Attachment H-7

Responses to Other Issues

Raised During Planning Commission Hearing Process
November 2009 - August 2010

This document is a summary of, and responses to, select issues that have been raised since the November 6, 2009 Planning Commission hearing on the General Plan (GP) Update. These issues were either not identified during the public review period for the Environmental Impact Report, or were explored in greater detail during the Planning Commission hearing process that took place from November 6, 2009 through August 20, 2010.

List of Issues

	Issue	Commenter/Testifier
A	Traffic Model	LOS Engineering, Inc.
B	San Pasqual Valley Preserve Land Use (NC-9)	City of San Diego, Purdum Family and others
C	Emergency Response – Fire Protection	Michael Edwards
D	Various Issues	Endangered Habitats League
E	Forest Conservation Initiative	Save Our Forests and Ranchlands (SOFAR)
F	Various Issues	Cleveland National Forest Foundation (CNFF) and SOFAR
G	Sphere of Influence Analysis	City of Escondido
H	Rea and Parker Economic Analysis	Randy Lenac
I	Rural Lands – Loss of Property Value	Rea and Parker Research
J	Valley Center Road Safety	Valley Center Town Council

Letter A

LOS Engineering, Inc.

GP Update Traffic Modeling Concerns

Traffic Model – The following are the County's specific responses to comments provided in a letter from LOS Engineering Inc. on April 15, 2010. The comment letter is attached (see Letter A).

A-1 This introduces the comments that are addressed in responses A-2 through A-11

A-2 The County disagrees that the recommended changes to roadway classifications in the draft General Plan Mobility Element network were made without any analysis or information being provided. On the contrary, the proposed changes are provided in a matrix format where the change is identified, along with the rationale for that change. This matrix was provided as Attachment D in the December 6, 2009 Planning Report and revised further and provided as Attachment E in the April 16, 2010 Planning Report. These attachments are available on the County Web site at the following links:

Attachment D, December 6, 2009 –
http://www.sdcounty.ca.gov/dplu/gpupdate/docs/PC_110609_D.pdf

Attachment E, April 16, 2010 –
http://www.sdcounty.ca.gov/dplu/gpupdate/docs/pcrpt_041610_E_mobility.pdf

While these changes are recommended for a variety of reasons, they consider the DEIR traffic model forecasts. In instances when failing level of service (LOS) would most likely result with the proposed change, then the matrices discussed above indicate this.

A-3 The County acknowledges that road classification changes are recommended for 16 roads in Valley Center in Attachment E of the Planning Report dated April 16, 2010. Many of these changes were made at the request of the Community Planning Group so that the road classification better reflects the environmental conditions and community character. In one instance (Cole Grade Road from Fruitvale Road to Pauma Heights Road) the recommended classification change would reduce the number of travel lanes from four to two; however, this change would be made in conjunction with significant land use changes that would reduce the intensity of development along this road. In addition, the recommended classification (2.1D community Collector with Improvement Options) would still reserve sufficient right-of-way to construct a four-lane road, although it only specifies a two-lane road. In another instance, a reduced shoulder is recommended for West Lilac Road; however, Road 3 is also included in this network and offers an alternate route. Generally, for the other roads recommended where a reduced classification is being recommended, such as a slower design speed or reduced shoulder, the DEIR traffic model forecasts show that there is sufficient capacity to accommodate those changes.

A-4 The County disagrees that a new traffic model forecast is required to address the road network changes that are being recommended. As discussed in response to comment A-3 above, the recommended changes took the DEIR traffic model forecasts into consideration. The County does not agree that the capacity reduction recommendations are sufficient to justify an additional model run.

A-5 The County disagrees that the recommended changes to the draft Mobility Element road network classifications are significant enough to result in changes to the traffic circulation patterns (see also response to comment A-3 above).

A-6 The County acknowledges the traffic model's initial output identified road segments operating at LOS E or F that were not included in the DEIR. It is common practice that traffic model output is rarely taken verbatim. While extensive model calibration and validation is commonly undertaken, model output still requires additional scrutiny and review. The post processing techniques are outlined in Section 2.3.2 of DEIR Appendix G, Traffic and Circulation Assessment. The techniques identified below, commonly used in the transportation field to improve the reasonability of the regional model outputs, include a detailed review of:

- Traffic Analysis Zone (TAZ) centroid locations and connectors as they can impact the loading of traffic (from respective TAZs) onto the adjacent roadway segments;
- Limited network of local streets (typically not coded in the SANDAG regional model), which can commonly alleviate over-capacity Mobility Element facilities in adjacent areas; and
- Model margin of error (approximately 10% was assumed).

A-7 The County disagrees that the DEIR does not clearly set forth the methodologies used in its analysis. Section 2.3, Traffic Modeling/Forecasting Process, of DEIR Appendix G identifies the traffic forecast modeling process, road network and land use assumptions, and the refinements made to the model output. The information provided in this section provides the public with sufficient information to understand the basis of the conclusion presented in the DEIR. This information, along with the SANDAG traffic model output maps, provides documentation for where any adjustments were made.

A-8 The County acknowledges that the LOS/Volume plots provided by SANDAG have not been modified to reflect the model output refinements that were made and discussed in response to comments A-6 and A-7. However, specific segment-level detail is provided in DEIR Appendix G, Table 6.3, Summary of Forecast Deficient Roadway Segments. These SANDAG plots are not intended to match this table because they are not included in the DEIR and presented in the same context. They are intended for staff use in preparation of the DEIR analysis.

A-9 The County disagrees that the public has not been given adequate opportunities to comment or provide any meaningful response to the methodology or evidence used to support the reduction in the number of Mobility Element road network lane miles reported in the DEIR. As discussed in responses to comments A-6 and A-7, the model output analysis performed for the GP Update DEIR is clearly identified in Appendix G of the DEIR and is based on techniques commonly used by the transportation field.

A-10 See responses to comments A-6, A-7 and A-8.

A-11 The County disagrees that County staff modified the SANDAG Series 10 traffic model to the point where it is nearly impossible to replicate the model in the SANDAG Series 11 or 12 models. Replication is difficult mainly due to the differences in the models themselves. They are built on different platforms with different assumptions and interactions making precise replication impossible. Additionally, the Series 10 model customized for the GP Update included extensive model calibration, conducted to provide the County with the most accurate traffic model possible. While model results are unlikely to match 100%, the County's traffic model could be replicated to a reasonable tolerance given time and resources to incorporate the calibration into the Series 11 and 12 models.

The comment further states that, although the County made some commonly employed modifications to the traffic model, the changes are so extensive they cannot be easily replicated or modeled in the future. The comment does not identify what modifications to the model cannot be replicated. The County acknowledges that due the large and complex nature of the unincorporated areas of the county, modifications were made to the traffic model. Some common modifications include the following:

- Additional road types to reflect how existing roads actually operate (such as travel speed), rather than how they are intended to operate through road standards;
- Adjustments to model output (volume and LOS) via engineering judgment by a registered and respected traffic engineering firm for the purpose of converting a traffic model to a traffic forecast.

SANDAG is currently working on the next growth forecast (Series 12) and Regional Transportation Plan (2011). Based on discussions with SANDAG, the latest County model inputs, including the street network and land use assumptions, are being incorporated into the Series 12 transportation model. Due to resource constraints, the Series 12 traffic model will not involve the extensive model calibration of all unincorporated roads undertaken in the County's Series 10 traffic model.

LOS Engineering, Inc.
Traffic and Transportation

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Phone 619-890-1253, Fax 619-374-7247, e-mail: justin@losengineering.com

April 15, 2010

Mr. Devon Muto
Department of Planning & Land Use
County of San Diego
5201 Ruffin Road, Suite B
San Diego, CA 92123

SUBJECT: GP Update Remaining Traffic Modeling Concerns

Dear Mr. Muto:

Thank you for taking the time to discuss my concerns about the traffic modeling output and
A1-1. what is reported in the GP Update DEIR. Here is the information promised that hopefully
when addressed will ensure an accurate GP Update.

1. DPLU recommended changes to the General Plan Update have not been analyzed in the DEIR.

A1-2. At the December 4, 2009 meeting, DPLU staff recommended that a number of changes to
roadway classifications throughout the County be made to the General Plan Update. These
changes have been recommended for adoption without any analysis or information being
provided with respect to impact these changes would have to traffic circulation. In fact, no
additional traffic runs have been conducted by SANDAG that evaluates staff's recommended
roadway classification changes. In particular, staff is recommending classification changes to
18 roadways in Valley Center. Eleven of these roadways will result in a reduction in roadway
capacities. Of the remaining seven, six have unchanged capacities or are classified as local
public roads without listed capacities and only one converts a local public road into a
classification with a capacity. It is important to note that these classification changes are not
simply a name change; rather the classification changes will reduce roadway capacities by as
A1-3. much as 55%. For example, Cole Grade Road from Horse Creek Trail to Cool Valley Road is
designated as a 4.1 A Major Road on the Referral Map. Staff is now recommending this
roadway segment be changed to a 2.1 D Community Collector. This is a reduction from 4
lanes to 2 lanes with a capacity reduction of 18,400 ADT for a length of approximately 1.6
miles. With staff's recommended change, this segment of Cole Grade Road will degrade from
LOS B to LOS E. This is only one of 11 roadway capacity reduction recommended by staff. A
new SANDAG traffic model run is needed to determine the additional impacts created by
A1-4. staff's recommendations. Staff has also recommended additional roadway capacity reductions
in other San Diego County communities. All of these capacity reductions need to be analyzed

A1-4. cont. with a SANDAG traffic model to determine how many new LOS E and F roadway will be created. In addition, such modifications could result in changes to the traffic circulation

A1-5. pattern that was not analyzed in the existing DEIR. This could result in new impacts and / or new mitigation measures.

2. The DEIR has failed to document the methodology used for the changes made in the reduction of the number of lane miles analyzed in the DIER, making it impossible for the public to have an opportunity to comment or provide any meaningful response to the methodology or evidence used to support these revisions.

A1-6. The DEIR has failed to document a number of changes that have been made between the SANDAG traffic model output and what is reported in the DEIR. These undocumented changes have been made to the number of LOS E and F lane miles in the DEIR. For example, in SANDAG's GP Update traffic model for Valley Center; there are 33.2 reported lane miles of LOS E and F roadways, while the DEIR analyzes only 25 lane miles of LOS E and F roadways. The SANDAG source of information is included in **Attachment A** while the County's DEIR table is included in **Attachment B**. This 25% reduction in the number of LOS E & F lane miles is not documented, explained, or analyzed in the DEIR.

A1-7. While it is understood that the County may at its discretion make some changes to the traffic model output, the DEIR must clearly set forth the methodologies used in its analysis so that the public would be able to understand the basis of its conclusions and respond. Nowhere in the DEIR is it documented why there is a significant difference of 25%. The DEIR states that some adjustments were made, but does not document why, where, and how these changes were made – particularly to

A1-8. the LOS E & F lane miles (**Attachment C**). Furthermore, the SANDAG plots in the DEIR have not been updated to match the undocumented changes of the LOS E & F lane miles made by the County. Therefore, the DEIR LOS plots do not match the DEIR tables.

A1-9. Finally, this example is only for Valley Center, one of 23 communities where the County altered the LOS E and F lane miles indicating there may be a significantly worse problem. The public has not been given an opportunity to comment or provide any meaningful response to the methodology or evidence used to support the revisions made by the County to reduction in the number of lane miles.

A1-10. **3. There have been an extensive and unreasonable number of modifications that have been made to SANDAG's traffic model that make it impossible for the public to comment or respond to the traffic methodology used by the County in the DEIR.**

The GP Update DEIR utilized traffic models that have been subject to such extensive modifications by County staff that it is impossible for the County to accurately analyze the traffic impacts of future projects in the County.

A1-11. County staff modified SANDAG's Series 10 traffic model so extensively that it is almost impossible to replicate the model in SANDAG's current Series 11 or future Series 12 traffic models. While some modifications to SANDAG's model runs are commonly made to reflect a community's unique physical setting, changes so extensive that they cannot be easily replicated or modeled in the future, indicates that the DIER

A1-11. cont.

has been based on traffic information or methodologies that can be described as mostly furtive in nature and prevents the public from any meaningful ability to comment or respond.

I thank you in advance for your time and efforts in assuring these critical issues will be resolved so that the GP Update is an accurate document for years to come.

Sincerely,
LOS Engineering, Inc.

Justin Rasas
Justin Rasas, P.E.(CE 60690), PTOE
Principal and Officer of LOS Engineering, Inc.

Cc: Planning Commission via Cheryl Jones (**Cheryl.Jones@sdcounty.ca.gov**)

Attachments

ATTACHMENT A

SANDAG e-mail on lane mile differences

RE: Traffic Model order (3 runs)
From:**Calandra, Mike** (mca@sandag.org)
Sent: Wed 12/16/09 8:52 AM
To: 'Justin Rasas' (justin@losengineering.com)
1 attachment
lndiff3.pdf (1754.3 KB)

I just went through the routine comparing the original Referral network with your alt3a. The attached plot shows no differences in the community of Valley Center. Yesterday we saw 190.5 lane miles in VC using both AML macros (one was what was used for Wilson and the other for you) for the original proposed network and your alt3a. That leads me to believe some form of adjustments were made for the tables that went into the EIR. I am not sure how to reconcile the differences at this point…

****
* **Mike Calandra**
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SANDAG Referral Map Lane Mile Output for Valley Center
Provided by Mike Calandra

	LOS	LANE MILES	
	A	24.3	
	B	45.7	
	C	46.4	
	D	40.9	
	E	17.9	
	F	15.3	
Total LOS E & F Lane Miles Per SANDAG		33.2	Miles
Total LOS E & F Lane Miles Per County EIR		25.0	Miles
Percent Difference between SANDAG and County		25%	

ATTACHMENT B

GP Update DEIR table documenting 25 LOS E & F lane miles for Valley Center. Also included is the Wilson & Company technical study prepared for the GP Update also reporting 24.7 LOS E & F lane miles.

Table 2.15-20. Proposed Roadway Lane Miles by LOS

CPA/ Subregion	Lane Miles											
	LOS A-C			LOS D			LOS E			LOS F		
	State Hwy	ME Roads	Total	State Hwy	ME Roads	Total	State Hwy	ME Roads	Total	State Hwy	ME Roads	Total
Northwestern Communities												
Bonsall	4	73	77	1	4	5	3	7	10	9	-	9
Fallbrook	23	79	102	2	46	48	-	23	23	1	4	5
North County Metro	15	155	170	-	35	35	0	6	6	-	5	5
Pala/Pauma Valley	49	36	85	6	8	14	2	2	4	4	-	4
Pendleton/De Luz	-	42	42	-	15	15	-	-	-	-	-	-
Rainbow	-	13	13	-	3	3	-	1	1	-	2	2
San Dieguito	-	52	52	-	19	19	-	11	11	-	24	24
Valley Center	-	111	111	-	54	54	-	11	11	-	14	14
Northwestern Subtotal	91	561	652	9	184	193	5	61	66	14	49	63
Southwestern Communities												
Alpine	-	80	80	-	13	13	-	9	9	-	7	7
County Islands	-	1	1	-	-	-	-	3	3	-	-	-
Crest/Dehesa	-	53	53	-	10	10	-	-	-	-	-	-
Jamul/Dulzura	13	94	107	23	3	26	4	3	7	14	-	14
Lakeside	19	132	151	3	26	29	3	8	11	6	14	20
Otay	-	48	48	-	13	13	-	-	-	-	0	0
Ramona	54	115	169	9	29	38	1	4	5	2	4	6
Spring Valley	-	35	35	-	20	20	-	4	4	-	3	3
Sweetwater	-	17	17	-	9	9	-	1	1	-	-	-
Valle de Oro	5	74	79	0	14	14	5	5	10	-	5	5
Southwestern Subtotal	91	649	740	35	137	172	13	37	50	22	33	55
Eastern Communities												
Central Mountain	43	143	186	-	3	3	-	-	-	-	-	-
Desert	60	255	316	-	6	6	-	4	4	-	1	1
Julian	35	25	60	-	-	-	-	-	-	-	-	-
Mountain Empire	44	142	185	13	3	16	5	-	5	9	-	9
North Mountain	124	110	234	-	10	10	-	-	-	-	-	-
Eastern Subtotal	306	675	981	13	22	35	5	4	9	9	1	10
Total	**488**	**1,885**	**2,373**	**57**	**343**	**400**	**23**	**102**	**125**	**45**	**83**	**128**

Note: Due to rounding, numbers may not exactly match those in Appendix G.
Source: Wilson and Company 2009a

Traffic and Circulation Assessment

County of San Diego General Plan Update

(Project Number: 08-100-601-00, Phase 4.2.4)

Final Report

Revised: May 20, 2009

Prepared for:

PBS&J
9275 Sky Park Court
Suite 200
San Diego, CA 92123-4386

Prepared by:

WILSON
&COMPANY

701 B Street
Suite 1220
San Diego, CA 92101

TABLE 5.6
ROADWAY LANE MILES BY LEVEL OF SERVICE
REFERRAL MAP

CPA	Lane Miles											
	LOS A-C			LOS D			LOS E			LOS F		
	State Hwy	ME Roads	Total	State Hwy	ME Roads	Total	State Hwy	ME Roads	Total	State Hwy	ME Roads	Total
Northwestern Communities												
Bonsall	4.4	73.3	77.7	1.1	3.6	4.7	2.7	6.5	9.2	9.0	-	9.0
Fallbrook	23.3	79.4	102.7	2.2	45.7	47.9	-	22.5	22.5	0.6	3.5	4.1
North County Metro	15.2	154.5	169.7	-	35.0	35.0	-	6.3	6.3	-	5.0	5.0
Pala - Pauma	48.5	36.0	84.5	6.0	8.1	14.1	1.6	2.0	3.6	3.9	-	3.9
Pendleton - De Luz	-	42.4	42.4	-	15.3	15.3	-	-	-	-	-	-
Rainbow	-	12.9	12.9	-	3.1	3.1	-	1.2	1.2	-	1.9	1.9
San Dieguito	-	51.5	51.5	-	19.1	19.1	-	11.4	11.4	-	23.7	23.7
Valley Center	-	111.3	111.3	-	53.7	53.7	-	11.1	11.1	-	13.6	13.6
Northwestern Communities Subtotal	91.4	561.3	652.7	9.3	179.1	188.4	4.3	61.0	65.3	13.5	47.7	61.2
Southwestern Communities												
Alpine	-	79.6	79.6	-	13.0	13.0	-	9.1	9.1	-	6.8	6.8
County Islands	-	1.3	1.3	-	-	-	-	2.6	2.6	-	-	-
Crest - Dehesa	-	53.3	53.3	-	9.7	9.7	-	-	-	-	-	-
Jamul - Dulzura	13.3	93.7	107.0	23.3	2.9	26.2	4.0	2.9	6.9	14.1	-	14.1
Lakeside	19.2	132.3	151.5	3.4	26.3	29.7	3.3	7.5	10.8	5.6	14.4	20.0
Otay	-	48.2	48.2	-	12.7	12.7	-	-	-	-	0.3	0.3
Ramona	53.5	115.4	168.9	8.9	28.5	37.4	0.5	3.8	4.3	1.7	4.1	5.8
Spring Valley	-	35.3	35.3	-	19.9	19.9	-	4.0	4.0	-	3.2	3.2
Sweetwater	-	18.6	18.6	-	8.6	8.6	-	0.7	0.7	-	-	-
Valle De Oro	5.4	73.7	79.1	0.3	14.3	14.6	5.1	4.5	9.6	-	4.5	4.5
Southwestern Communities Subtotal	91.4	651.4	742.8	35.9	135.9	171.8	12.9	35.1	48.0	21.4	33.3	54.7
Eastern Communities												
Central Mountain	42.6	143.2	185.8	-	3.0	3.0	-	-	-	-	-	-
Desert	60.3	255.2	315.5	-	6.4	6.4	-	4.1	4.1	-	0.5	0.5
Julian	35.0	24.5	59.5	-	-	-	-	-	-	-	-	-

ATTACHMENT C

Wilson & Company technical study prepared for the GP Update documenting refinements, except for the LOS E & F lane miles.

