Realty. He marketed the half-finished office buildings to various parties. By some lucky stroke, Nokia, the Finnish cell-phone maker, decides in May 2010 to lease an entire five-story, 156,000-square-foot office building, and consolidate three of its Silicon Valley offices into downtown Sunnyvale. It was a stroke of rare luck for the city, because Sunnyvale's office buildings were competing with tons of vacant office space left over from the Tech Wreck nearly a decade ago.

Will Princess Downtown Sunnyvale be happy at last, gramps?

I hope so. With the lease signed, the bank gives the receiver the money to finish the building, and Nokia takes occupancy in December. Everybody's happy.

Why is this lease so surprising?

It's surprising because high tech companies in Silicon Valley often prefer suburban, stand-alone campuses, or sometimes tall office buildings. The company's decision to lease in downtown Sunnyvale might be seen as an expression of interest in urban things, such as places to walk during lunch, and maybe get your dry cleaning done, too. Plus, the project stands two blocks away from a Cal Train station, so it's transit-friendly.

So, Gramps, this means if I get good grades and go to the Wharton School and become a developer I can do the same thing when I grow up?

Don't count on it, sweetness. The Nokia lease was a stroke of extraordinary good fortune. Of course, in my opinion, many more high-tech firms would be happier in downtown areas, which, unlike suburban campuses – (Z-z-z-z-z-z.) ■

SD County Plan Could Devalue Farmland

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"This is a watershed for smart growth and good planning. San Diego is a county that has not really either in the past committed itself to smart growth pattern of development or to complete destruction either – it's been kind of an in-between county."

"In-between" does not, however, mean that the county has reached a harmonious balance. Many residents of the backcountry remain concerned that the cosmopolitan forces in the county are imposing a plan that will be too restrictive. A white paper entitled "Fixing the Fatal Flaws" was published in August by a coalition of agricultural and business groups concerned about downzoning and the relationship between the general plan and the community plans. And many of the speakers at those 500 stakeholder meetings have been landowners who are furious about the changes that the plan portends.

The white paper contends that "large swaths of the County are proposed for severe downzoning, a downzoning that is arbitrary and excessive and will result in regressive economic impacts to rural communities."

The challenge of striking the right balance is one reason why the process has taken longer than a decade. Another is its radical departure from the existing general plan, which was adopted in 1978. Now considered legally deficient, the 1978 plan promotes what Silver described as "checkerboard" development, and pays relatively little heed to crucial constraints such as roads, water, sewage service, and the area's considerable environmental resources.

Critics say that if the general plan update is not adopted, any number of inland hamlets could turn into the next Temecula. If projected growth were to occur undirected, Silver estimates that the roads alone to serve dispersed populations would cost up to $5 billion over 40 years.

"It was important to do that because the current general plan from the late 1970s is a complete disaster," said Silver. "It maximizes fire risk, depletes groundwater, maximizes infrastructure costs and greenhouse gas emissions."

"Update" is thus a loose term for a plan that essentially wipes out the old one.

"We decided to use new land-use designations," said Devon Muto, the county's chief of advanced planning. "We're not even using the old terminology. That requires us to re-map the entire unincorporated area. We're not changing density on 70% of our parcels. 10% will increase density, 20% will decrease."

The three general designations are 1) rural, which will include one unit per 20-80 acres; 2) semi-rural with one unit to 0.5 -20 acres; and 3) village, with up to 30 units per acre. Those densities would put the unincorporated county in line with other coastal counties. For comparison, the general plans of Santa Barbara and San Luis Obispo counties include densities as low as one unit to 320 acres, while the least dense areas of Los Angeles and Orange County are prescribed for one unit to 40 acres.

"Backcountry development is something they want to move away from an infrastructure perspective…services are not there," said San Diego County Planning Commissioner Bryan Woods. "Good planning says you plan where infrastructure is already developed, and that's where San Diego County is going."

San Diego County planning staff produced a Draft General Plan Map representing these designations several years ago. However, landowners demanded the production of a Referral Map, which treats individual parcels differently according to landowners' individual concerns.

The new plan also establishes a system of conservation subdivisions. That system would discourage the division of properties into larger, dispersed parcels and would instead set aside a relatively large parcel for conservation while creating smaller, clustered parcels for development.

Unlike in many California land use battles, stakeholders are not arguing over environmental protection. Silver said that environmental groups are happy with how the plan addresses ecological resources, and Woods said, "I don't even think that's an issue."

This downzoning has raised inland residents' ire not because of its effects on the environment but rather because of its potential economic impacts. Group such as the San Diego County Farm Bureau contend not necessarily that the new density limits would thwart future developers but rather that they could decimate values of existing farms. Farmers claim that their assessed values are based on the provisions of the current general plan and that a radical departure would rob them of equity.

"Like it or not, the value of land in San Diego County is in large part driven by how you can divided it up and sell it as residential lots," said Eric Larson, executive director of the San Diego County Farm Bureau. "We've been asking since Day One for an equity program, which would be a means of compensating the farmers if there is a real loss of value of their land."

The Board of Supervisors may yet explore such a mechanism. As well, some farmers may be compensated for setting aside habitat through the plan's Purchasing Agricultural Conservation Easements program. However, planners caution that these landowners may be overestimating the value of their land. The county commissioned a study by Keyser-Marston Assoc. that found that the downzoning would have a negligible effect on the value of individual parcels.

And just because they can develop their land without constraints does not mean that the demand for such development exists – or that the opportunity would be available to more than a handful of landowners.

"I sympathize with those in the backcountry that feel that they're losing their development potential," said Woods. "But on the other hand I don't think they had what they thought they had from the beginning." Moreover, this loss of value may not in and of itself warrant compensation – nor is it necessarily planners' concern.

"Ultimately it's up to the Board of Supervisors as to whether they want to try to compensate those land owners," said Muto. "When we up-zone people and they receive a benefit, we don't really ask for things back. It's the same when you look at downzoning. Ultimately, it's a policy decision."

On the macroeconomic scale, the San Diego County Regional Chamber of Commerce has voiced concerns that the plan could hurt the entire county's economy. The chamber contends that the plan's housing element will never be realized, in part because communities will resist the densities that the plan calls for. Moreover, they contend that the plan assumes an unrealistically high per-unit density.

As a result, they say that the county's workforce will be stifled and regional businesses will suffer for lack of employees.

"I don't have confidence that that density is actually achievable," said Donna Jones, vice chair of the San Diego Regional Chamber of Commerce Public Policy Committee.

Muto rejects this interpretation of the plan, noting that current densities in unincorporated communities are 2.92 persons per unit and that the projections are for a modest increase, to 3.02 persons per unit.

"The general plan update provides sufficient housing to accommodate growth beyond 2050," said Muto. "That's a 40-year timeframe and more capacity than most general plans provide. During this timeframe, the unincorporated county would grow at 41.7%, which is higher than the entire region, which would grow at 40.0%."

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County Plan Seeks To Uphold Community Character

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The Chamber of Commerce and other groups behind the August white paper are also concerned about how the plan treats the county's villages. Stakeholders have demanded the chance to maintain control over the character of their respective communities. Critics worry that that wording in the general plan update is so weak – referring to language that "encourages" certain densities rather than "ensures" them – that community plans could end up superseding the general plan.

County officials question that characterization.

"They can't really supersede the general plan," said Woods. "But they specifically can define parts of the general plan relative to their community character."

Moreover, Muto said that giving communities flexibility and a certain degree of discretion is crucial for the plan's viability.