Traffic and Circulation Assessment

County of San Diego General Plan Update

(Project Number: 08-100-601-00, Phase 4.2.4)

Final Report

Revised: May 20, 2009

Prepared for:

PBS&J
9275 Sky Park Court
Suite 200
San Diego, CA 92123-4386

Prepared by:

WILSON
&COMPANY

701 B Street
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- Existing General Plan, Proposed Project, project alternatives and the Cumulative Analysis: Buildout development of the County's unincorporated land is assumed in each of these analysis scenarios.

- Incorporated Jurisdictions – Levels of development as predicted by the SANDAG Series 10 forecast model for the year 2030.
- Tribal Lands – Development of known or currently proposed tribal gaming facilities.
- Areas outside of San Diego County: Year 2030 levels of trip attractions/productions based on SANDAG Series 10 forecasts for Riverside, Orange and Imperial Counties and Mexico.

The County's Departments of Public Works (DPW) and Planning and Land Use (DPLU) assisted SANDAG in providing roadway network information, while DPLU supplied land use data for each of the study alternatives. County staff and Wilson & Company (project consultant) participated in the review of the model outputs in terms of land use, facility type, average daily traffic (ADT), and LOS maps.

2.3.2 Refinement and Application of Model Output

Output from the SANDAG traffic model included forecast traffic volumes (ADTs) and plots displaying roadway segment LOS for the Proposed Project and each of the project alternatives, as well as the Cumulative Analysis. Additional review of the model output was undertaken to ensure both the validity and reasonableness of the resulting traffic volumes and LOS.

Based upon detailed review of the model output, in a number of instances the extent of LOS deficiencies as reported by the model was adjusted to account for the following:

1. Variability in traffic forecasts associated with centroid loadings – The coding and location of centroid connectors (connect the TAZ to the roadway network) can impact the loading of traffic onto the adjacent roadway segments. Excess volume loadings can occur on the immediately adjacent links and are more typically associated with larger TAZs and a less developed (sparse) roadway network. Forecast traffic volumes and associated deficiencies were reviewed to ensure a balanced and reasonable loading pattern from the TAZs onto the adjacent roadway network.

2. Variability in traffic forecasts associated with local streets – The SANDAG regional model roadway network does not reflect all local streets, which could result in potential over-forecasting on adjacent mobility element roads. Forecast traffic volumes and associated deficiencies were reviewed to ensure reasonable trip distribution and assignment to the modeled roadway network.

3. Overall accuracy of forecast traffic volumes – Traffic forecasts have an associated level of accuracy, which is typically and conservatively assumed as plus or minus ten percent (10%) for roadway segments. Identified deficiencies from the traffic model were examined to ensure reasonability within the expected accuracy of the model.

Conduct of the above two reasonability checks and adjustments resulted in a refined list of roadway segment deficiencies for the land use and roadway networks of the Proposed Project, project alternatives, and the Cumulative Analysis.

Letter B

City of San Diego

City Planning & Community Investment

Along with

testimony from the Purdum family

and others concerning land use in

the San Pasqual Valley Preserve

B. San Pasqual Valley Preserve Land Use (NC-9) – During the Planning Commission hearings, one area of difference between the alternatives, known as NC-9, was discussed in detail regarding what designation and density should be recommended. A summary of this issue and the rationale for the County's current recommendation is provided below.

- The Planning Commission Map recommends designating the 20-acre subject parcel as Semi-Rural 2 (SR-2) on the entire parcel, with the exception of three acres in the northeastern portion, which is recommended for a Rural Commercial designation. Under the current General Plan the property is designated 17 Estate Residential or one dwelling unit per two or four acres. The property owner is requesting ten acres of the parcel be designated as Rural Commercial.

- The Planning Commission's rationale for their recommendation was that the SR-2 designation is consistent with the unincorporated lands to the west and south. Three-acres of Rural Commercial recognize the existing commercial use on the property, while allowing for a reasonable amount of expansion. In addition a "D" designator Special Area Regulation is recommended to require site plan review to ensure any proposed development is compatible with the rural nature of the area.

- DPLU originally recommended to the Planning Commission that the entire 20-acre parcel be designated as Rural Commercial to allow flexibility of developing the site and to allow the market to drive the scale of commercial development that would occur on the site. This recommendation was consistent with the Board endorsed Referral Map. The Board endorsed Draft Land Use Map proposed that the entire property be designated as SR-2. Based on the testimony received at the Planning Commission hearing and deliberation of the commissioners, DPLU believes that the Planning Commission's recommendation is appropriate and is supportive of it. DPLU also continues to believe that an increased amount of commercial area could be justified.

- City of San Diego Letter (Letter B) – The County acknowledges the City of San Diego's concern for preserving the groundwater, agricultural and other resources in the San Pasqual Valley. The County disagrees that designating three acres of the parcel as Rural Commercial will adversely impact the water quality. County measures and regulations, such as the Low Impact Development Handbook, currently exist to ensure new development minimizes surface water runoff, along with impacts to the groundwater basin. Commercial uses already existing on the parcel, and the Rural Commercial designation will allow for a reasonable amount of expansion, while the "D" Special Area Designator, which will require site plan review, ensures that any new development minimizes adverse impacts to the water quality and other environmental resources.

April 7, 2010

Jimmy Wong
County of San Diego
Planning & Land Use
5201 Ruffin Road, Suite B
San Diego CA 92123

Dear Mr. Wong,

The City of San Diego was recently informed of a proposed rezone of a portion of the 20-acre parcel at the SW corner of Hwy 78 and Via Rancho Parkway, directly abutting the City's boundary on two sides. The City would like to take this opportunity to express concern regarding the proposed rezone. Because issues such as habitat preservation, water quality, and visual and scenic resources do not necessarily follow jurisdictional boundaries, it is the desire of the City of San Diego for government bodies to work together to protect the unique resources of the San Pasqual Valley. As discussed below, the proposed rezone is contrary to numerous City policies and decades of public investment in the San Pasqual Valley.

In 2004, the City drafted the San Pasqual Vision Plan to formally recognize the groundwater resources, natural habitat values, sustainable agricultural opportunities, cultural and historic resources, and outdoor recreational opportunities present in the San Pasqual Valley and the responsibility of the City to manage these lands. Subsequent to the Vision Plan, in 2005 the City Council adopted Council Policy 600-45 to prohibit any further commercialization of the San Pasqual Valley and protect the rural character.

Additionally, in 2005, the City of San Diego amended its Land Development Code and instituted a rezone of all City-owned parcels in the San Pasqual Valley to a more restrictive agricultural zone. This was done in order to preserve the existing rural character of the valley, prohibit further commercialization and to ensure the permanent protection of the San Pasqual Valley's unique water, agricultural, biological, visual, and cultural resources.

It is the desire of the City of San Diego to ensure the long-term protection of the significant water resources within the San Pasqual Valley, as these resources will play a vital role in helping to meet the City's future water supply needs. Additionally, it is essential to the future health and wellbeing of the City to preserve the Valley's significant agricultural areas, sensitive native habitats and unique scenic qualities. The proposed rezone of any portion of this property to commercial use is inconsistent with the City of San Diego's General Plan, the San Pasqual Valley Community Plan, the San Pasqual Vision Plan, the San Pasqual Groundwater Management Plan, the San Dieguito River Park Concept Plan, and City Council Policy 600-45.

City Planning and Community Investment
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The City's Public Utilities Department owns and manages 9,773 acres of land in the San Pasqual Valley for the purposes of source water protection. The Department prepared the San Pasqual Groundwater Management Plan (2007) and is actively implementing the Groundwater Management Plan including the initiation of several pilot and demonstration projects to assess and potentially develop the San Pasqual Valley groundwater basin as part of its water supply portfolio. The goal of the San Pasqual Groundwater Management Plan is to "understand and enhance long-term sustainability and quality of groundwater within the basin, and protect this groundwater resource for beneficial uses including water supply, agriculture, and the environment."

The City of San Diego's Long Range Water Resources Plan outlines ways to meet future water demands, the use of imported water supplies and ways to improve reliability by diversifying water supply. The diversification of water supply includes:

- Development of potential groundwater resources and storage capacity, combined with surface water management to meet overall water supply and resource management objectives;
- Investigation and pursuit of non-traditional water supplies such as brackish groundwater…

Water developed from this basin will reduce the use of imported water and improve water reliability for the region.

The introduction of new development and impervious surfaces would increase the amount of surface runoff and pollutants that enter the groundwater basin. Therefore, in regards to the issue of the City of San Diego's future water supply needs, the proposed rezoning of this property to commercial use is not consistent with the City's established policies regarding water quality.

The City of San Diego appreciates this opportunity to provide comments in regards to the proposed rezone. Included in Council Policy 600-45, is the desire of the City to seek to build consensus with surrounding jurisdictions and other entities in order to ensure a mutual understanding of the need to be sensitive to the long-term vision for the San Pasqual Valley. Should you have any questions please feel free to contact Brian Schoenfisch, Senior Planner, at (619) 533-6457 or bschoenfisch@sandiego.gov.

Sincerely,

William Anderson, FAICP
Director,
City Planning & Community Investment

Cc: Alex Ruiz, Assistant Department Director, Public Utilities
Marsi Steirer, Deputy Director, Public Utilities
Mary Wright, Deputy Director, City Planning & Community Investment
Christine Rothman, Program Manager, City Planning & Community Investment

Letter C

Michael Edwards

Emergency response for fire protection

C. Emergency Response for Fire Protection – The following is the County's response to the Michael Edwards letter to the Planning Commission dated April 14, 2010 (Letter C).

The comment letter expresses the opinion that response time, rather than travel time, should be used as a planning tool in the draft Safety Element of the GP Update and the draft Environmental Impact Report (DEIR). The comment disagrees with the County's statement that response times can be "subjective". The County maintains that this is an appropriate approach. Response time is a composite of three events: dispatch, turnout, and travel. Travel times can be modeled using the roadway network and the distance from the fire station to the destination, likely speed, conflicts, etc. Because travel can be effectively modeled, it can be applied without the subjectivity of different perspectives from various fire personnel or consultants. This is important for the purposes of fairness and consistency when applying a regulatory standard across a region. Dispatch and turnout are not specifically monitored in San Diego County and cannot be readily modeled for different stations and districts. To obtain them, they would need to be requested from individual department that do seldom have specific data to support their feedback. Thus, subjectivity is introduced into the equation which can lead to inconsistencies and significant debate.

Dispatch and turnout shouldn't vary significantly from station to station. Normal targets for the two are 60 seconds and 60-80 seconds (60 for EMS and 80 for fire and special operations), respectively. Additionally, and more importantly, the location of a development does not affect dispatch and turnout times. Only travel times are affected. Therefore, it is reasonable to focus in on travel times as the defining standard for development. Furthermore, response time standards can easily be converted to travel time standards by subtracting average dispatch and turnout times.

The commenter suggests that the County should rely on the National Fire Protection Association (NFPA) 1710 and 1720 standards, which guide the organization and deployment of fire suppression and emergency medical operations. The County does not agree that these standards are applicable to the GP Update as they are <u>advisory</u> only. However, in developing its own standards and the GP Update, the NFPA guidance has been considered. The Regional Fire Services Deployment Study for the County of San Diego Office of Emergency Services, dated May 5, 2010, prepared by a third party consultant Citygate Associates, LLC, evaluates the region's fire services against NFPA guidelines. The study concludes that the County's GP Update in terms of fire response times is generally consistent with the NFPA guidance for the first arriving engine. Travel times were a key component in the analysis of the adequacy of the region's fire services.

The commenter further contends that the DEIR is inadequate with respect to analysis of emergency response for fire protection. The letter refers to Section 2.13 of the DEIR. This section evaluates whether or not the project will require new or expanded public service facilities, the construction of which would result in impacts on the environment. With regard to fire protection facilities, it was determined in the DEIR that the GP Update will result in new or expanded services that would have environmental impacts but that those impacts would likely be mitigated to less than significant when those fire facilities are permitted.

The commenter seems to suggest that a conclusion of significant and not mitigable should be reached because deficiencies in fire service will occur in the future. However, this is not the subject of this section or a relevant CEQA threshold. As discussed in CEQA Guidelines Section 15064(d), the lead agency shall consider the direct and indirect <u>physical changes in the environment</u> which may be caused by the project (emphasis added). The comment letter suggests that the DEIR analysis in Section 2.13 is evaluating “whether or not fire protection services are adequate to serve existing and new development.” This is not an impact analyzed in Environmental Impact Reports. The DEIR does include a discussion of emergency services, including travel time, for the purpose of demonstrating on a programmatic level how the project will result in a need for new or expanded construction of facilities. It is from the construction of such facilities that the County determined there would be a physical change in the environment that constitutes a significant but mitigable impact.

The commenter also raises the issue of fire service ratios related to staffing. Again, a deficiency in staffing is not a CEQA issue as it does not relate to “direct and indirect physical changes in the environment.” However, the issue of staffing is addressed considerably in the Citygate study.

Perhaps more relevant to the commenter’s concerns is Section 2.7.3.8, Wildland Fires which addresses the exposure of people or structures to a significant risk of loss, injury, or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands. In this section, the DEIR concludes that increased exposure would result from the GP Update to a level that is significant. Mitigation is acknowledged and recommended in the way of fire resistive construction, reviews by fire agencies, preparation of fire plans, appropriate siting and brush management, and other measures; however, given the extent of new homes planned for high risk wildfire areas the DEIR concludes that the issue cannot be mitigated below a level of significance.

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April 14, 2010

Michael Beck, Chairman
Planning Commission
County of San Diego
Department of Planning and Land Use
5201 Ruffin Road, Suite B
San Diego, CA 92123

Via U.S. Mail and
Email: beckehl@cox.net

Dear Mr. Beck,

In their staff report, the Department of Planning and Land Use is recommending that you forward a recommendation to adopt the General Plan Update to the Board of Supervisors and find that you have considered the information in the DEIR prior to making your recommendation.

Staff has also indicated that neither the comments nor the subsequent revisions to the DEIR have identified any new significant environmental impacts that would trigger a recirculation of the DEIR pursuant to Section 15088.5 of CEQA.

I have been monitoring and reviewing the evolution of the DEIR and, it is my opinion, with respect to the analysis of emergency response for fire protection, that the DEIR is so fundamentally and basically inadequate and conclusory in nature, so as to preclude meaningful public review (Section 15088.5 (a) (4)).

The Draft General Plan Update (GPU) uses only Travel Time to evaluate whether or not fire protection services are adequate to serve existing and new development. On April 2, 2010, DPLU staff revised page 7-10 of the Safety Element to include an explanation of why Travel Times as opposed to Response Times were used to evaluate the adequacy of fire protection services. Their explanation (in part) is as follows:

> ***"The use of response time for determining adequate service is problematic in the unincorporated County because it is subjective…"***

This statement is not correct in my judgment as response times are not subjective. NFPA 1710 and 1720 are Response Time standards, just like NFPA 1142 (which is cited by DPLU staff) is a Travel Time standard.

The explanation quoted above is then followed on page 7-10 by the note below, which described how Table S-1 is used to establish travel times corresponding to various densities:

> "Table S□1 establishes a ***service level standard*** for fire and first responder emergency medical services that is appropriate to the area where a development is located. Standards are intended to (1) help ensure development occurs in areas with adequate fire protection and/or (2) help improve fire service in areas with inadequate coverage by requiring mitigation for service□level improvements as part of project approval." (***Emphasis added***)

On page 2.13-1, the DEIR incorrectly concludes that both Direct Project Impacts and Cumulative Project Impacts are Potentially Significant, but are reduced to Less Than Significant after mitigation; however, the DEIR does not include any analysis of the NFPA standards that DPLU has now included on page 7-10 of the Draft GP. Although DPLU refers to NFPA 1142 as a Travel Time standard, it **ignores** NFPA 1710 and 1720, which are Response Time standards (1710 is for career fire departments and 1720 is for volunteer fire departments).

Furthermore, NFPA 1710 and 1720 also include standards for Service Ratios. The Service Ratios set a standard for the minimum number of firefighting staff that are needed to respond to an incident (e.g., single family residential structure fire) based on population density. For example, even in a rural area with a population density of <500 people per square mile, **six firefighters** are the minimum number of staff that are needed to respond to an incident. **The DEIR does not have any analysis of whether or not the fire service can respond to an incident with the minimum number of staff, much less within the required response time.**

This type of service ratio is critically important because NFPA 1500 contains a two-in and two-out requirement. In other words, before firefighters can enter a single family dwelling, there must be a minimum of four firefighters on-scene; hence the two-in and two-out description. The fire service throughout the unincorporated area of San Diego County adheres to this standard and uses a maximum of three firefighters per engine. **This means that especially in backcountry areas, as a measurement of adequate fire protection, Travel Time for the first engine is technically meaningless, since a minimum of a second engine from a different station or agency will be required. The DEIR does not contain any analysis of this requirement, even though the fire service has uniformly utilizes the two-in and two-out requirement found in NFPA 1500.**

The DEIR concludes that the impacts from fire facilities would be less than significant because projects are required to conform to County ordinances (i.e. RPO, BMO, and Watershed Protection); however, the DEIR does not include any analysis of the extent of the potential new facilities that would be needed to maintain the **service ratios** required by NFPA 1710, 1720 and

1500. In this case service ratios would be the number of firefighters that are needed to respond to an incident such as a structure fire in a single family dwelling.

Keeping a structure fire contained to the structure of origin is important so that it does not spread and become a wildland fire; therefore, the use of Travel Time alone, will not achieve the stated purpose contained in Table S-1, which is to contain a fire to its foundation of origin, because it fails to consider either the response time or the number of firefighters that are needed to respond to an incident.

Because the DEIR does not include an analysis of the issues described in this letter, the DEIR does not provide the substantial evidence necessary to conclude that impacts related to fire protection services can be reduced from Potentially Significant to Less Than Significant. This needs to be resolved and addressed in an orderly manner.

I respectfully request, therefore, that your Commission refer the GPU and the DEIR back to staff in order to revise and recirculate the DEIR and reschedule the project for a future Planning Commission meeting.