"Having the communities' plans be able to provide this additional level of direction on how policies are implemented is very important especially given the size of our jurisdiction and how diverse our individual communities are," said Muto. "It's impossible to have a one-size-fits all policy for a jurisdiction like ours." ■

■ Contacts & Resources

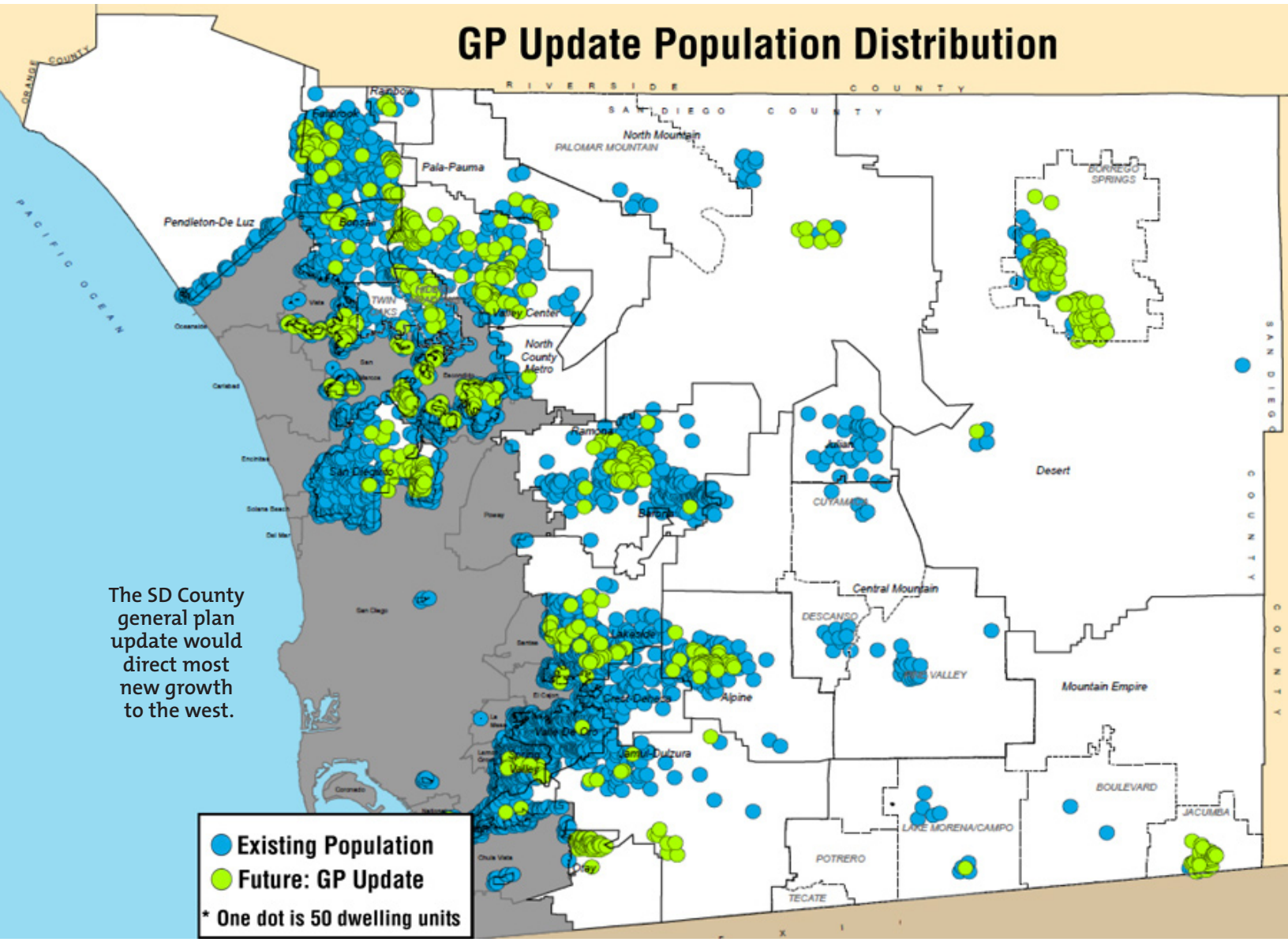
San Diego County General Plan Update (Official Website)
http://www.co.san-diego.ca.us/dplu/gpupdate/

Donna Jones, Vice Chair, San Diego Regional Chamber of Commerce Public Policy Committee, (619) 544-1300.
http://www.sdchamber.org/

Eric Larson, Executive Director, San Diego County Farm Bureau, (760) 745-3023.
http://www.sdfarmbureau.org/

Devon Muto, Chief of Advanced Planning, County of San Diego Department of Planning and Land, (858)694-2960.