Very truly yours,

Michael M. Edwards
BYRON & EDWARDS, APC

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Letter D

Endangered Habitats League

Various Issues

D. Various Endangered Habitats League Issues – The following is the County's response to the Endangered Habitats League (EHL) letter to the Planning Commission dated April 16, 2010 (Letter D).

Land Use Maps – The commenter supports the recommended land use map with the primary exception of the Rural Lands 20 (RL-20) designations in Chihuahua Valley of the North Mountain Subregion. The County acknowledges that the Planning Commission initial tentative recommendation for this area was a designation of Rural Lands 40 (RL-40); however, additional information has since become available on the fire service in the Sunshine Summit and Chihuahua Valley area. The Sunshine Summit station, which was previously a volunteer station that did not meet the Department of Planning and Land Use's criteria for use in response-time modeling is now expected to have full-time staffing within a year. This station is located close enough to the Chihuahua Valley to receive a less than 20 minute response time, and would allow for the application of densities higher than RL-40, such as RL-20. The RL-20 designation is based on an attempt to build consensus with property owners in this area, consistent with Guiding Principle 10 (Recognize community and stakeholder interests while striving for consensus). DPLU felt that the designation was also appropriate given the transitional location of the property between SR-10 and RL-80 designated lands, and the large amount of land designated for Open Space that previously was considered at SR-10 or RL-40.

Conservation Subdivision – The County acknowledges the comments concerning the Conservation Subdivision Program with respect to lot size, establishing a "minimum" percentage of resources to be avoided and the preservation of required open space resulting from the Conservation Subdivision Program; however, does not agree that changes to this program are appropriate at this time. The draft program is a result of extensive efforts to build consensus for this program and represents a compromise based on the diverse positions of community, development and environmental interests.

Equity Mechanism – The County appreciates EHL endorsement of the creation PACE program and the agreement with staff that "at this point in time, it is not feasible or desirable to undertake a TDR program".

Tecate – The County acknowledges the concerns expressed in this letter as they relate to traffic on SR-94 resulting from development in Tecate within the proposed special study area. According to traffic model forecasts prepared for the GP Update DEIR based on existing conditions in 2007, there are 4,000 average daily traffic (ADT) originating in Mexico. Most of these trips end up on the SR-94 heading west. Therefore, it is safe to assume that 30-40 percent of the existing ADT (8,900 ADT in 2007) originate from Mexico and are residents of Tecate, Mexico who are traveling into San Diego to obtain desired goods and services. The typical trip to Rancho San Diego (25 miles) or Chula Vista (26 miles) requires the travel of considerable distances each way to obtain these goods and services. These trips contribute to both the traffic on SR-94 and greenhouse gas impacts on the U.S. side of the border.

For a variety of reasons including pricing, quality, and consumer preference, the residents of Tecate, Mexico will continue to demand goods and services in the U.S. By providing these goods and services in Tecate, USA, the object of the special study area is to capture the trips in close proximity and reduce traffic on State Route 94; allowing it to continue to operate a level of service A-D as a two-lane road. Therefore, if the land use plan for the special study area is successful in capturing trips from Tecate, Mexico that would have otherwise traveled on State Route 94, then additional capacity would be available on State

Route 94 to accommodate increased traffic on State Route 94 to provide the necessary gods and services to support the proposed commercial/industrial development. In addition, Policy SSA 1.2.2 has been added to the Land Use chapter of the Mountain Empire Subregional Plan to monitor impacts State Route 94 and adjust the land use plan for the special study area accordingly to maintain State Route 94 at two lanes while operating at an acceptable level of service (see below).

> Policy SSA 1.2.2 – *Periodically review traffic conditions relative to new development in Tecate USA to demonstrate that uses are achieving the desired interaction with Mexico and limiting the traffic burden on State Route 94. Make adjustments to the land plan and intensities where necessary to better achieve the desired balance between growth within Tecate while limiting the effects on State Route 94.*

The County further acknowledges concerns over the possible future expansion of the Tecate Point of Entry. Any future expansion plans for the Port of Entry will be determined by the Federal government and will be based on demand, national security and logistics. However, the Mountain Empire Subregional Plan includes Policy SSA 1.2.3, which provides that retail uses to be arranged in nodes to facilitate travel on foot and encourages the provision of a shuttle service that would transport shoppers from the International Border, reducing the need to expand the crossing (see below).

> *Policy SSA 1.2.3 – Arrange retail uses in nodes such that visits to multiple businesses can be made on foot. As development intensity in Tecate increases, consideration should be given to a shuttle service that would transport shoppers between the border crossing and retail establishments in Tecate, USA.*

<u>Land Use Element</u> – The County acknowledges the concerns raised in this letter regarding the language in Policies LU-8.2 and LU-8.3. Use of the word "prohibit" takes away the County's ability to look at overriding considerations while balancing competing public objectives (including environmental, legal, technical, social, and economic factors). Typically, the County cannot determine ahead of time where overdraft conditions are likely to occur. It is more appropriate to apply the groundwater investigation process for discretionary actions in order to ascertain whether a project will or will not have a sustainable groundwater supply. Therefore, the language in LU-8.2 was changed accordingly. Additionally, the word "sustainable" is defined by the County on Page 6 of the County Guidelines for Determining Significance – Groundwater Resources. It is defined as the amount of groundwater that can be withdrawn annually without producing an undesirable result. It is generally recognized that undesirable results include not only the depletion of groundwater reserves, but also the intrusion of water of undesirable quality, the contravention of existing water rights, the deterioration of the economic advantages of pumping, excessive depletion of streamflow, impacts to groundwater-dependent vegetation, and land subsidence.

Draft response to EHL comment G5-130 on the DEIR has been revised to discuss the current form of Policy LU-8.3, Groundwater-Dependant Habitat, and the use of the word "discourage" in place of "prohibit." The word "prohibit" was too restrictive since almost all habitat types in San Diego County can be directly or indirectly affected by groundwater availability. The County will continue to evaluate impacts to groundwater-dependent habitat by adhering to this policy and utilizing the County Guidelines for Determining Significance – Biological Resources.

Conservation and Open Space Element – The County disagrees that draft Policy COS-18.3, Alternate Energy Systems Impacts, should be amended to add "site" in addition to "design and maintain" which is already included in the policy. The location and siting of alternate energy systems is already addressed in draft Policy COS-18.1, Alternate Energy Systems Design, and the County does not agree that it needs to be repeated in Policy COS-18.1.

Valley Center – The County reviewed the land use designations along Moosa Canyon and Keys Creek to ensure they are compatible with achieving MSCP habitat and connectivity objectives. The County also reviewed the Mobility Element road crossings within the Moosa Canyon and Keys Creek corridors. While New Road 19 would cross Moosa Canyon, the proposed alignment is located approximately 1,000 feet west of the existing four-lane Valley Center Road and would traverse a recently closed dairy farm; therefore, the County does not foresee hindrances to achieving MSCP habitat and connectivity objectives.

April 13, 2010

VIA FACSIMILE AND ELECTRONIC MAIL

Michael Beck, Chair
San Diego County Planning Commission
ATTN: Cheryl Jones, Commission Secretary
5201 Ruffin Rd., Suite B
San Diego, CA 92123

RE: Agenda Item 1, April 16, 2010: General Plan Update

Dear Chairperson Beck and Members of the Commission:

The Endangered Habitats League (EHL) appreciates the opportunity to provide testimony responding to the new materials before you.

Land Use Map

EHL continues to support the Draft Land Use Map, with some modifications from the Environmentally Superior Map. Regarding the Commission's map recommendations to date, *we strongly urge you to reconsider your recommendation for close to 800 acres in the remote Chihuahua Valley* (NM 6,7 and 11B). According to the Board policy that guided the update, the R-20 designation should only be applied either 1) *inside* the CWA boundary or 2) in the limited circumstance of existing parcelization. The Chihuahua Valley parcels meet neither test. Based upon this guidance, the proper density for the vast majority of the land is therefore 1:80 (as recommended by staff) or conceivably 1:40 (as previously recommended by the Commission).

Conservation Subdivision

We appreciate the progress made by the Commission, community groups, and DPLU in forging substantial consensus on this vital program. We support the use of design guidelines, the need for third party easement holders, and the compromise language on the "by right" and sewer extension issues. While we recognize that the staff-recommended minimum lot sizes reflect community input, we continue to endorse the following on planning and resource grounds:

SemiRural 1:1	¼-acre minimum
SemiRural 1:2 - 1:4	½-acre minimum
Rural 1:10	1-acre minimum
Rural 1:20 - 1:160	2-acre minimum

However, we strongly urge revision of the staff recommended minimum lot sizes for Valley Center, as they would preclude attaining greater than minimum program benefits. Even substituting the Ramona minimums, for example, would be far better. Much of the remaining disagreement between staff and community groups is in Potrero and Boulevard. It is telling that even the Commission's modest and sensible direction to look at *groundwater ordinance-based minimum lot sizes* did not receive community support.

We have several continuing concerns over the Conservation Subdivision implementing regulations:

For Zoning Ordinance Lot Area Regulations, Section 4230(b)(1)ii, the required finding for lot compatibility is too rigid, which should rest on proper rural design rather than lot size. Also, the finding for buffering sets so high a bar that it arguably cannot be met. Suggested revisions follow:

> ii. The harmful effect, if any, upon desirable neighborhood character, including a finding that all lots in the subdivision which adjoin neighboring properties are compatible ~~in size and shape to~~ <u>with</u> the adjoining lots unless such adjoining area is to be preserved for open space or that adequate buffering has been provided to eliminate any <u>significant</u> harmful effect to neighboring properties;

Subdivision Ordinance Section 81.401, Design of Subdivision, Table 81.401.1, should be clarified that the Percent Avoided Resources is a *minimum* threshold that can be *exceeded* if all the other design criteria pertaining to the subdivision are met. This would reflect the language in the Draft Rural Subdivision Design and Processing Guidelines, Section 2.4.1 (p. 5) that states, "For rural lands, the Subdivision Ordinance contains avoidance minimums for environmental resources (see Table 2)." Also, this has always been the intent of the program, as consistently seen in prior DPLU documents (e.g., Attachment H for Board of Supervisors, May 19, 2004, Table H-1, which states "Minimum Open Space Lot"). Thus, the Table should read "<u>Minimum</u> Percent Avoided Resources."

For Subdivision Ordinance Section 81.401, Design of Subdivision, paragraph (p), the design criteria for 1:10 -1:160 are generally good, but some changes are needed for (p)(6)vi. These suggested changes anticipate future potential subdivision when the full density yield was not initially achieved, and avert a wide-open loophole due to the overly broad concept of "public welfare." Suggested revisions follow.

> . . . The avoided lands shall be protected with an easement dedicated to the County of San Diego ~~or~~ <u>and</u> a conservancy approved by the Director . . . The required open space shall be maintained as open space for as long as the lots created through this provision of the Ordinance<u>, or lots created through subsequent subdivision</u>, remain, except in circumstances where a need to vacate is required for public health~~,~~ <u>or</u> safety~~, or welfare~~.

Equity Mechanism

EHL endorses the creation and funding of the PACE program. One way to fund the PACE program is to require mitigation for loss of agricultural land. We also support direct density transfer between properties on a case-by-case basis. We concur with staff that at this point in time, it is *not* feasible or desirable to undertake a TDR program. A multi-year project delay is not acceptable. A relatively simple option that could follow the Update is for density bonuses in exchange for payment of a fee, which would fund the PACE program and MSCP acquisitions. TDR could also be undertaken as a follow up to the Update, based upon the new General Plan densities.

Tecate

We are deeply concerned by the proposal for a Special Study Area in Tecate whose goal is an "International Trade Community." Such development in Tecate risks tipping SR 94 from 2 to 4 lanes, which would be hugely expensive and severely growth-inducing. (Rural SR 94 is 2 lanes in both the Circulation Element and SANDAG RTP.) While the ostensible purpose of the is to expand commercial and industrial activity in Tecate USA to serve the needs of Tecate Mexico, there is no reason that local-serving retail, chain stores, etc. cannot be sited in Mexico. Furthermore, the historic goal of the local landowners has been to expand the Tecate Port of Entry, even though such expansion is currently prohibited by the federal government for a variety of logistical and policy reasons. Increased truck trips from port expansion would tip SR 94 to 4 lanes. Nevertheless, the port expansion agenda is still active, as seen in the Kimley-Horn study commissioned by the Tecate Sponsor Group:

> In addition, with the projected increase in cross-border interaction with Mexico, demands on border-crossing inspection facilities will increase, resulting in potential impact. The Sponsor Group plan provides additional parcels for federal inspection facilities beyond those identified in the Proposed Project. The extent to which existing inspection facilities will require expansion will need to be considered by federal agencies.

The Special Study Area goals and policies are deficient in safeguarding SR 94 as 2 lanes and in at least discouraging Port of Entry expansion. Even the landowner's consultant admits that 45% of industrial trips and 20% of the retail trips end up on SR 94. EHL continues to oppose the adoption of a SSA, but if adopted, there should be goals and policies that markedly restrict industrial uses, discourage port expansion, and cap trips ending up on SR 94 to a level well below failing LOS. Specifically, to ensure consistency with the draft Circulation element, the Community Plan should provide that any future intensification of land uses in Tecate be conditioned on a demonstration that such intensification, considered cumulatively, will not result in a level of service reduction, such as below LOS D, on any portion of SR 94 that would justify its widening beyond its current 2-lane configuration.

Land Use Element

In LU-8.2 pertaining to groundwater, the word "prohibit" in the first bullet is deleted but not replaced. "Prohibit" remains the appropriate language.

In LU-8.2, a revised second bullet is now proposed as follows:

> In areas without current overdraft groundwater conditions, evaluate new groundwater-dependent development to assure a sustainable long-term supply of groundwater is available that will not adversely impact existing groundwater users.

Pertaining to areas without current overdraft, how is "sustainable" defined? Will the Groundwater Ordinance will define it? Furthermore, not only existing users but also biological resources and the future users anticipated by the General Plan need consideration. How will aquifers be protected that feed wetlands and seeps and that support streams?

For LU-8.3, the latest version has gone backward and sacrificed natural resource protection:

> **Policy LU-8.3 Groundwater-Dependent Habitat.** ~~Prohibit~~ Discourage development that would significantly draw down the groundwater table to the detriment of groundwater-dependent habitat, except in the Borrego Valley.

The revised policy language is in conflict with Response to Comment G5-130, which states, "However, it should be noted that Policy LU-8.3 is proposed to be further revised to note that only significant drawdown of the groundwater table would be *prohibited* for development." (Emphasis added.) Accordingly, consistent with the Response to Comment, the term "prohibit" should be retained and "discourage" deleted.

Conservation and Open Space Element

Suggest the following change in view of the critical nature of wind turbine location in reducing bird and bat mortality:

> **Policy COS-18.3 (NEW) Alternate Energy Systems Impacts.** Require alternative energy system operators to properly site, design and maintain these systems to minimize adverse impacts to the environment.

Valley Center

Moosa Canyon and Keys Creek are corridors in the draft North County MSCP, as reflected in draft Pre-Approved Mitigation Area (PAMA) mapping. Thus, staff should review the land use designations along Moosa Canyon and Keys Creek to ensure that they are compatible with achieving MSCP habitat and connectivity objectives, particularly where Village boundaries overlap PAMA. Circulation Element road crossings in this area need similar review.

Thank you for considering our views and for the progress on the Update.

With best regards,

Dan Silver, MD
Executive Director

cc: LUEG
DPLU
Interested parties

Letter E

Save Our Forest and Ranchlands

Forest Conservation Initiative

E. Forest Conservation Initiative – The following is the County's response to Shute, Mihaly & Weinberger letter on behalf of Save Our Forests and Ranchlands (SOFAR) dated March 11, 2010 (Letter E).

The commenter contends that the Forest Conservation Initiative (FCI) will not expire on December 31, 2010; however, the County disagrees with their interpretation of the FCI text and the Elections Code. The County contends that upon the sunset (expiration) of the FCI, the land uses would revert back to the land use designations applied prior to its adoption. The pitfalls expressed in this letter, such as the General Plan consisting "of a hodgepodge of new and old designations", would be remedied by amending the GP Update to designate the FCI areas with GP Update designations as soon as the FCI expires. The Board of Supervisors could also consider a moratorium on FCI lands that could go into effect after it expires should the FCI General Plan Amendment be expected to take longer than currently anticipated. A moratorium would alleviate the primary issues expressed in this letter by preventing owners of FCI lands from developing at pre-FCI land use designations. However, at this time, the GP Update has not been adopted and the FCI has not yet expired, therefore, it is premature to address this issue.

In many cases, it is anticipated that the GP Update designation of Rural Lands 40 (equivalent to the FCI designation) would be proposed. However, there are also various areas where different designations are appropriate to recognize existing parcelization or to allow for some reasonable residential or commercial growth where appropriate. In addition, since the GP Update Draft Environmental Impact Report did not include consideration of specific redesignations for FCI lands; staff agrees with the commenter that additional environmental review is still necessary to redesignate the FCI lands.

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March 11, 2010

Via Electronic Mail

San Diego County Planning Commission
c/o Cheryl Jones
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San Diego, CA 92123
E-Mail: Cheryl.Jones@sdcounty.ca.gov

Re: Forest Conservation Initiative
March 12, 2010 meeting Agenda Item #2

Dear Planning Commissioners:

On behalf of Save Our Forest and Ranchlands, I am writing to notify the Planning Commission that the information presented in the County's "Fact Sheet" regarding the Forest Conservation Initiative ("FCI") grossly misstates the law regarding the effect of FCI's December 31, 2010 expiration date ("FCI sunset"). Furthermore, the Fact Sheet overlooks the grave practical and legal problems that will arise if the FCI lands are redesignated so as to "revert back" to pre-FCI designations on January 1, 2011.

I. FCI Lands Do Not Revert Back to Previous Land Use Designations.

As set forth in our March 12, 2009 letter to Devon Muto, as copy of which is attached, there is no legal basis for the Fact Sheet's conclusion that the General Plan land use designations in effect prior to the adoption of FCI will spring back into life following FCI's sunset. Rather, the Elections Code, the text of the initiative and the legislative history all dictate that the sunset date refers to the date that the County Board of Supervisors may amend the FCI designations without seeking voter approval. There is nothing in the text of FCI or the applicable statutes and case law that suggests that the land uses will revert back to pre-FCI designations in 2011. Any decision by the County to redesignate lands to their preexisting designations is therefore not by operation of FCI and, as discussed below, is a discretionary decision subject to CEQA.

II. The County has Failed to Analyze the Environmental Impacts of Its Decision to Redesignate FCI Lands to their Pre-FCI Status.

CEQA applies to the first approval of any development project. Pub. Res. Code § 21080(a); *Save Tara v. City of West Hollywood* (2008) 45 Cal.4th 116, 128. For public agency projects, the agency must comply with CEQA at the time the agency commits to a definite course of action. CEQA Guidelines § 15352(a). Courts must look at the "surrounding circumstances to determine, whether, as a practical matter, the agency has committed itself to the project as a whole or to any particular features, so as to effectively preclude alternatives or mitigation measures that CEQA would otherwise require to be considered." *Save Tara*, 45 Cal.4th 139.