Dan Silver, Endangered Habitats League, (213) 804-2750.
http://www.ehleague.org/



Wendell Cox's Voodoo Economics

So, yet again Wendell Cox – a leader of the anti-anti-sprawl crowd – has trotted out an impressive-looking quantitative report that purports to prove that certain metropolitan regions have high home prices because of "more restrictive land use regulation." In his recent New Geography piece [], which linked to a report on his web site, Cox seemed to attribute virtually all the variation in home price around the country to land use regulations – just as he has done in the past. But – as usual – Cox's analysis is based on the assumption that sprawl is the natural state of affairs and any deviation from sprawl must therefore be caused by regulation.

He does extensive quantitative analysis to prove that all difference in home price is due to regulation. But it's not too surprising that he reaches that conclusion, considering that his analysis assumes that any difference must be due to regulation.

And even Cox himself apparently recognizes that he can't quite make an airtight connection. As he said in the New Geography piece: "Nearly all of this difference is in costs other than site preparation and construction, which indicates rising land and regulation costs."

Note the language: Indicates, not proves. And that's not the only defect in his methodology. There are lots more assumptions piled on top of assumptions – some contradictory – that make the numbers come out the way he wants them to.

To summarize Cox's latest analysis, he compared home prices in 11 metropolitan areas. Home prices in six metropolitan areas that he categorizes as having "less restrictive land use regulation" (Atlanta, Dallas, Houston, Indianapolis, Raleigh-Durham, and St. Louis) are lower than home prices in five metros he characterizes as having "more restrictive land use regulation" (Minneapolis-St. Paul, Portland, San Diego, Seattle, and Washington, D.C.-Baltimore).

Not too surprising on the face of it, but let's unpack Cox's methodology, most of which is contained in a separate document.

First, he asserts that more restrictive regulation raises home prices and disrupts normal market functioning in a variety of ways. There's obviously a lot of truth in that.

Second, he identifies six specific regulatory approaches that, he claims, are characteristic of "more restrictive land use regulation policies with potential to increase land costs and house prices". These are:

1. Urban containment (urban growth boundaries, urban service districts, restrictions on physically developable land, infill quotas.)
2. Large-lot zoning in urban fringe & rural areas.
3. Geographical growth steering
4. Housing building moratoria or limits
5. High development fees & exactions
6. Mandatory regional or county planning.

Where did he get this list? Well, in some cases he got them from the 2000 HUD report The Cost of Sprawl. In other cases he references himself, a la Mike Davis. But he doesn't differentiate among these policies; he simply asserts that they all fall into the category of restrictive regulation. Never mind, for example, that he lumps together UGBs (which encourage higher density) and large-lot zoning (which encourage lower density). He also asserts that no matter what the policies are called – for example, smart growth or growth management – they are basically all the same.

Next he categorizes the 11 metros based on the presence or absence of these six criteria. In the case of the five "more restrictive" metros, he finds the presence between two and four of the criteria. He's on target in many cases – clearly, Portland has a UGB. But he gives them equal weight, even though his discussion of the six admits that not all of them have the same effect.

And, amusingly, he finds that none of these criteria are present in any of the six "less restrictive" metros. Apparently there's large-lot zoning in Minneapolis but not in Atlanta or Raleigh or St. Louis? He gives no indication as to how he decided this.