If the County decisionmakers persist in their process of determining that FCI lands revert to their pre-FCI designations, the County must undertake its proper CEQA review.[1] Any decision to redesignate FCI lands (to pre-FCI designations) would have to be done by the Board of Supervisors, the County's legislative body. Gov. Code §65358. The redesignation of these lands will have massive, across-the-board environmental impacts because the County would be essentially "up-zoning" thousands of acres of currently protected agricultural and forest lands. CEQA requires that these impacts be analyzed now, not in January 2011 after FCI has expired and, under the County's plan, the FCI lands have already been redesignated.

II. The County's Reversion Theory Will Cause a Host of Legal and Pragmatic Problems.

The elements of the General Plan must comprise an integrated internally consistent and compatible statement of policies. Gov. Code § 65300.5; *Sierra Club v. Kern County* (1980) 126 Cal.App.3d 698, 704. Assuming the GPU is adopted and takes effect in 2010, under the County's reversion theory, the General Plan will cease to be internally consistent as of January 1, 2011. Instead, the Plan's land use designations will consist of a hodgepodge of new and old designations. All non-FCI lands will be covered

[1] The submission of a citizen sponsored initiative to the voters is not a project subject to CEQA. CEQA Guidelines § 15378(b)(3). However, the County's decision to redesignate FCI lands to their previous designations does not fall within the scope of this exemption.

by the new designations set forth in the GPU (including Village, Semi-Rural and Rural designations), while the FCI lands will be designated under the old terminology (including Residential, Commercial and Agriculture (19) and (20) designations). Because none of these old designations are defined in the General Plan Update or explained on any land use map, they will create an incompatible and inconsistent General Plan, and due to the general plan internal inconsistency, would have no authority to approve development on FCI lands. *Garat v. City of Riverside* (1991) 2 Cal.App.4th 259, 299; *Sierra Club*, 126 Cal.App.3d at 704.

The Fact Sheet recognizes that massive confusion would result until a General Plan Amendment is adopted to again redesignate former FCI lands. The County plans to adopt a General Plan Amendment in "early 2011" to remedy this confusion. There is no telling, however, whether this schedule would be achieved. In the meantime, owners of FCI lands would seek to develop their properties under the pre-FCI designations. The County has no plan in place for handling this flood of applications.

Please contact me if you have any questions regarding the contents of this letter.

Very truly yours,

SHUTE, MIHALY & WEINBERGER LLP

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Catherine C. Engberg

cc: Devon Muto (Devon.Muto@sdcounty.ca.gov)

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March 12, 2009

Via E-Mail and U.S. Mail

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Re: Forest Conservation Initiative

Dear Devon:

Thank you for taking the time to speak with me regarding the County's schedule for adopting the General Plan Update and the County's position regarding the termination of the Forest Conservation Initiative ("FCI"), assuming it is not extended by the voters. On behalf of Save Our Forest and Ranchlands, I am writing to explain why the Elections Code, the text of the initiative, and its legislative history dictate that the FCI designations will remain in place after December 31, 2010, FCI's sunset date while the voter approval requirement will expire.

We strongly disagree with the County's position that the land use designations modified by FCI will automatically revert back to pre-FCI designations after the Initiative's sunset. The County's position has no legal support and, as a practical matter, would wreak havoc on land use planning for the County's forest lands. We understand that the County intends to adopt its GPU in late 2010, effective January 1, 2011, and that the GPU may change land use policy for the areas covered by FCI. However, in the event that this schedule is delayed, there would be a period of time when, under the County's theory, the pre-FCI designations would be reinstated before the new GPU is adopted. This "lapse period" would open the floodgates to development applications because the pre-FCI designations authorize significantly more development than FCI's or the proposed GPU's land use designations. The reversion to pre-FCI land use designations would also have enormous environmental consequences as property owners seek to subdivide lands under the pre-FCI rules. This letter details why the County's position is without merit.

FCI's Sunset Clause Merely Removes the Voter Approval Requirement

FCI states that its purpose is to amend the San Diego County General Plan to impose a minimum parcel size of about 40 acres on all privately owned lands within the boundaries of the Cleveland National Forest and outside Country Towns "through December 31, 2010." Although the Initiative does not state what will happen after 2010, the Elections Code fills the gap. Specifically, Elections Code section 9125 states:

> No ordinance proposed by initiative petition and adopted either by the board of supervisors without submission to the voters or adopted by the voters shall be repealed or amended except by a vote of the people, unless provision is otherwise made in the original ordinance.

Absent a sunset clause, FCI's land use designations would continue eternally unless the voters enacted a change in the measure. The sunset clause simply "provides otherwise" for this default rule, specifying that the voter approval requirement will disappear in 2011.

Neither the sunset clause nor any other provision of FCI suggests that the previous land use designations will be reinstated in 2011. *See Robert L. v. Superior Court* (2003) 30 Cal.4th 894, 900-01 (courts apply traditional rules of statutory construction when interpreting an initiative). Instead, FCI expressly states that the former designations, to the extent they are inconsistent with "National Forest and State Parks (23)" designation, are "repealed." In addition, the Initiative attaches nine community and subregional plan maps. The Initiative drafters placed text on each map stating that the land use designations are "repealed" to the extent they are inconsistent with "National Forest and State Parks (23)" designation. Accordingly, rather than providing that the land use designations would be reinstated in 2011, FCI expressly provides that they are repealed.

FCI's legislative history confirms that the measure did not intend to reinstate the previous land use designations in 2011. County Counsel's Impartial

Analysis states that the pre-FCI land use designations are "repealed", and does not suggest that this repeal would somehow be nullified after the Initiative sunsets. Even the opponents of the Initiative did not believe the land use designations would revert back in 2011. The "con" ballot argument states that FCI "is a dangerous precedent – *wiping out* careful planning guidelines." (Emphasis added.) The voters who thought they were "wiping out" planning guidelines could not possibly have imagined that these planning guidelines would be reinstated. *See Robert L.*, 30 Cal.4th at 901 (the court's "task is simply to interpret and apply the initiative's language so as to effectuate the electorate's intent").

Furthermore, the County's theory that the pre-FCI land use designations will be reinstated after FCI's sunset undermines the long-term purpose of land use planning. General plans do not terminate when they reach their scheduled horizon year. *See* Gov't Code § 65300 *et seq.* Indeed, the absence of a general plan would interfere with ongoing projects and vested rights. *See Resource Defense Fund v. County of Santa Cruz* (1982) 133 Cal.App.3d 800. Like a general plan with a horizon year of 2010, FCI's land use designations will simply continue until such time, if ever, that the County adopts new designations. The County's theory that the land use designations will revert back to pre-FCI designations creates legal uncertainty that is contradictory to sound planning principles.

<u>GPA 95-01 Does Not Support the County's Interpretation of FCI</u>

When we last spoke, you indicated that GPA 95-01, adopted on January 11, 1995, established the County's position that FCI's land use designations will revert back to pre-FCI designations in 2011. GPA 95-01 does no such thing. GPA 95-01 was a "clean-up" amendment intended to eliminate purported inconsistencies between the General Plan and FCI. The resolution adopting GPA 95-01 does not even address the issue of what happens after FCI expires. Indeed, the resolution could not have decided that the land use designations would revert back to pre-FCI designations because such action would have been an amendment to FCI requiring a vote of the people. *See* Elec. Code § 9125.

The Board of Supervisors adopted the text amendments in GPA 95-01 with an expiration date of December 31, 2010, so that they would ostensibly be in effect only as long as FCI. This was a mistake, but one that is easily fixed. The staff report accompanying GPA 95-01 provides no analysis to support its conclusion that upon expiration of FCI the pre-FCI land use designations will be in effect. To the extent that the County believes that GPA 95-01's "clean-up" amendments are necessary for internal General Plan consistency, it can easily readopt these amendments in a manner that eliminates the expiration date.

Summary

The County's position on FCI's expiration is legally incorrect and creates a land use planning nightmare for County planners and property owners. Moreover, any decision to construe the Initiative as mandating a reversion back to pre-FCI land use designations would have tremendous physical impacts on the environment that would require the preparation of an EIR under CEQA.

The County should consider issuing a formal statement modifying its incorrect position regarding the implications of FCI's sunset clause. Otherwise, the County will have promulgated misinformation that has been and will be relied upon by local planning groups and property owners alike. The County has a duty to explain that, if FCI is not extended, its voter approval requirement will disappear but its land use designations will remain in place until such time, if ever, the County amends them. Such a statement is necessary to correct the County's legal interpretation, avoid widespread confusion, and to avoid the planning calamity that will transpire if the GPU is delayed beyond 2011.

Please contact me if you have any questions regarding the contents of this letter.

Very truly yours,

SHUTE, MIHALY & WEINBERGER LLP

Catherine C. Engberg

cc: Duncan McFetridge

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Letter F

Cleveland National Forest Foundation
and
Save Our Forest and Ranchlands

Saving Land by Developing It – Contradiction or Plan?

F. **Various Issues** – The following is the County's response to the Cleveland National Forest Foundation (CNFF) and SOFAR paper titled "San Diego County General Plan Update: Saving Land by Developing It – Contradiction or Plan?" undated (Letter F).

GP Update Growth Projections – The paper questions the use and relevance of growth projections; however, the County finds that growth projections are a sound basis for regional planning and required part of determining the distribution of land uses in the County's General Plan. The commenter further states that the GP Update has "unusually high growth projections." The County disagrees with this assertion and is recommending a project that would accommodate 57 percent of the future dwelling units allowed under the existing General Plan, most of which would be concentrated within the San Diego County Water Authority boundary.

Equity – The commenter states that the County must codify entitlement to zoning in order to pass an equity mechanism. The County does not agree with this interpretation and has outlined a general Transfer of Development Rights option for consideration by the Board of Supervisors. Nevertheless, equity is not the "foundation of the GPU" as suggested by the commenter. The proposed GP Update is based on sound planning principles and comprehensive analysis of existing conditions.

Conservation Subdivision Program – The County does not agree that consolidated development under the Conservation Subdivision Program (CSP) is a method of increasing density. Density is established by proposed General Plan land use designations with consideration given to environmental constraints. The CSP is a method of achieving better development and conservation design, particularly in rural areas where it is important to maximize the surface area of open space and minimize development footprint. The County agrees with the commenter's statement that the CSP would allow "landowners to retain a certain level of building density." As proposed, this level would be the density proposed by the GP Update. However, the County does not agree that the CSP or the achievement of General Plan density is a type of equity mechanism. The commenter does not support such an assertion with evidence or reasoning. Based on the discussion and the quotation from the Farm Bureau, the paper seems to imply that a conservation subdivision would be allowed more lots than the General Plan land use designation would allow. The County does not agree with this interpretation and finds that the densities assigned by the General Plan shall not be exceeded for any subdivision without the benefit of a general plan amendment. The paper further suggests that the CSP fails to ensure that lands are permanently set aside for conservation. The County does not agree with this statement. Under the CSP, conservation subdivisions would be required to place a minimum percentage of land in open space in perpetuity.

The CNFF and SOFAR paper presents an abbreviated version of the County's "Perspectives on the Conservation Subdivision Program" handout. It should be noted that this handout highlighted the perspectives of two stakeholder groups who raised specific CSP issues for Planning Commission consideration. Yet, the list was not meant to represent the perspectives of all GP Update stakeholders. The CSP was widely supported by building industry, environmental organizations, and by the wildlife agencies throughout the GP Update process. However, the majority of Community Planning Groups in the County opposed the CSP for reasons mentioned in the handout. The Planning Commission held a special workshop on this issue and further balanced competing interests when making a formal recommendation on the CSP during public hearing. Based on these facts, the County does not agree that the proposed CSP is a program to appease special interest groups.

Agricultural Preserves – As described in the CNFF and SOFAR paper, the County is proposing to disestablish agricultural preserves where appropriate as part of the GP Update project. This would apply to lands that are not under Williamson Act Contract and, in most cases, are not being used for agricultural production. While the County agrees that agricultural preserves include additional uses such as open space and recreation, the purpose of establishing preserves is set forth as follows:
"Preserves are established for the purpose of defining the boundaries of those areas within which the County will be willing to enter into contracts pursuant to the [Williamson] Act."

Agricultural preserve designators were broadly applied to lands many years ago with the anticipation that those lands would be placed under contract and developed with agriculture. Yet, numerous agricultural preserves were never used for agriculture; and very few Williamson Act Contracts have been established in recent years. Under the GP Update, most properties that currently have agricultural preserves will be designated as rural lands or semi-rural lands with low densities. This designation, along with compatible zoning, will still be conducive to agricultural uses as well as open space. The commenter suggests that agricultural preserves are a key component to open space, biological linkages, and watershed protection in the unincorporated area, particularly in proximity to Cleveland National Forest Lands. The County addresses such biological considerations through a number of efforts including: the revised General Plan land use map; the draft GP Update Land Use and Conservation and Open Space Elements; the Multiple Species Conservation Program; the Guidelines for Significance for biology, agriculture, and water quality; the Resource Protection Ordinance; the Watershed Protection Ordinance; and the Zoning Ordinance. The County does not agree that agricultural preserves are the appropriate mechanisms for biological resource protection.

Agricultural Land Use Designations – The commenter criticizes the GP Update for utilizing Rural Lands designations in lieu of specific designations for agricultural use. While this does represent a change in category, it does not change the allowed uses since residential uses, including subdivisions, are allowed within the two agricultural land use designations of the existing general plan. The commenter argues that subdivisions will have an adverse effect on agricultural production unless the County General Plan specifically restricts such development. The County does not agree with this interpretation. Proposed subdivisions are closely evaluated for impacts to agricultural resources, and through application of compensatory mitigation, the environmental benefit is often greater than it would have been if strict prohibitions were set by the general plan. It is not realistic set agriculture as a dominant use for rural areas at the general plan level when so many site-specific and economic factors contribute to San Diego's unique agricultural setting.

San Diego County General Plan Update:
Saving Land by Developing It – Contradiction or Plan?

Authored by:
The Cleveland National Forest Foundation and Save Our Forest and Ranchlands

Guejito Ranch Agricultural Preserve

Table of Contents:

Executive Summary

The County of San Diego General Plan Update (GPU) has been in the works for many years, and is finally reaching a culmination. The Final Environmental Impact Report (FEIR) is scheduled to be released in the fall of 2010, and the Board of Supervisors is expected to adopt the General Plan Update in late 2010 or early 2011.

The Cleveland National Forest Foundation (CNFF) and Save Our Forest and Ranchlands (SOFAR) have many concerns with the GPU, and the purpose of this memo is to outline those concerns and discuss methods of actions that can be taken to address them.

General Plan Update Growth Projections

Growth projections (population and dwelling unit increases), formulate the backbone of the GPU, because they outline where and how growth will take place throughout the County over the planning horizon of the GPU (approximately through 2030). Population and dwelling units under the GPU are projected to grow by about 40% compared to 2008 values. Growth in dwelling units east of the County Water Authority boundary is expected to increase by approximately 68%.

The County is rural by nature. The unincorporated communities within the County have a rich farming history. Much of the County also contains large areas of wilderness and open space. As such, these communities are not amenable to supporting dense populations that are characteristically found in urban or city settings. Due to the lack of infrastructure, public services, water supply, and abundance of natural resources within the rural areas of the County, much of the unincorporated County land cannot support extensive development.

Whether it is at the level of planning theory or factual on-the-ground evidence, the issue of sustainability is the dominant theme of the GPU. In this light, it is important to raise at the outset, the question of growth projections. Do they have any connection to facts and conditions on the ground? Do they have any relation to historical growth trends? Do they have any basis in planning theory? Or, are they simply arbitrary numbers without basis in fact or in theory?

No matter the answers to these questions, the fact is that the County is starting off the General Plan process with unusually high growth projections. The County has come up with various mechanisms to implement the growth projections, including: equity mechanisms, the Conservation Subdivision Program (clustering), and removal of Agricultural Preserves.

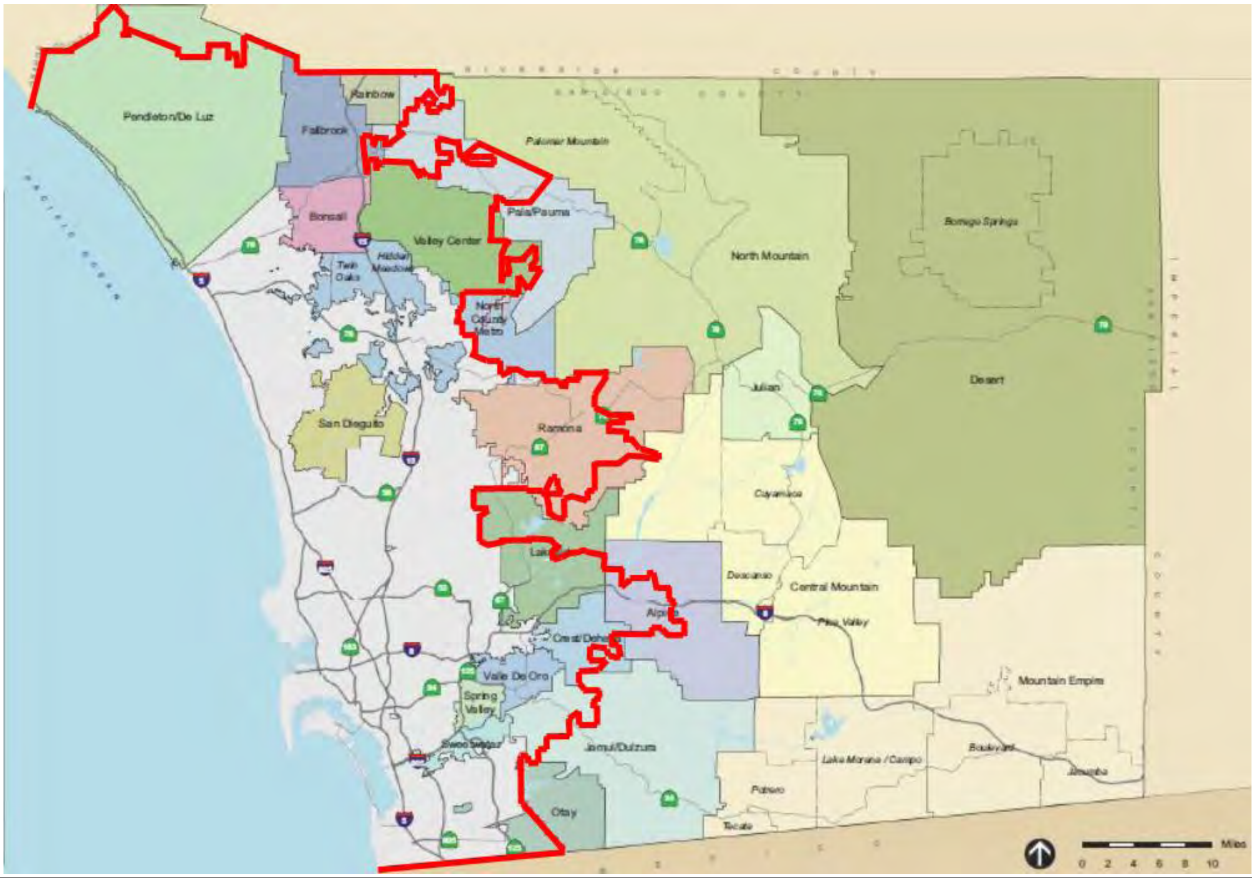

Figure 1: County Communities in Relation to the CWA

<u>Equity</u>

Closely connected with the growth projections anticipated within the County of San Diego GPU is the promotion by private consultants and development interests of the so-called "equity mechanisms." According to the Draft EIR for the GPU, Objective 4 states: "Promote environmental stewardship that protects the range of natural resources and habitats that uniquely define the County's character and ecological importance." In an attempt to protect environmental resources consistent with Objective 4, while recognizing the County's growth projections, the GPU calls for downzoning (reducing density allotments) of some backcountry lands and allowing for increased development within community "villages" and semi-rural lands Specifically, the proposed GPU would allow "clustering" in rural and semi-rural areas (please see the section below titled Conservation Subdivision Program for more information). Development of villages and rural clusters will in theory make development more compact and close to existing infrastructure, thereby allowing the County to accommodate growth over a smaller area of land.

In response to proposed downzoning, which was widely opposed by developers and other private interests, the County is considering so-called "equity mechanisms", as a means of "reducing negative economic impacts to property owners."[1] But, in order to accomplish this goal, the County must codify entitlement to zoning, which runs afoul of constitutional rulings on land use law. For example, the County states:

"Advocacy for an equity mechanism to be part of the General Plan Update is based on the argument that the General Plan Update will result in a loss of property value to many property owners that are proposed to receive density designations lower than their current density."[2]

In addition, the Farm Bureau made the following statements about equity in its April 2010 Newsletter:

"Because density decreases can result in devaluation of property, Farm Bureau took an early position that farmers needed options for equity protection to ensure the financial integrity of the farming enterprise, which is often based on property value…Without an equity mechanism, I suspect Farm Bureau would have taken a position against the proposal (GPU) as it stands today."

The notion that zoning is equivalent to a private property right undermines the fundamental principle that community planning is for the public good. The public value of clean water, clean air, farm land and wilderness cannot be overstated; these are resources that underlie the very existence and health of the community. As such, these values by definition cannot be bartered and sold in the real estate market where they are regarded not as ends in themselves, but as a means to private wealth. The courts have ruled over and over again on this subject, stating that private property rights refer to the use, but not to the zoning of the land. For example, in the landmark California Supreme Court case of *HFH, Ltd. v. Superior Court of Los Angeles County*, the court ruled:

"A purchaser of land merely acquires a right to continue a *use* instituted before the enactment of a more restrictive zoning. Public entities are not bound to reimburse individuals for losses due to changes in zoning, for within the limits of the police power 'some uncompensated hardships must be borne by individuals as the price of living in a modern enlightened and progressive community."[3]

The court went on to state that, **"It is thoroughly established in this country that the rights preserved to the individual by these constitutional provisions are held in subordination to the rights of society."[4]**

The County, by making "equity" the foundation of the GPU, has turned the court directives completely upside down. Instead of the general plan acting as the "constitution" of land use planning and decisions, it becomes subordinate to the market place, where zoning is bought

[1] http://www.sdcounty.ca.gov/dplu/gpupdate/docs/pcrpt_041610_J_equity.pdf
[2] http://www.sdcounty.ca.gov/dplu/gpupdate/docs/pc_feb10_a.pdf
[3] *HFH, Ltd. v. Superior Court of Los Angeles County*, 15 Cal.3d 508, 516. Available at: http://www.eminentdomain-law.com/docs/appLaw/AmiciCuriae/HFHLtdvSuperiorCourt.pdf
[4] Id. at p. 515.

and sold. In this upside-down planning world, land speculation rather than principle becomes the key to decision-making. Our water, air, farms, and wilderness become commodities for power brokers, rather than foundational values that are shared by the entire community. Public resources represent an inheritance and a legacy, which should be preserved and passed on to the next generation. The role of planners is that of the good steward, who recognizes his/her obligation to safeguard this inheritance. The planner is a steward, not a salesman. Failure to recognize their role as stewards undermines the entire planning process.

<u>Conservation Subdivision Program</u>

The Conservation Subdivision Program (CSP) is a provision within the proposed GPU that the County has been reformulating with various interest groups, including private consultants, the building industry, and the Endangered Habitat League, for many years. As currently proposed, the CSP would reduce minimum lot sizes, decouple minimum lot sizes from zoning designations, and result in “clusters” of homes on smaller lots. Clustering as outlined under the CSP is a method of increasing density in rural areas while in theory reducing development footprints, thereby resulting in areas of undeveloped land that could be set aside for conservation. In other words, the County is proposing the CSP as a method of developing land in order to save it from development.

The CSP is closely linked with “equity mechanisms,” because it allows for denser development that would be used to offset land conservation. In some ways, the CSP itself can be looked at as its own equity mechanism, because it allows landowners to retain a certain level of building density, which for some is seen as being directly related to property value, while still allowing for land conservation. This notion was expressed by Eric Larson of the Farm Bureau, who stated:

“We think this can get done and, in our view, an equity mechanism would take the form of a cafeteria-style plan, where a farm owner with a quantified devaluation would have options to choose from. Those options could include transferring development rights to another property, having development rights purchased, **or using a clustering or conservation subdivision strategy that concentrates the deployment potential of a property in exchange for placing an easement on the remainder.**”

The so-called cafeteria theory of planning is yet another example of the strange idea that by developing farmland, you save farms. The fundamental problem with the CSP, other than the fact that equity for zoning is illegal and constitutes bad planning, is that it has the potential to increase development on rural lands. In addition, it does nothing to ensure that lands are permanently set aside for conservation. The County states the CSP is,

“A program to encourage residential subdivisions that preserve environmental resources, balancing planned densities and community character with environmental protection.”

As with the "equity mechanisms," the CSP is a proposal that supposedly allows the County to meet its two goals of obtaining extremely high growth projections, while conserving land. Just as the "equity mechanisms" are a fallacy that promote growth and private interests over the interests of the common good, so too does the CSP fail to prioritize good planning and potentially negates the notion that the County's role is that of a planner and steward for the public good. This notion is not just the opinion of CNFF and SOFAR, but of various communities throughout the County, who oppose the CSP. Below is a list, which was presented by County of San Diego planners at a December 2009 meeting of the GPU, and demonstrates different perspectives on the CSP:

Table 1: Perspectives on the Conservation Subdivision Program[5]

DEVELOPMENT INDUSTRY PERSPECTIVES	COMMUNITY PERSPECTIVES
Emphasis placed on community character does not allow for the GPU to be fully implemented.	Clustered style developments are not compatible with Community Character.
Population targets cannot be met under the GPU.	Clustering will create demand for urban facilities and services in the backcountry.
Communities **should not be allowed to prohibit** conservation subdivision/clustering development in the Community Plans.	**Additional restrictions and out-right prohibition of Conservation Subdivision developments in the Community Plans.**
Mandate reductions in minimum lot sizes or make reductions "by-right".	Maintain zoned minimum lot sizes to match density.
Would like assurances of build out to maximum planned density	**Clustering will promote leapfrog urban development.**
Allowing for alternative waste systems are a critical component of the CSP.	Small lots in the backcountry will create incompatible lifestyles.
Restrictions on extending sewer service are a significant limiting factor for development.	Conservation Subdivisions are not compatible in groundwater dependant areas.
Allow for greater flexibility in the SR-10 Rural Lands designation to ensure that the remains **meaningful development opportunities in those designations.**	**No guarantee that the proposed open space will be preserved in perpetuity.**

Table 1 demonstrates that how the development industry wants to accommodate growth in San Diego County is completely opposite of what the communities themselves want. The fact that some communities are proposing out-right prohibition of the CSP in their communities demonstrates that this program is not a program for the community good, but a program that the County designed to appease special interest groups.

[5] This table is an abbreviated version of a list produced by the County of San Diego titled "Perspectives on the Conservation Subdivision Program," which was available as a handout at the Conservation Subdivision Subcommittee meeting held on February 5th, 2010.

Corte Madera Agricultural Preserve

Agricultural Preserves

Since its inception nearly fifty years ago, Board Policy I-38 has proven a successful means of protecting and preserving agricultural lands throughout the County. Board Policy I-38, which governs Agricultural Preserves in San Diego County, was first enacted in the 1960s, and amended in 1989. The Board Policy facilitates agricultural land protection through resolutions that formally place lands in "Agricultural Preserves." These lands carry an "A" zoning designator that includes development restrictions necessary to preclude farmland conversion.

According to the draft GPU, there are currently 402,100 acres of land designated as Agricultural Preserves, and another 80,500 acres of land formally contracted as Williamson Act lands with the State of California.[6] The stated purpose and function of Agricultural Preserves in the County is to preserve lands for the public good: "an agricultural preserve shall be created only when its establishment will be a benefit to the public." Board Policy I-38. In addition to ensuring the preservation of agricultural lands, Agricultural Preserves also facilitate the preservation of open space and recreational uses. Board Policy I-38's definition of agricultural preserves expressly

[6] The California Land Conservation Act of 1965, otherwise known as the Williamson Act, is a California State law that allows private landowners to enter into contracts (Williamson Act Contracts) with the government. These contracts restrict privately held lands to agricultural or open space uses, and in exchange private landowners receive reduced property tax assessments.

recognizes the dual function of the designation: "an agricultural preserve is an area devoted to agricultural use, open space use, recreational use, or any combination of such uses, and compatible uses which are designated by the County."

Unfortunately, the County of San Diego has a long history of taking actions that jeopardize the status of the County's Agricultural Preserves, thereby freeing up this land for development.[7] In keeping with this pattern, the County now proposes, via the proposed GPU, **to eliminate the majority of agricultural preserve lands that do not have Williamson Act Contracts**:

"Implementation of the proposed General Plan Update would remove parcels from adopted Agricultural Preserves for most of the land that is not currently under a Williamson Act Contract. Additionally, implementation of the General Plan Update would remove the County Zoning Ordinance "A" Special Area Regulation Designator in all Agricultural Preserves not currently under a Williamson Act Contract."

According to the Draft EIR for the GPU, the County's proposed approach would impact approximately **321,590 acres** of Agricultural Preserve land, which represents almost **80%** of all lands currently so designated that are not under Williamson Act Contract. The County has produced a "Fact Sheet" regarding this action, which fails to give any meaningful justification for removing protections from the Agricultural Preserves. Instead, the document simply states that some of the lands with Preserve status are not used for agricultural purposes.[8] Of course, this argument completely ignores the fact that Board Policy I-38 is unequivocally intended to establish Agricultural Preserves to benefit the public at large, and that the Policy expressly dictates uses within the Preserves be limited not only to agricultural, but also open space and recreation.

[7] Follow this link http://www.sofar.org/gpa9603main.htm to read a brief history of SOFAR's past battle with the County of San Diego, involving a proposed General Plan Amendment that would have seriously threatened 200,000 acres of critical backcountry lands, including areas designated as Agricultural Preserves.

[8] http://www.sdcounty.ca.gov/dplu/gpupdate/docs/pc_feb10_a.pdf

Figure 2: Santa Ynez Agricultural Preserve

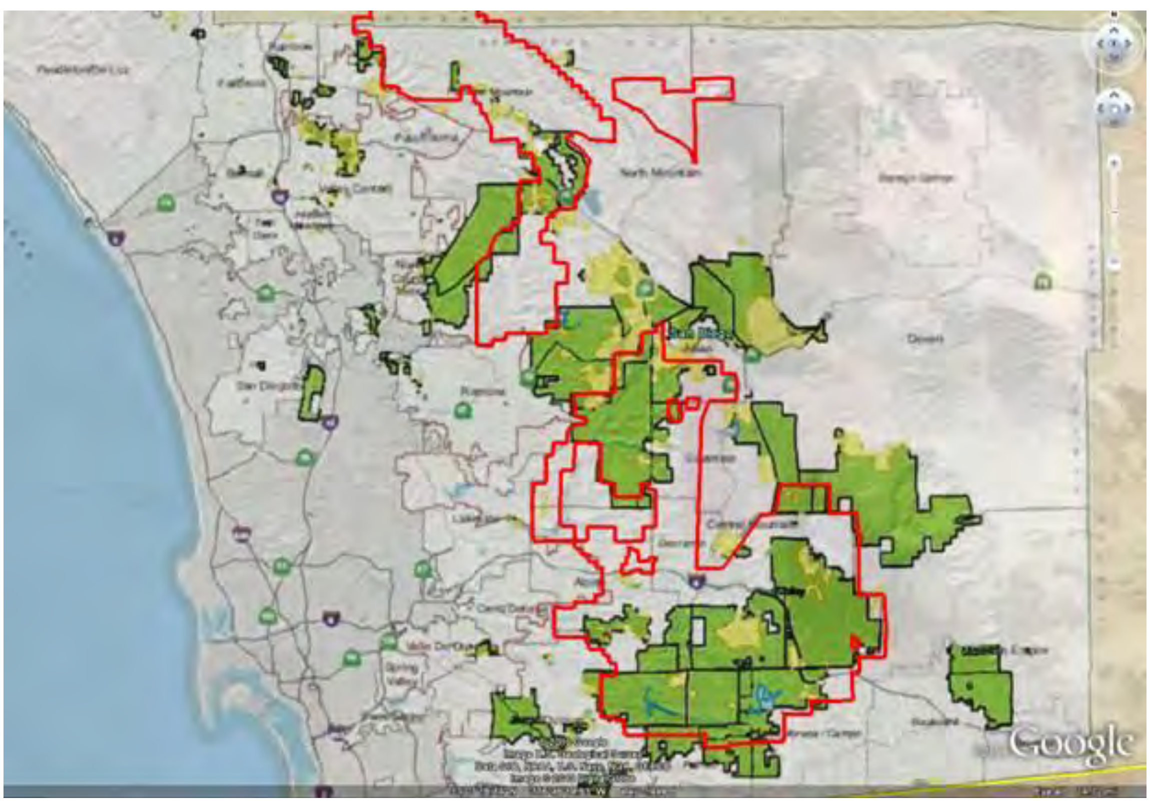

Figure 3: Agricultural Preserve Locations in Relation to the Cleveland National Forest

To truly understanding the importance of San Diego County's Agricultural Preserves, one must first recognize and acknowledge their context and function within the whole of San Diego County land uses. The general location of Agricultural Preserves throughout the County gives one a basic idea of their function as part of San Diego County's backcountry.

Figure 3 shows the location of Agricultural Preserves (green) and Williamson Act Lands (yellow) in relation to the boundaries of the Cleveland National Forest (red). As this figure shows, the Agricultural Preserve lands are often embedded within the boundaries of the forest. In general, these lands are rangelands, and therefore represent valleys and low-lying areas within the Forest.

Figure 4: Agricultural Preserve Area within Palomar Mountain, North County San Diego

Figures 2 and 4 show the appearance of Agricultural Preserves in the County. The Preserve within Figure 4 not only contains important grazing lands, it also contains watershed resources and other important biological resources. The function of Agricultural Preserves was addressed in 2001 by then California Attorney General Bill Lockyer, who stated: "…these (Agricultural Preserve) lands provide habitat for a wide array of sensitive, rare, threatened, or endangered species of plants and animals and play a critical role in maintaining the biodiversity of southwestern California; as a result they represent a natural resource of regional, and even statewide, significance."[9]

[9] Attorney General Bill Lockyer. 2001. "Revised Draft Environmental Impact Report, Agricultural Issues and General Plan Amendment, GPA 96-03, Log No. 98-ZA-002A. State Clearinghouse No. 19980610804."

Furthermore, the Williamson Act notes:

"the preservation of a maximum amount of the limited supply of agricultural land is necessary to the conservation of the state's economic resources, and is necessary not only to the maintenance of the agricultural economy of the state, but also for the assurance of adequate, healthful and necessary food for future residents of this state and nation."[10]

A casual look at the location of the Agricultural Preserves in relation to the current boundary of the Cleveland National Forest shows that the Preserves provide essential connections to the so-called "islandized" portions of the Forest, without which Cleveland National Forest lands would be fatally fragmented. In fact, Forest officials and conservation biologists have described the system of meadowlands stretching across San Diego's mountain ranges as the "biological heart" of the Forest. It is simply inconceivable to envision a plan that lays the groundwork for development of even a part of these meadowlands that would not destroy the integrity of the Forest as a whole. A simple tracking map of the region's keystone species, the mountain lion (*Puma concolor*), demonstrates this fact (refer to Figure 5). A recent tracking map from the University of California, Davis shows that mountain lions follow deer, which are closely linked to the meadowlands (which occur mostly within Agricultural Preserves) of the Cleveland National Forest (shown as the black boundary in Figure 5). Thus, urban encroachment on even a part of these meadows will necessarily disrupt critical habitat for the mountain lion, and lead to degradation of the entire ecosystem of the Cleveland National Forest.

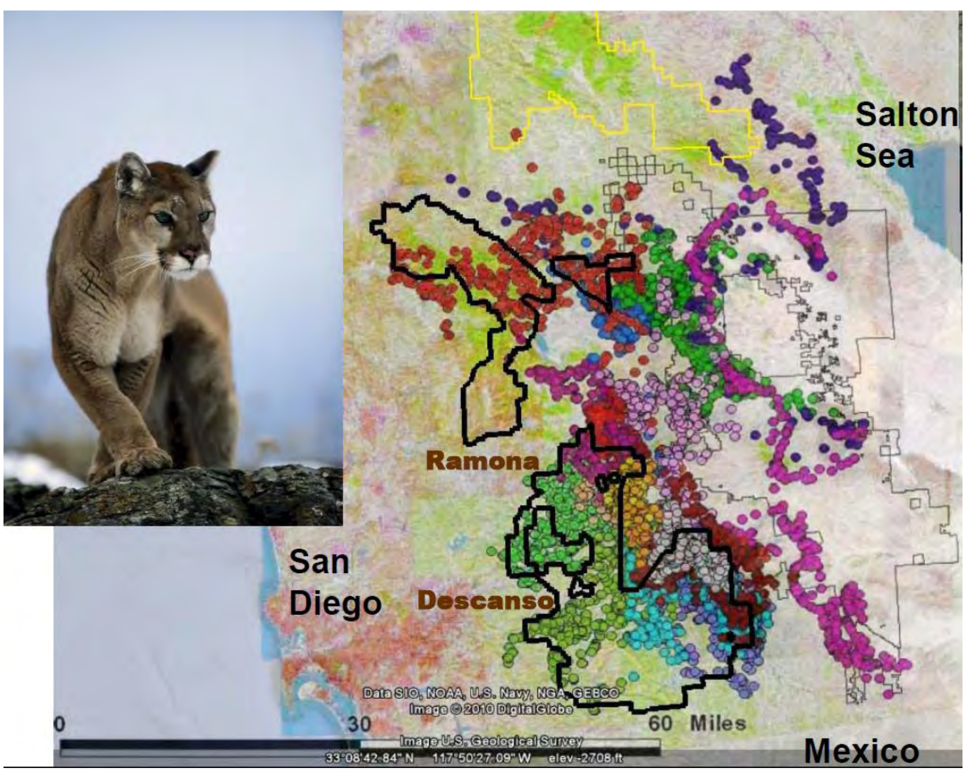

Figure 5: Mountain Lion Tracking Map in San Diego

[10] Williamson Act, Gov. Code § 51220(a).