Once he comes up with these categories, he then goes through an exhaustive – and, frankly, mostly well-executed – quantitative analysis about home construction cost, accounting for variation in construction costs in each metropolitan area.

But then he assumes that construction cost is typically 80% of the advertised home price, meaning 20% is attributable to land cost and regulation. He says he has data to prove this but doesn't provide references; he simply assumes that 20% is what land and regulation cost should be in a less restrictively regulated market. And then he simply assumes that if the difference between home price and construction cost is more than 20%, then all the difference must be due to regulation.

For example, if construction cost is $80,000, the sales price of the house should be $100,000. Under Cox's methodology, if the cost of the house is more than $100,000, anything over that price is either due to excess regulation or due to high land cost that is caused by excess regulation.

In his 11 metros, he compares the "expected finished land and regulation cost" with the actual difference between construction cost and home price. This is, miraculously, zero in his six "less restrictive" metros, and it's a lot more in the other metros – ranging from $28,000 per unit in Minneapolis to $221,000 in San Diego.

To give a more detailed comparison, Cox calculates that construction cost of the average home in Atlanta and Washington-Baltimore is about the same – $128,000. Based on his 80/20 rule, this means the average home price in each metro should be about $160,000 (with $32,000 for land and regulatory cost). The average home price in metro Atlanta is $161,000 – right on target. But the average home price in metro Washington/Baltimore is $235,000. That's $75,000 more than he thinks it should be – so obviously all of the increase MUST be due to regulation!

The list of other things that could account for this difference is long indeed, but Cox doesn't even give lip service to any of them. To begin with, there's demand – and, in particular, the psychology of any given real estate market. Real estate booms and busts are common, as we have learned once again here in California in the last few years. Then there's the income of the people buying the houses; that's a factor because, in practical terms, home prices depend not only on how much houses cost to build but also on how much you can afford to pay. The more you can afford to pay, the higher the prices will be. (Median incomes in Washington-Baltimore are about 10% higher than median incomes in Atlanta.) And where's developer profit, which will rise in a boom market and drop in a bust market? Cox's formula doesn't seem to acknowledge profit at all. Poor guys.

I could go on, but you get the idea.

I respect the anti-anti-sprawl researchers – Cox, Randall O'Toole, Sam Staley – and I try to stay on good terms with them. But what drives me crazy about this stuff is that the self-fulfilling assumptions undermine the valid points and make it difficult to reach consensus about what's going on.

There's no question, for example, that UGBs do increase home prices at least a little and also create a "bounce" effect, as my colleague Rolf Pendall and I have acknowledged in a piece of research Cox cites as part of his source material. But UGBs do not, by any means, account for all home price variation.

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Instead of acknowledging the complexity of the situation, however, Cox lumps all public policy into the same category of intrusive regulation and then ascribes all variation in home price to that regulation. (O'Toole does the same thing all the time.) I'm no academic snob, but I can't believe this would pass any serious peer-review muster.

Unfortunately, Cox's stuff is the Fox News – or MSNBC, if you prefer – of land use research. One point of view always wins out. The possibility that another point of view may have merit is simply never entertained. Instead of moving toward greater understanding about land use policy and how to use it, we are pushed deeper into our own separate world views – and further away from a useful policy debate.

– BILL FULTON | NOVEMBER 06, 2010 ■

Uneducated Planning Choices Plague California Colleges

What the government builds and where it builds things can have a major impact on a community and on the way generations of people live their lives. The siting of college campuses in California provides a poignant, and depressing, case study.

This obvious truth was reinforced to me by two recent events: Shasta County's annual count of bicyclists and pedestrians in Redding, and the recent completion of a multi-use trail connecting two sides of Redding that are otherwise divided by a river and a freeway. The bike count is a snapshot, not a comprehensive census. And the picture at Redding's Shasta College is nearly devoid of both cyclists and pedestrians. From 7 to 8:30 a.m. and again from 4 to 6 p.m. on a school day in September, 19 cyclists and 8 pedestrians crossed the intersection in front of the community college's primary entrance.