Due to the importance of agricultural lands and their well-acknowledged value to the County and indeed the State, the County's proposed action appears to be short-sighted, at best. The County's position on Agricultural Preserves is difficult to understand when one considers that the history of Agricultural Preserve Policy I-38 in San Diego County is one of great success in not only preserving land, but of working with private property owners to keep their ranches and farmlands intact and a functional part of the open space community.

The prospect of removing the Agricultural Preserves relates directly to the three issues discussed above: GPU growth projections, "equity mechanisms", and the Conservation Subdivision Program. As outlined above, the GPU projects enormous growth rates for the backcountry of San Diego, yet has goals to preserve and conserve open space lands and wilderness areas. These opposing goals require that the County produce various actions to ensure private interests that development will be possible in the backcountry, and to make half-hearted attempts at conserving land. Removing lands from the Agricultural Preserves designation is yet another attempt to accommodate the development industry and its attempts to build out to the maximum planned density (refer to Table 1). As they currently stand, the Agricultural Preserves are protected under Policy I-38, and as such the maximum density possible on these lands is relatively low (40 acre minimum currently, with the County proposing higher minimum lot sizes in the GPU). To implement the so-called "equity mechanisms" and the CSP, the County would have to remove both the Agricultural Preserve status and "A" land use designation.

Agricultural Land Use Designations

In conjunction with the removal of Agricultural Preserves, the County also proposes to do away with all agricultural land use designations in the GPU. The existing Land Use Element of the San Diego County General Plan includes two agricultural land use designations, #19: Intensive Agriculture and #20: General Agriculture.[11] The existing Land Use Element states the following with respect to agricultural designations:

"The agricultural designations facilitate agricultural use as the principal and dominant use. Uses that are supportive of agriculture or compatible with agricultural uses are also permitted. No uses should be permitted that would have a serious adverse effect on agricultural production including food and fiber production, horticulture, floriculture, or animal husbandry."

Thus, the agricultural designations in the current Land Use Element go beyond using zoning restrictions to protect agricultural resources, by explicitly stating that agricultural is to be the principal and dominant use, and that uses should not be permitted if they would have a serious adverse effect. However, the proposed Land Use Element under the GPU contains *no* agricultural land use designation, and merely looks to the Rural Lands designation to preserve agricultural areas. Under the Rural Lands designation, lands previously designated as General or

[11] Existing Land Use Element at II-22 through II-25 and Proposed Land Element Table LU-1 at 3-11.

Intensive Agricultural could potentially be subdivided and converted to residential uses. It is difficult to imagine that conversion of agricultural land into residential uses, as is possible under the GPU, would not constitute a “serious adverse effect” on agricultural production.

The County made the following response to comments that SOFAR submitted regarding the removal of agricultural land use designations in the GPU (emphasis added):

“While, the proposed project (GPU) eliminates these agricultural designations, it assigns appropriate densities for agricultural lands and **allows clustering by-right**. As with the existing General Plan, the actual uses are regulated by the Zoning Ordinance. Therefore, the primary difference between the existing Plan and the proposed Plan is that the General Plan Update **provides more flexibility in that it allows clustering by right and offers greater flexibility for the densities assigned.**”

The above comment from the County completely ignores the fact that the Zoning Ordinance is not the only means of regulating uses on agricultural lands, and that the language of the existing Land Use Element itself has been used to protect agricultural lands.[12] Furthermore, the County’s stance on agricultural protection under the existing General Plan and the GPU is markedly different. While the current general plan makes agricultural use a priority and does not permit uses that would be incompatible with agriculture, the GPU explicitly allows development (clustering by-right) and flexibility of uses with no mention of compatibility or preserving agriculture as a dominant use.

The removal of agricultural designations in the GPU, similar to the removal of Agricultural Preserves, appears to be part of the same philosophy that the County is employing in implementing the rest of the GPU: you have to develop land in order to save it.

<u>Conclusion</u>

In conclusion, the danger posed to the integrity of lands currently designated as agricultural (either as Agricultural Preserves, Intensive Agriculture, or General Agriculture) throughout the County, raises serious questions about how growth projections and “equity mechanisms” (including the CSP) affect other areas, resources, and land use categories in the GPU.

[12] Due to the language within the Regional Land Use Element of the existing General Plan, the County required the applicant of the West Lilac Farms Project to complete an EIR, because of the “serious adverse effect” that this project (a residential subdivision) would have on agricultural land.

Letter G

City of Escondido
Community Development

Specific properties within Escondido's Sphere of Influence

G. **Sphere of Influence Issue** – The following is the County's response to the City of Escondido's email to the Department of Planning and Land Use dated April 14, 2010 (Letter G).

The County acknowledges that the GP Update is proposing to designate three parcels, approximately 46 acres, west of Interstate 15 as High Impact Industrial within the North County Metro Subregion. Table 2.9-6, Proposed Sphere of Influence (SOI) Land Use Differences, in DEIR Chapter 2.9 has been amended to include this area as a land use difference with the Escondido General Plan. This area is also identified in DEIR Appendix L Project Alternatives Areas of Difference as NC-2.

These parcel have been designated High Impact Industrial on the Referral Map since 2005 due to the remote location. The County acknowledges that there are limited infrastructure and services available to the site, along with some environmental constraints, that would possibly limit the possible uses that would be feasible for the site.

The County disagrees that the proposed designation would raise significant concerns regarding traffic circulation. The site is easily accessible from Interstate 15 from roads that traverse along both the east (Centre City Parkway) and west (Mesa Rock Road) sides of the Interstate. In addition, both of these roads would operate at an acceptable level of service with the High Impact Industrial use based on traffic forecast modeling conducted for the GP Update DEIR.

From: Barbara Redlitz [mailto:Bredlitz@ci.escondido.ca.us]
Sent: Wednesday, April 07, 2010 3:45 PM
To: Muto, Devon
Cc: Jay Petrek
Subject: General Plan Update for the Twin Oaks Valley Area

Hi Devon,

It has come to our attention that the County's General Plan update is proposing a land use change on several properties along Mesa Rock Road, within Esccondido's Sphere of Influence. The proposed change on the Jokerst property is from a residential designation to "High Impact Industrial".

I'd like to discuss this with you when you get a chance. When we last met with you on January 20, 2010, to discuss the land use differences between the City and County General Plans, we reviewed the matrix (EIR Table 2.9-6) comparing the City and County land use designations. The Mesa Rock property was not identified on this matrix and hence not addressed in the EIR. The proposed land use change raises many concerns, including traffic circulation and the provision of services.

Please let me know when we can discuss this further. Thanks.

Barbara J. Redlitz, AICP
Director of Community Development
City of Escondido
201 N. Broadway
Escondido, CA 92025
(760) 839-4546
FAX (760) 839-4313
bredlitz@ci.escondido.ca.us

Letter H

Rea & Parker Research

Economic and Fiscal Analysis of
Proposed County of San Diego 2009 General Plan Update

October 2009

H. Economic and Fiscal Analyses – The following is the County's response to an economic analysis prepared by Rea and Parker Research and Barnett Consulting (the Analysis) dated October 2, 2009 (Letter H).

The County disagrees with the introduction of the Analysis, which provides a summary and makes the claims that the County of San Diego has not made any economic study of the GP Update; suggesting that this economic study should be based upon a comparison between what would be allowed under the existing General Plan and would be allowed under the GP Update. The County disagrees, as using this method would not be a direct comparison. It is widely acknowledged that many the densities in the existing General Plan are not realistic, being either unbuildable or already preempted by other requirements, such as the Groundwater Ordinance or fire response standards.

Impact on Housing Units – The County has reviewed the Analysis and disagrees with its major premise that the GP Update is not providing sufficient housing to meet SANDAG population forecasts. This report correctly reports that the County GP Update provides for less housing units than the existing General Plan, around 40,000; however, does not clearly make an argument that there is a need for housing above what is provided by the GP Update. The section makes a comparison based upon the SANDAG forecasted population of 723,392 to GP Update forecasted population of 678,000; stating that there are 40,000 fewer people or 14,000 housing units planned for in the GP Update. This is not correct because the SANDAG forecast uses the land uses and SANDAG's most recent forecast for 2050 is consistent with the GP Update. Therefore, while the SANDAG forecast may identify regional shortages, these shortages are not within the unincorporated areas of the County, which is the area that the GP Update would govern.

The County disagrees with the assertion of the Analysis that there will be 37,000 trans-regional commuters in 2030 as a result of the GP Update, and that 14,000 of those trans-regional commuters are a result in a reduction in capacity between the existing General Plan and the GP Update. The Analysis assumes that this number live outside of San Diego County because of the lack of availability and affordability of housing in the County, and that providing additional housing in the County would encourage these residents to return. With this in mind, merely resorting to the capacity in the existing General Plan would not entice trans-regional commuters to return. A majority of the reductions in development capacity are located within the Estate Residential and lower densities, not considered affordable densities by the State Department of Housing and Community Development, who generally looks for 15 dwelling units per acre and higher. The GP Update looks at increasing these densities, where appropriate, and reducing density in these inappropriate low density residential areas. Additionally there is not any solid analysis or supporting arguments that the County is not providing enough housing with the 78,000 units provided in the GP Update.

In addition, while there is currently a substantial amount of housing available on the market, no evidence is presented to show that trans-regional commuters are returning to San Diego County. Also, since providing additional housing units in the County, beyond those planned by the GP Update, will require a significant investment in additional infrastructure and services; there is also no evidence to suggest that the additional housing could be provided less expensively than in adjacent counties, or in Mexico, to attract additional households to reside in San Diego County. Therefore, the County contends that the Analysis has not adequately shown that the 37,000 trans-regional commuters forecasted by SANDAG for 2030 is attributable to the GP Update.

Impact On Business Activity / Impact of Employment and Income – The Analysis uses average household spending information, tax information and the multiplier effect on the "houses lost under the GP Update" and the houses not housed by the region, to conclude that there is over $2.7 billion is lost in economic activity annually. The Analysis derives that figure directly from the trans-regional commuters. Therefore, since the Analysis has not adequately shown that the GP Update is directly linked to the 37,000 trans-regional commuters; then the Analysis also has not proven that the GP Update would result in a loss of $2.7 billion in economic activity. Further, since the trans-regional commuters are a regional problem, it would be a safe assumption that the entire San Diego Region loses 1.7 billion in economic activity due to this occurrence. However as we discussed earlier, it is not entirely due to housing supply, and is a regional problem that all jurisdictions will need to address.

Impact on Land Values – The County agrees with the statement in the Analysis that concluded that it is difficult to determine the impact that down-zoning would have on property values and that there are studies on both sides of the issue – that land values are both harmed or are not harmed. However, the County disagrees with this section of the Analysis, which concludes that in excess of $1.5 billion dollars in land value will be lost in the unincorporated County due to a decrease in development potential resulting from the GP Update. This statement ignores the qualifier that the previous studies depended upon — that development needed to be imminent for a decrease in density to result in a decrease in property value. It would be illogical to assume that every property in the county that is receiving a decrease in density is "imminent". Many of these Rural Lands only have paper densities, and would not be able to subdivide under the existing regulations based on other constraints and the lack of existing infrastructure and services. In many instances, these parcels have had Estate Residential densities applied to them for thirty years without development occurring at these densities. A more in depth analysis of property valuation is available in the Economic Impacts Fact Sheet.

The Analysis also incorrectly concludes that the GP Update will result in a 75 percent decrease in potential development in San Diego County due to density ranges changing from one unit per 10 – 40 acres to one unit per 40 – 160 acres. This broad assumption is incorrect for several reasons. First, the lowest density on the General Plan Land Use Map (Planning Commission Recommendation) is one unit per 80 acres, not 160 acres as stated in the letter. Second, this broad across the board reduction in density does not represent how density has been applied to the GP Update Land Use Map, which reflects a combination of site-specific constraints, along with the Community Development Model that applies low (rural) densities in a manner to achieve a both separation between communities and to apply these rural densities in the remote areas of the County where infrastructure and services are lacking.

The Analysis further concludes that land values in San Diego County average $10,000 to $15,000 per acre based on a search of records in Bonsall, Jamul, Tecate, and Fallbrook. This is an unrealistic conclusion given that land values generally vary significantly according to their location and corresponding availability of infrastructure and constraints and the presence of constraints. Given that many of the land sales records identified in the Analysis are within the County Water Authority (CWA) boundary (particularly Fallbrook and Bonsall), the basis for the land values does not reflect the areas where the down-zoning is generally being proposed; which is outside the CWA boundary where land values are generally less. However, based on this average lot value, and a general undocumented assumption that down-zoning will cause land values to decline by 35 to 40 percent, the Analysis incorrectly concludes that the GP Update will cause a $1.8 billion reduction in land values. Therefore, the Analysis assumptions concerning both the basis for determining percent decline in land values due to down-zoning and the basis for determining current land values are not substantiated sufficiently to support the conclusion that the GP Update will reduce land values by $1.8 billion.

Further, the assumption that there is 361,000 usable acres that will lose 6,000 per acre is given without a discussion of SANDAG's existing land use, what General Plan densities are assigned and what existing General Plan densities exist. It is estimated that 250,000 acres receive new Rural Lands 40 and 80 densities, not including the desert communities that would be pre-empted by the Groundwater Ordinance or lands already effected by the Forest Conservation Initiative.

Impact on Development Costs – The County disagrees with the Analysis, which contends that development costs in rural areas will be $500,000-$600,000 per unit higher under the GP Update when compared to the existing General Plan. However, the County agrees with the Analysis that development is more expensive in rural areas, which has been a primary rationale for limiting further subdivision in rural areas without infrastructure and services. What the Analysis appears to be promoting is leapfrog development of clustered subdivisions in rural areas of the county.

While the Analysis attributes higher costs of large lot development to higher land costs, the Analysis does not consider the costs of extending water, sewer, and transportation infrastructure into rural lands to accommodate additional development. For example, currently groundwater constraints in rural lands require lot sizes of four to eight acres. There large lot subdivisions are the most inefficient to build; therefore, to build in efficient patterns the water and sewer infrastructure would need to be extended to these areas at a great expense. Also, the GP Update has significantly reduced the need to expand to four lanes the roads in the backcountry areas of the county, when compared to the existing General Plan. The County's analysis for its May 19, 2004 Board of Supervisors hearing showed that land use plans under the GP Update reduced road costs in the backcountry areas of the county by over $2 billion when compared to the existing General Plan (see Board Report at: http://www.sdcounty.ca.gov/dplu/docs/bos_may04_report.pdf).

Impact on Net Tax Revenues – The County disagrees with the Analysis, which contends that "the GP Update caused foregone net tax benefits equal to $16.2 million annually". The Analysis attributes a large portion of the tax revenue losses based on its contention that the GP Update would result in 14,000 new trans-regional commuters because the GP Update is not providing a sufficient number of housing units. As discussed in the County's response to the *Impacts on Housing Units* section of the Analysis, the number of housing units proposed under the GP Update is consistent with SANDAG forecasts for 2050 concerning housing needs for the unincorporated area.

The Analysis attributes further tax revenue losses based on the 37,295 households with trans-regional commuters, based on the SANDAG 2050 forecasts. While the SANDAG forecast may identify regional shortages that result in trans-regional commuting, these shortages are not within the unincorporated areas of the County, which is the area that the GP Update would govern. Therefore, any losses in tax revenues attributed to these trans-regional commuters should not be attributed to the GP Update

The Analysis attributes additional property tax losses to a reduction in property values. Property Taxes in California are regulated by Proposition 13, enacted in 1978, limiting property tax to 1% of the assessed value of a property and limiting increases in this to 2% a year under the current owner. Under this scenario, many properties in the County of San Diego are assessed at less value then the property is worth. Unless the Market Value is reduced below the assessed value of a home, then a property would not have reduced property tax payments. Since properties are only reassessed upon a transaction, property values would have to decrease below their original purchase price before there would be a loss in tax revenues. The County contends that this number is not significant due to the appreciation in property values over the past decade.

Impact on Senate Bill 375 Emission Targets – (refer to County responses to Tax Revenues above)

October 2, 2009

Economic and Fiscal Analysis of Proposed County of San Diego 2009 General Plan Update

Rea & Parker Research and Barnett Consulting

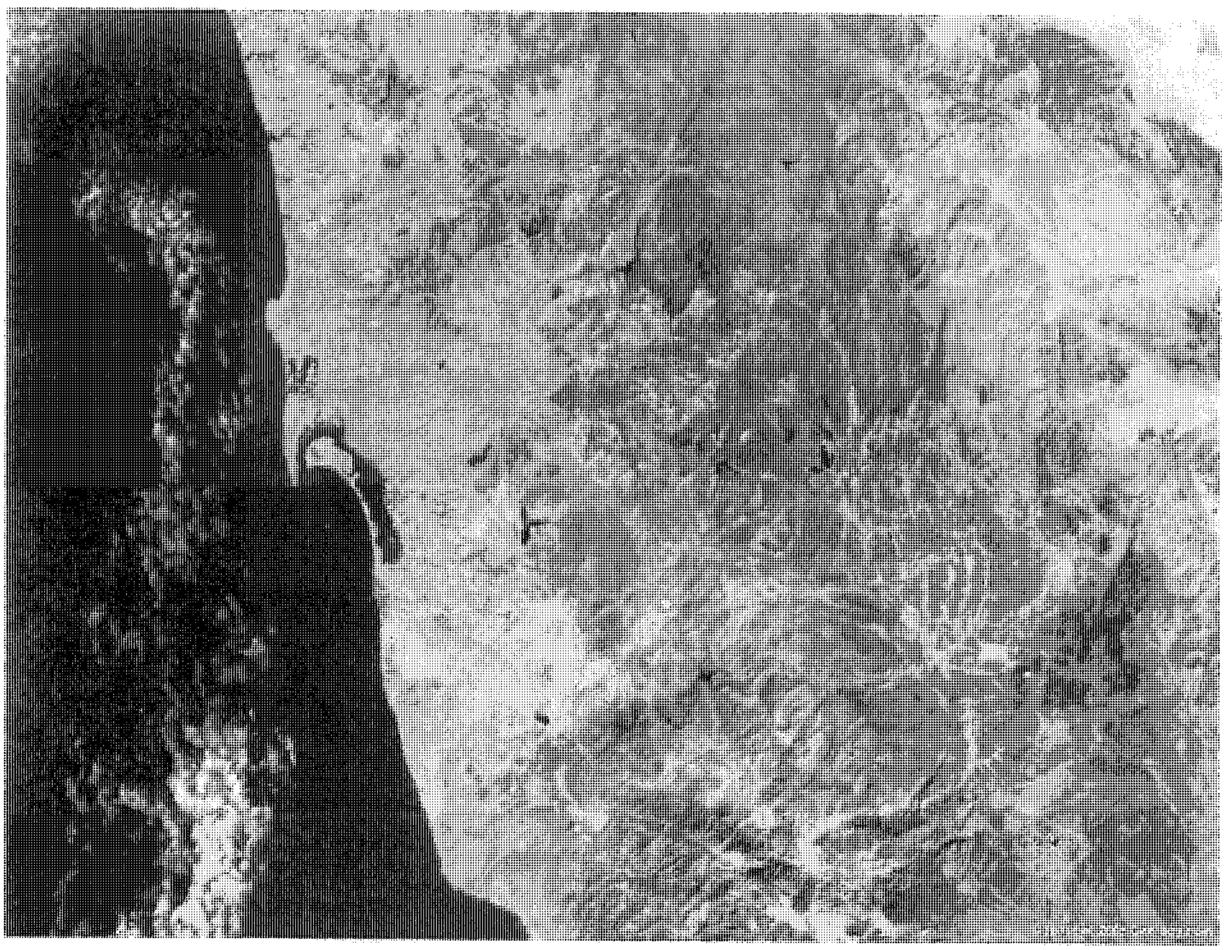

TABLE OF CONTENTS

EXECUTIVE SUMMARY

- The General Plan Update provides housing for a 2030 population of 682,409 in the unincorporated portions of San Diego County. However, SANDAG estimates that the unincorporated population will be 723,393. This difference of approximately 40,000 residents indicates that the plan update falls approximately 14,000 housing units short of meeting projected residents' housing needs.
- The number of housing units currently occupied by San Diego County workers in adjacent counties because of high San Diego County housing costs and/or low housing availability is estimated to be 23,295, which can be added to the 14,000 shortcoming of the General Plan Update to total 37,295 housing units for San Diego County workers that are not being provided within San Diego County. SANDAG places the housing shortage at 70,000 units for the region by 2050, which includes the 14,000 unincorporated housing unit shortage in the General Plan Update.
- The General Plan Update, by not providing for 14,000 needed housing units, is allowing more than $500 million dollars in consumer spending to depart from the County and is further allowing the continuation of over $800 million to escape by not attempting to provide housing that might encourage those who have already left to return. The total, therefore, in lost consumer expenditures alone is $1.33 billion per year.
    - This $1.33 billion in annual foregone regional consumer spending would have generated an additional $1.33 billion in annual indirect and induced benefits as the consumer spending would have "rippled" through the local and regional economies—$2.7 billion in total regional economic activity lost annually with these 37,295 households.
- The San Diego region loses 19,500 permanent jobs because of the consumer spending leakage (7,300 due to the 14,000 new trans-regional commuters and 12,200 owing to the existing out-of-county commuters).
- In excess of $800 million in employment income will be lost within the County annually because of the General Plan Update's continuation of the policy to under-provide housing units within the County.
- San Diego County government loses more than $42 million in taxes annually from these trans-regional commuting families. If the 37,295 housing shortage were provided for, these revenues would *net* the County approximately $16.2 million per year in fiscal benefits ($3.8 million per year from the 14,000 underserved by the General Plan Update, $6.0 million from the updated plan's impact on land and construction values, plus $6.4 million from existing trans-regional commuters).
- By considering the region as limited by the San Diego County boundaries, the General Plan Update ignores the fact that failing to provide an adequate supply of housing for the forecasted population growth likely will continue to encourage thousands of persons to live in adjacent counties or in Mexico and to drive in to San Diego County for work. This serves to increase greenhouse gas emissions regionally by increasing commuting miles and fuel consumption.
- Facilitation of population growth in outlying areas could result in the private sector responding with commercial development to meet the new demand. This response could address existing retail and commercial deficits in those areas and could ease driving distances to these services by rural residents and consequent greenhouse gas emissions.
- The cost impact of the San Diego County General Plan Update on the North County MSCP land assembly and stewardship is an increase of almost $19 million per year and a 50 year total cost of approaching $1 billion.
- Despite the stated goal of the General Plan to maintain a vital and healthy economy, economic and fiscal considerations are woefully lacking in this updated plan.

STUDY OBJECTIVES AND METHODOLOGY

The San Diego County General Plan makes reference to the importance of economic vitality. To quote the General Plan Update: "We will continue to strive to maintain a healthy and vital economy, providing a variety of jobs for our residents and a climate in which our businesses can prosper."[1] The County did not, however, conduct an economic analysis of the updated plan. Such an analysis is critical to a fuller understanding of the plan and its impacts.

Therefore, in order to ascertain the degree to which San Diego County is adhering to these objectives of economic vitality, business prosperity, and job generation, this report will examine a series of economic and fiscal issues associated with the proposed updated General Plan. Among the impacts of the updated General Plan to be explored in this report are the following:

- Impact on housing units
- Impact on business activity
- Impact on employment
- Impact on income
- Impact on valuation of down-zoned rural area property vis-à-vis offsetting increases in semi-rural and village areas,
- Impact on development costs
- Impact on net tax revenues
- Impact on SB 375 emission targets
- Impact of General Plan Update on Cost of the North County MSCP

The study on the succeeding pages pursues these objectives through detailed research, highlighted by intensive review of the applicable General Plan Update elements and background reports, including, in particular, Chapter 1 Introduction, Chapter 2 Vision and Guiding Principles, Chapter 3 Land Use Element, Chapter 6 Housing Element, Draft Community and Sub-regional Plans, Housing Element Background Report, Land Use Element Background Report and corresponding chapters in the existing General Plan.

The General Plan Update Environmental Impact Report was also reviewed, as follows: Chapter 1 Project Description, Location, and Environmental Setting, Chapter 2-Section 4 Biological

[1] Draft County of San Diego General Plan—July 1, 2009—pp. 2-5—2-6.

Resources, Chapter 2- Section 9 Land Use, and Chapter 2- Section 12 Population and Housing. Footnotes are provided throughout the report that indicate myriad additional sources of information that were used to analyze the economic impacts of the updated General Plan.

The North County Multiple Species Conservation Program Plan was reviewed with emphasis upon Chapter 1 Introduction, Chapter 2 Plan Area Description, Chapter 4 Impacts, Chapter 5 Preserve Assembly and Financing, and Chapter 9 Preserve management and Monitoring. Corresponding sections of the South County plan were reviewed for comparable information.

Well established fiscal impact and economic impact methods and tools were utilized throughout, including average and marginal cost analysis and conservative multipliers for indirect and induced impacts. Each section of this report provides a full description of all methodological implementation techniques applied in that section, including any assumptions that were made.

It is the fundamental goal of this report to engage in an open and forthright economic discussion that, to date, has not been as important a part of the General Plan process as the stated economic objectives of the update process warrant.

UPDATED SAN DIEGO COUNTY GENERAL PLAN: AN INTRODUCTION

The unincorporated portion of San Diego County is located in the southwestern corner of California and encompasses approximately 2.3 million acres—3,570 square miles.[2] A majority of the unincorporated County's land, in excess of 90 percent, is either open space or undeveloped. This includes several large federal, State, and regional parklands that encompass much of the eastern portion of the County. Only 35 percent, or about 807,000 acres, of the unincorporated County is privately owned.[3]

The predominant pattern of development in the unincorporated County is rural in character. Dispersed throughout the unincorporated County are over 20 distinct communities that vary in land use and density. In general, the communities include a core of local-serving commercial uses, services, schools, and public facilities surrounded by residential neighborhoods. They vary from "semi-suburban" communities that transition in scale and density from adjoining incorporated cities to low-density development surrounded by agricultural lands and open space. The most developed communities are located along the unincorporated territory's westernmost boundaries and include the community plan areas of Spring Valley, Sweetwater, Valle de Oro, Lakeside, San Dieguito, portions of North County Metro, and Fallbrook. These areas are largely within the San Diego County Water Authority service area and have access to water, sewer, roads, schools, and other public facilities that enable them to grow at a faster rate.

The General Plan Update has as its central land development philosophy the targeting of future development to the "western portions of the unincorporated County where there is the opportunity for additional development. Compared to the previous General Plan, this update reduces housing capacity by 15 percent and shifts 20 percent of future growth from eastern backcountry areas to western communities. This change reflects the County's commitment to a sustainable growth model that facilitates efficient development near infrastructure and services…"[4] This reallocation of growth is to be accomplished by down-zoning[5] much of the more rural land.

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[2] Draft County of San Diego General Plan—July 1, 2009—p. 1-28

[3] Environmental Impact Report (EIR) for the County of San Diego General Plan Update—July 1, 2009, p. 1-3

[4] Draft County of San Diego General Plan—July 1, 2009—p. 1-2

[5] to reduce or limit development or the number of buildings permitted

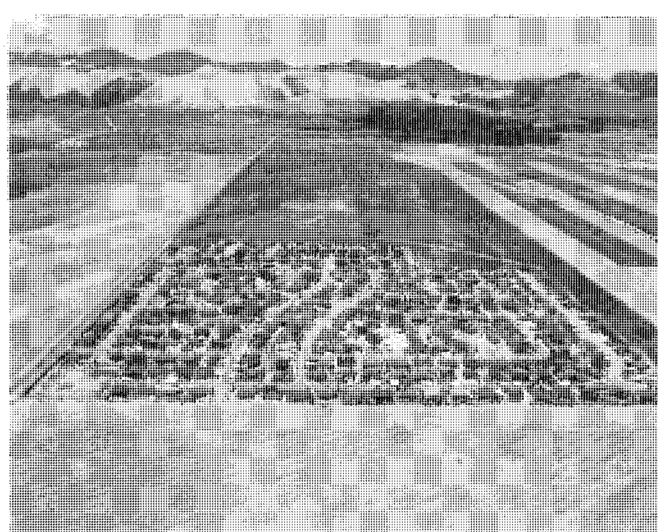
The plan creates three broad development categories:

Village: The Village category identifies areas where a higher intensity and a wide range of land uses are established or have been planned. Typically, village areas function as the center of community planning areas and contain the highest population and development densities. Village areas are typically served by both water and wastewater systems. Villages are to reflect a development pattern that is characterized as compact, higher density development (2-30 dwelling units per acre) that is located within walking distance of commercial services, employment centers, civic uses, and transit.

Generally, larger villages are anchored by Town Center areas that serve as focal points for commercial and civic life. A Town Center will typically contain one or more of the following:

- Pedestrian-oriented commercial area
- Mixed-use development: residential, retail, and office/professional uses
- Higher-density residential developments
- Community-serving private and public facilities

Semi-Rural: The Semi-Rural category identifies areas of the County that, according to the plan, are appropriate for lower-density residential neighborhoods, recreation areas, agricultural operations, and related commercial uses that support rural communities. Semi-Rural areas often function as a transition between the Village and Rural Lands categories, providing opportunities for



development, but without the intensity and level of public services expected in villages and with design approaches that blend the development with the natural landscape. Semi-Rural residential densities are derived in consideration of the physical conditions, community character, and availability of public services, roads, and other infrastructure. Higher densities within the allowable range are to be located near village areas, while lower densities will be located near rural land areas. This range of densities for residential development varies from 1 unit per 0.5 acres-to-one unit per 20 acres, which, although not directly comparable to the existing General Plan, is roughly similar to non-urban residential in that plan that allowed between one unit per acre and one unit per 20 acres.

Rural: The Rural Lands category is applied to large open space and very-low density private and publicly owned lands that provide for agriculture, managed resource production, conservation, and recreation and thereby retain a rural character. Rural areas are not to be planned for intensive residential or commercial uses due to significant topographical or environmental constraints, limited access, and the lack of public services or facilities. Further, according to the General Plan Update, the undeveloped nature of rural lands does the following:

- Preserves the County's rural atmosphere
- Protects land with significant physical or environmental constraints or hazards
- Preserves open space, farmland, and natural resources
- Provides open space buffers and a visual separation between communities
- Preserves and provides land for agricultural opportunities
- Prevents sprawl development, which reduces vehicle miles traveled and greenhouse gas emissions[6]

The General Plan Update down-zones these rural lands from residential development under the existing General Plan at densities of one dwelling unit per 4 acres to one dwelling unit per 40 acres to densities that are considerably lower, ranging from one dwelling unit per 20 gross acres

[6] Draft County of San Diego General Plan—July 1, 2009—pp. 3-7 through 3-9.

to one dwelling unit per 160 gross acres—decreases in density of 400 percent to 500 percent. The transfer of 20 percent of the population is planned to occur from the rural areas to the villages to the maximum extent possible.

Within these three development categories, commercial and industrial development can also occur, with a strong orientation for that development to occur within the villages, where commercial and industrial development can occur at floor area ratios (FAR) of .35-.80.[7]

These land use changes are discussed in the General Plan elements in terms of mobility, open space, noise, safety, and housing from affordability and regional needs for low-income resident perspectives. There are specific discussions of sustainability and design within the Land Use Element.

What are sorely lacking in both the General Plan Update document and in the associated Environmental Impact Report[8] are the fiscal and economic impacts of this update. Do the proposed changes enhance or harm fiscal and economic conditions in the County in comparison to what would be the case under the existing General Plan?

Curiously, the General Plan makes reference to the importance of economic vitality but does not pursue that objective over the course of its ensuing sections. It is the purpose of this report, therefore, to examine a series of economic and fiscal issues associated with the General Plan update, including

- Impact on housing units
- Impact on business activity
- Impact on employment
- Impact on income

[7] FAR is set at .60-.80 for villages and .35-.45 for semi-rural and rural . Rural commercial is allowed at 2 units per acre. The maximum FAR for industrial uses ranges from .35 for high impact industrial to .60 for limited impact industrial. All levels of industrial are allowed in or near the villages, with limited impact being the only level allowed in the semi-rural areas and no industrial in the rural areas.

[8] Environmental Impact Report (EIR) for the County of San Diego General Plan Update—July 1, 2009

- Impact on valuation of down-zoned rural area property vis-à-vis offsetting increases in semi-rural and village areas,
- Impact on development costs
- Impact on net tax revenues
- Impact on SB 375 emission targets
- Impact of General Plan Update on Cost of MSCP—North County

Each of these issues will be addressed in a separate section that will be preceded by a brief summary of the fundamental conclusions of that section.

IMPACT ON HOUSING UNITS

The General Plan Update reduces the number of housing units in the existing General Plan by 42,000. The number of housing units currently occupied by San Diego County workers in adjacent counties and Mexico (trans-regional commuters) because of high San Diego County housing costs and/or low housing availability is estimated to be 23,295. The updated General Plan will add another 14,000 trans-regional commuting households to total 37,295 housing units for United States resident, San Diego County workers that are not being provided housing within San Diego County.

Existing (2010) population in the unincorporated area of the County is 496,309[9] in 163,272 housing units.[10] The General Plan Update provides for 238,500 housing units in 2030[11] that will accommodate a population of 682,409.[12]

The General Plan Update indicates that the number of housing units provided in this plan is 15 percent less than in the existing plan. The updated General Plan also shifts 20 percent of the population growth away from rural lands. Inasmuch as the updated plan provides for 238,500 housing units in the unincorporated areas of the County, the 15 percent reduction implies that, under the existing plan, there would have been 280,500 housing units—**a reduction of 42,000 housing units.**

Population growth in the County from 2010 to 2030 is estimated to be 186,100; therefore, a 20 percent shift represents 37,220 people who would occupy approximately 13,000 housing units at current person per household densities. The General Plan Update, therefore,

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[9] Draft County of San Diego General Plan—July 1, 2009—Housing Element Background Report-p. H1-9

[10] 2010 estimate--Environmental Impact Report (EIR) for the County of San Diego General Plan Update—p, 2.12-3

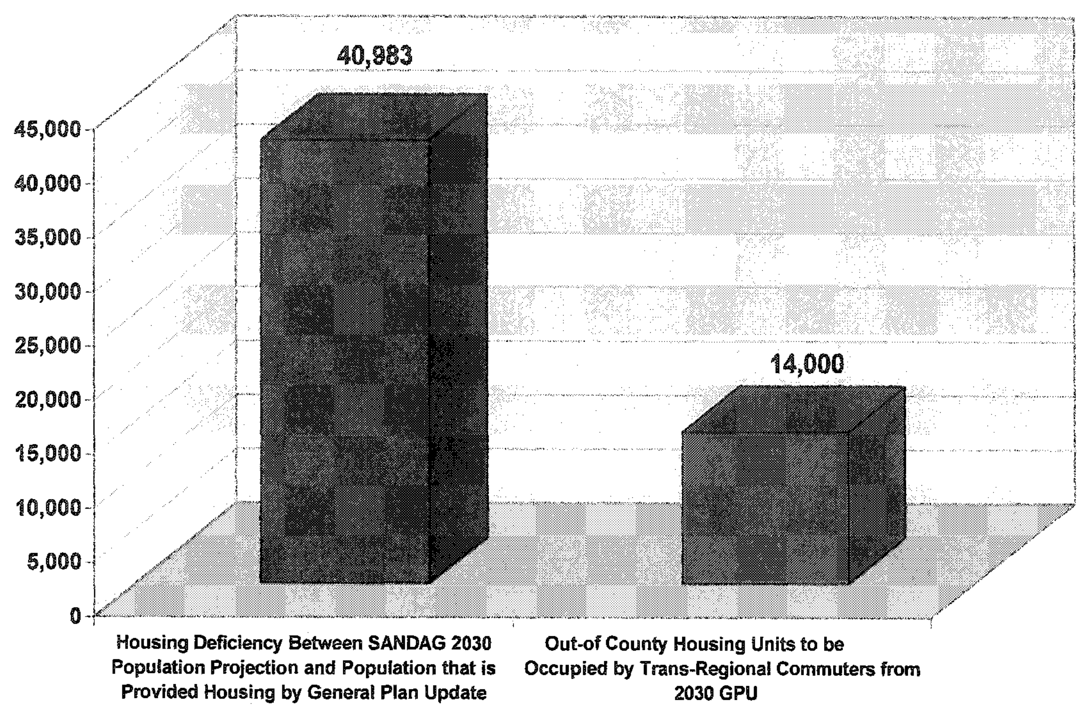
[11] Draft County of San Diego General Plan—July 1, 2009—p. 1-2

[12] Draft County of San Diego General Plan—July 1, 2009—Housing Element Background Report-p. H1-7 and H1-9.

entails a shift of 13,000 housing units from rural lands to villages and an outright reduction of 42,000 dwelling units, accomplished in large part by a substantial down-zoning of rural land.

This reduction in housing units is not justified by population predictions. **Chart 1** shows the deficiency due to the provisions of the 2030 General Plan Update. The San Diego Association of Governments (SANDAG) projects that the 2030 population of unincorporated San Diego County will be 723,392—or 40,983 more than the population served by the General Plan Update's housing units [13]

Chart 1
New Trans-Regional Commuters Created by Housing Deficiency in 2030 General Plan Update



That magnitude of population (40,983 people) would occupy approximately 14,000 homes that are not to be provided according to the proposed plan. These 14,000 households will be forced to leave the County unless cities within the County accommodate this under-supply.

[13] San Diego Association of Governments Data Warehouse—2030 REGIONAL GROWTH FORECAST UPDATE—website last accessed –August 8, 2009.

There is little, if any, likelihood that cities will make up this difference. Not only do jurisdictions tend to plan without regard to housing shortages elsewhere unless forced to do so, but cities in San Diego County are also short in providing necessary housing. A population forecast being developed by SANDAG planners and demographers for 2050 indicates that, in order to accommodate a projected population of 4.4 million, the region must provide an additional 450,000 homes, but the existing plans of the 18 area cities and county government only provide for 380,000.[14]

Under State law, cities and county governments are obligated to plan for enough homes, roads, water lines, sewer lines and other infrastructure to accommodate the projected population. In other words, once adopted, the SANDAG population forecast will trigger the need to set aside more places to build as opposed to the fewer such places provided in the General Plan Update.