Those are about the numbers you would expect to get with one change of the signal at an entrance to UC Davis, Chico State or Pasadena City College. I concede that Shasta College is not as large as those institutions -- but one pedestrian every 26 minutes?!

If anyone is going to use their feet or bicycle for transportation, it's college students. The problem is that Shasta College, like most other community colleges, CSU and UC campuses built during the post-war period, lies on the edge of town in a location accessible almost exclusively by automobile. California's campus construction binge of the late 1940s through the 1960s was ambitious, but overwhelmingly suburban. The assumption was that everyone would drive to and from school. Many universities from that era are still called "commuter schools."

Even my alma mater, CSU Sacramento, which is located in the middle of the metropolis, feels remote because the campus is essentially walled off from the rest of town. Sure, most of the post-war campuses enjoy decent bus service, and my old school does boast a heavily used bicycle and pedestrian bridge across the American River. Still, it's worth remembering that the CSU Sacramento administration vigorously – and successfully – fought a proposal to place a light rail station on the college campus because of alleged safety concerns. Sorry kid, I know you don't have any money and are racking up debt faster than empty beer cans, but you'll have to buy a car.

Moreover, the post-war college siting and design decisions relegated a thriving center of activity to a corner of town at the expense of the rest of the community. College kids may not be flush with money, but they are loaded with energy. That's why real college towns such as Davis, Chico and Berkeley pulse with activity. I'm not suggesting that every place needs to be a college town. But many places that are suited for street life become all the more lively with the injection of a few thousand students.

Thirty years after the campus construction boom, we hadn't learned much, as evidenced by the CSU Sacramento light rail fiasco. Another example is UC Merced, which the state chose to build on pastures several miles outside of town 15 years ago. Yes, the plan for eventual development of a university community adjacent to the campus is impressive. Yet it's only more greenfield development in a region where cities are starved for investment, and the school will probably be open for 20 or 30 years before the urban village amounts to much. If we had learned anything, UC Merced would instead be UC Modesto or UC Fresno, and the school would be located in one of those cities' downtowns.

CSU Channel Islands may be worse. The campus makes good use of the old state mental hospital outside Camarillo, but the planned university village is modest. It's an isolated campus surrounded by farmland and protected open space – bucolic, but an urban planning disaster. Officials at CSU originally proposed building the school adjacent to Ventura's poorest neighborhood; however, CSU gave up in the face of strenuous no-growth opposition. Sorry, but Ventura as a whole and tens of thousands of students, teachers and CSUCI workers would be better off if CSU had jammed the project down the throat of local naysayers. Instead, that part of Ventura continues to struggle, and everyone has to drive to a remote campus.

With an ongoing state budget deficit and an aging populace, California is unlikely to build many new college campuses in the foreseeable future. We do continue to build transportation facilities, though, and here's where I have an example of a government project's positive contribution to community livability.

In October, Caltrans completed a major upgrade to Highway 44 in Redding. The agency built a new bridge over the Sacramento River, widening the highway from four lanes to six. It rebuilt an intersection, modified a few ramps and built a new onramp. It also constructed a 1.1-mile-long, 12-foot-wide multi-use path along the highway. The path takes people from an existing bike path next to the convention center and the city's biggest museum to the retail center of town. Most importantly, it provides a safe route over the river and under the freeway, both of which pose barriers to cyclists and pedestrians in Redding. People have filled the path since the moment it opened. Much of the use is recreational, but I've also seen cyclists who are obviously commuting, as well as people carrying sacks of groceries. Caltrans recognized the latent demand.

If California is truly going to shift to a more sustainable style of development, it needs to review its mistakes (poorly situated college campuses) and its successes (non-motorized paths that provide connectivity), and then build public facilities accordingly. Maybe we could start by hiring some progressive young planners that our public universities are graduating.

– PAUL SHIGLEY | NOVEMBER 16, 2010 ■