Existing Trans-Regional Commuters: In 2000, 20,855 San Diego County workers made their residence in Imperial County (420), Riverside County (18,640), and San Bernardino County (1,795), many of whom did so because of housing costs or availability.[15] Assuming one San Diego worker per home and two-thirds living out of San Diego County for housing cost or availability reasons, that would add approximately 13,300 homes of San Diego workers living in Imperial, Riverside, or San Bernardino Counties to the 14,000 underprovided homes in the General Plan Update.[16] **Chart 2** depicts these findings.

Two additional considerations are required in order to complete this estimate of under-provided housing: 1) the number of United States residents, San Diego County workers living in Mexico because of cost or availability of housing, and 2) an update of the estimates from Imperial, Riverside, and San Bernardino Counties from 2000 to the present.

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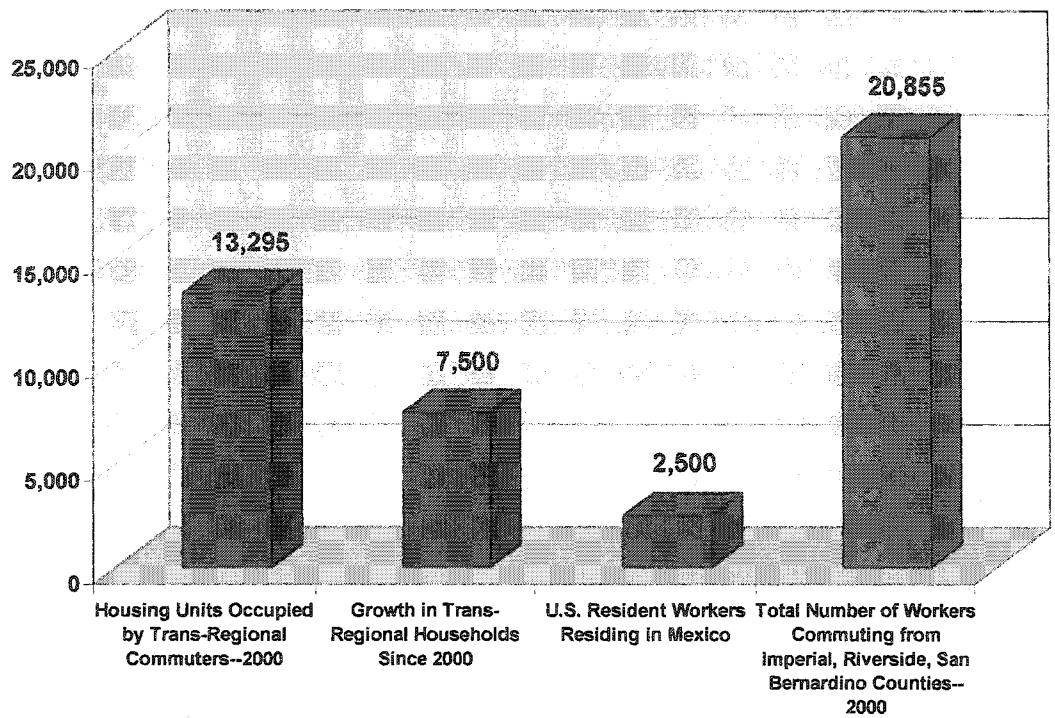
[14] Downey, Dave, "Politicians Push Back Against Population Forecast," North County Times, July 10, 2009 and http://www.sandag.org/uploads/projectid/projectid_355_9908.pdf, p.2 (SANDAG 2050 Regional Growth Forecast).

[15] San Diego Association of Governments, Commute Characteristics: San Diego Region, December 2004, p. 3

[16] Orange County is not included under the assumption that the choice to live in Orange County is not driven by lower housing costs or greater housing availability

Chart 2
Current Estimated Trans-Regional Commuting Households



The estimated number of U.S. residents who have chosen to live in Mexico and commute to the United States to work has not been determined with any satisfactory degree of certainty; however, rough approximations can be derived, and, based upon the quotation below, it is not unreasonable to add another 2,000-3,000 U.S. resident workers (7-11 percent of cross-border commuters and 1 percent of all Americans living in the Tijuana Consular District) to the count of San Diego County workers living outside of the County. Again using one commuting worker per household, the number of housing units occupied by United States resident workers living in Mexico is approximately 2,500.

> According to Mexico's 2000 Census data, 27,386 residents of Tijuana and Rosarito self-reported that their primary place of employment is the United States.[17] Some of Baja California's cross-border commuters are Mexican nationals with U.S. citizenship or authorized papers to legally cross each day to work or go to school. Others are U.S. families or retirees on fixed income pensions or restricted incomes that compel them to live in Mexico to maintain a decent quality of life. It is worth noting that the U.S. Consulate-Tijuana has a total of 196,000 Americans officially recorded as living in its Consular District

[17] A 1994 "Who Crosses the Border Study" by San Diego Dialogue estimated that the cross-border commuter population was 50,000.

(either full time or part time in an area that includes the entire Baja California peninsula) and many of these individuals are part of the cross-border commuter population.[18]

Table 1 Compiles these estimates and shows that by the year 2030 the total number of trans-regional commuters is estimated to be 37,295 households.

Table 1 Estimated Number of Adjacent County Households Occupied by San Diego County Trans-Regional Commuters in 2030				
	Year 2000*	**Estimated 2001-2009**	**Total--2009**	**2010-2030 Increase due to General Plan under-provision**
Riverside County	**12,415**	**5,000**	**17,415**	
Imperial County	**280**	**1,500**	**1,780**	
San Bernardino County	**600**	**1,000**	**1,600**	
Mexico (U.S. resident commuters only			**2,500**	
Underprovided by General Plan Update				**14,000**
Total			**23,295**	**14,000**
* two-thirds assumed to be commuters due to housing cost/availability				

The final additional consideration—growth of these totals since 2000—is again not known with certainty and will not be until the 2010 census is conducted, but it is known that the rapid growth of housing San Diego County costs chased many San Diego workers and their families to housing elsewhere. Imperial County, for example, which was a minor residential destination in 2000, grew substantially, in particular along the main commute route of Interstate 8. Between 2005 and 2006 (the peak of the housing boom in San Diego), 1.23 percent of Imperial County's 131,364 residents (1,615 people) relocated to Imperial County from San Diego County.[19] Obviously, this rate did not prevail over the entire period from 2000 nor were all moves those of commuters; however, it would be reasonable to assume that rate for 2006-2007 also and some additional moves during the remainder of the period such that an additional 4,000-5,000 San Diego County

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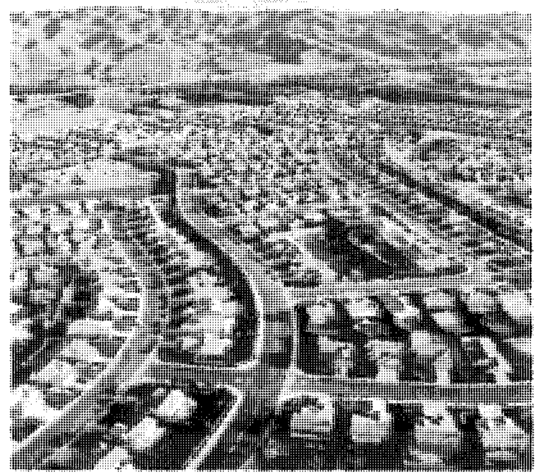
[18] International Community Foundation, Blurred Borders: Trans-boundary Issues and Solutions in the San Diego/Tijuana Border Region, p. 9.

[19] http://www.usatravelpal.com/cities/California/Imperial-County.html and http://www.city-data.com/county/Imperial_County-CA.html

residents and commuters would have left San Diego County for Imperial County in large part because of housing costs and availability—1,500 housing units assuming one San Diego worker and 3 persons per household.

For Riverside County, the same sort of analysis applies. Between 2005 and 2006, 1.33 percent of all residents were transfers from San Diego County.[20] That would represent over 27,000 people. Riverside County, unlike Imperial County, has many popular retirement destinations (Hemet and the Coachella Valley, for example), so that this 27,000 population migration must be greatly modified. Assuming 5,000 to be working families and the same annual migration pattern as Imperial County, 15,000 new Riverside County residents since 2000 had a San Diego commuter in their household—or 5,000 housing units.



For San Bernardino County, between 2005 and 2006, 0.23 percent of all residents were transfers from San Diego County.[21] That would represent approximately 4,500 people. San Bernardino County also has more desirable retirement destinations than Imperial County, so that this 4,500 population migration must also be greatly modified. Assuming 1,000 to be working families and the same annual migration patterns as Imperial and Riverside Counties, 3,000 new San Bernardino County residents since 2000 had a San Diego commuter in their household—or 1,000 housing units.

The 2030 Regional Growth Forecast, adopted by SANDAG in September 2006, indicates that interregional commuting will increase substantially. In this forecast, 99,400 additional households, containing one or more San Diego region workers, will locate near but outside the county. This represents nearly 26 percent of all residential units needed to house the expected increase in the region's workers.[22]

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[20] http://www.city-data.com/county/Riverside_County-CA.html
[21] http://www.city-data.com/county/San_ Bernardino_County-CA.html
[22] SANDAG, Interregional Transportation White Paper for the 2007 Regional Transportation Plan, p. 10

According to SANDAG, "A lack of affordable housing in San Diego and high-paying quality jobs in Riverside and Imperial Counties have had an impact on the region's transportation network. San Diego and its interregional partners must work together to address this jobs-housing imbalance."

The 99,400 trans-regional housing units estimated by SANDAG included 51,658 for Riverside County, 30,753 for Northern Baja California, 16,800 for Orange County, and 189 for Imperial County. This report has eliminated the Orange County households as being commuters who have not relocated for housing cost and availability purposes. Doing the same for the SANDAG analysis would reduce the trans-regional housing units to 82,600. Also, SANDAG did not attempt to draw a distinction between U.S. resident trans-border commuters versus Mexican nationals who would not be eligible for U.S. residency. Therefore, the 30,783 commuters should be reduced to approximately 10 percent of that total as this report has done.

This report also assumed that not all Riverside County residents who commute to San Diego County do so because they have been priced out of the local market. To be conservative, this report has used a two-thirds factor in order to account for families with two workers, only one of whom works in San Diego County, that have elected to live nearer to the other's workplace. That would reduce the Riverside total to 34,400. Further, taking into account the lower estimate for Imperial County and the non-consideration of San Bernardino County, SANDAG's analysis requires reconciliation with this report's estimated 37,295 trans-regional commuters as shown in **Table 2**.

This reconciliation of the two studies shows remarkable similarities when assumptions that underlie each are brought into alignment. Both indicate that in excess of 37,000 San Diego County, United States resident workers are living outside of the county because they are priced out of the local market or because housing cannot otherwise be adequately supplied.

Table 2 Estimated Number of Adjacent County Households Occupied by San Diego County Trans-Regional Commuters in 2030—Table 1 and SANDAG Reconciliation		
	SANDAG*	Table 1 Estimates
Riverside County	34,400	31,415**
Imperial County	189	1,780
San Bernardino County	---	1,600
Mexico (U.S. resident commuters only	3,000	2,500
Total	37,589	37,295

* Adjusting SANDAG assumptions and focus to coincide with this study
**Allocates all growth to Riverside County

The number of housing units currently occupied by San Diego County workers in adjacent counties and Mexico (trans-regional commuters) because of high San Diego County housing costs and/or low housing availability is estimated to be 23,295, which can be added to the 14,000 shortcoming of the General Plan Update to total 37,295 housing units for United States resident, San Diego County workers that are not being provided housing within San Diego County.

IMPACT ON BUSINESS ACTIVITY

The General Plan Update, by not providing for 14,000 needed housing units, is allowing $504 million dollars in consumer spending to depart from the County and is further allowing the continuation of $839 million to escape by not attempting to provide for those who have already left. The total, therefore, in lost consumer expenditures alone is $1.33 billion per year. When supplemented by the Multiplier, the total lost business and economic activity reaches $2.66 billion annually.

In 2009, median family income in San Diego County is $74,900—a remarkable increase from 2000, when the median was $53,438.[23] U.S. Bureau of Labor Statistics consumer spending patterns in the County (for 2006-2007) are that 58 percent of gross income is spent on consumer-related expenditures (exclusive of mortgage payments, pension contributions, insurance, and taxes) as follows (**Table 3**):[24]

Table 3
Percentage of San Diego MSA Gross Family Income Devoted to Consumer Expenditures

Expenditure Category	Percentage of Gross Income	Sales Taxable = X
Food at Home	5.2%	
Food Away	5.2%	X
Alcohol and Tobacco	1.1%	X
Utilities	5.2%	
Household Supplies, Equipment, Furnishings	6.7%	X
Apparel	4.2%	X
Vehicle Purchases	3.8%	X
Gasoline	4.6%	X
Other Vehicle Expenses	3.6%	Assume ½
Public Transportation	1.3%	
Healthcare	4.8%	
Entertainment	5.6%	
Personal Care	1.3%	
Miscellaneous retail	1.6%	
Cash Contributions	3.6%	
Total	58.4%	

[23] Family income (vs. household income) is considered in this report to be a better measure of the demographic composition of trans-regional commuters. http://www.huduser.org/datasets/il/il2009/2009MedCalc.odn?INPUTNAME=METRO41740M41740*0607399999%5ESan+Diego+County&selection_type=county&stname=California&statefp=6.0&wherefrom=mfi&year=2009

[24] http://www.bls.gov/cex/2007/msas/west.pdf .

Applying these spending patterns to the $74,900 median family income indicates the following expenditures into the regional economy annually per family:

▪ Food (home and away—incl. alcohol/tobacco)	$8,614
▪ Household expenditures and utilities	$8,913
▪ Transportation	$9,962
▪ Entertainment	$4,194
▪ Apparel, personal care, misc. retail	$5,318
▪ Health care	$3,595
▪ Cash contributions	$2,696
TOTAL	$43,292

With the General Plan Update under-providing 14,000 housing units and further not addressing the 23,295 households that have already left, the majority of these consumer expenditures will have departed with these households that will tend to shop and utilize services nearer to their home than to their work. Allowing for half of the transportation component ($4,981) and one-fourth of health care and retail sales expenditures ($2,228) to remain in San Diego County, it can be estimated that $36,083 (rounded to $36,000) per household will depart the County when they locate their residences outside of the County. That indicates that the 14,000 under-supplied housing units will result in $504 million being spent outside of the County that would have been spent within the County had those trans-regional commuters lived within San Diego County. It further indicates that those who are already commuting across the County boundary (23,295 households) are spending $838,620,000 outside of the County that could be spent here if the General Plan would provide sufficient housing to entice their return.

In addition to these expenditures, indirect and induced secondary, tertiary and quaternary expenditures spin off from these consumer expenditures in the form of the Multiplier Effect. The Multiplier Effect arises because of the induced increases in business income that occur due to the increased spending – and because of the feedback into the economy of these increasing business revenues, jobs, and income. At each "round", the increase in consumer spending is less than the increase in consumer incomes. That is, the marginal propensity to consume is less than one, so that at each round some extra income goes into savings, leaking out of the cumulative process. Each increase in spending is thus smaller than that of the previous round.

The General Plan Update, by not providing for 14,000 needed housing units, is allowing $504 million dollars in consumer spending to depart from the County and is further allowing the continuation of $838,620,000 to escape by not attempting to provide for those who have already left. The total, therefore, in lost consumer expenditures alone is $1.33 billion per year.

Applying a 2:1 Multiplier[25], the $504 million in annual foregone regional consumer spending from the 14,000 households undersupplied in the proposed General Plan Update would have generated an additional $504 million in annual indirect and induced benefits as the consumer spending would have "rippled" through the local and regional economies—more than $1 billion in total regional economic activity lost annually with these 14,000 households.[26] Further, the spending that is lost to existing trans-regional commuters, when supplemented by the Multiplier, totals almost $1.7 billion, for a total of $2.7 billion in lost economic activity.

[25] The San Diego Regional Multiplier differs depending upon the specific industry involved, with multipliers ranging, generally, from 1.5:1 to 3.5:1. Use of a 2:1 multiplier for purposes of estimating indirect benefits from direct spending is reasonable and conservative.

[26] Note that this equals approximately $71,500 per household. The San Diego Gross Regional Product, which is the sum value of all goods and services produced in the market, is estimated at $180 billion for the 1,125,611 households presently in the County—or $160,000 per household—roughly twice that estimated herein for residents who live outside of the County but work within it because no impact has been ascribed to the industrial, defense, and tourism sectors, in particular.
http://www.sandiegobusiness.org/media/docs/0908economicoverview.pdf, p. 2

IMPACT ON EMPLOYMENT AND INCOME

The San Diego region is losing 7,300 permanent jobs and in excess of $300 million in employment income annually from the 14,000 new trans-regional commuting households and is further losing approximately $525 million annually in employment income from the 12,200 jobs lost to the 23,295 existing trans-regional households. Because of the General Plan Update's continuation of the policy to under-provide housing units, the total of the two components is 19,500 jobs and lost employment income of $839 million per year to the region.

Employment effects also make use of a multiplier, but the employment multiplier is more situationally specific than spending. For example, the United States Department of Commerce uses a multiplier of 12,000 jobs for every one billion dollars in exports,[27] and for the military, the employment multiplier is 5,000 for every one billion spent.[28] Another way to look at this issue is by utilizing the San Diego Gross Regional Multiplier (GRP) of $180 billion. That GRP supports 1,313,800 jobs in the County, which equates to 7,300 jobs per billion in expenditures.[29] Applying that compromise jobs/employment multiplier to the $1 billion lost to the 14,000 trans-regional commuters and the nearly $1.7 billion foregone to existing trans-regional commuters indicates that the General Plan Update is costing the region 19,500 permanent jobs by not providing a plan to accommodate those who have or will leave the County because of housing shortages and/or cost (7,300 jobs lost because of the new trans-regional commuters and 12,200 jobs lost due to existing commuters).

Income impacts are much like employment impacts in that income impacts are also situationally specific and depend upon the types of jobs being created. It is reasonable to assume that the expenditures lost to out-of-county commuter spending will be skewed more toward retail and less

[27] http://www.pacificcouncil.org/pdfs/Baja.Q.final.pdf
[28] http://www.globalsecurity.org/military/facility/san_diego.htm
[29] http://www.sandiegobusiness.org/media/docs/0908economicoverview.pdf, p.4

toward manufacturing. As such, the 2008 income data for San Diego County[30] has been adjusted to eliminate average manufacturing earnings ($1,198 per week) and move those workers into retail ($556 per week), thereby reducing overall income from $921 per week per employee to $827 per week average non-manufacturing income.

When applying $827 per week to the 7,300 permanent jobs to be lost because of the effect proposed General Plan Update on creating new trans-regional commuters, the San Diego region is losing in excess of $300 million in employment income ($313,929,200) annually for the 14,000 new trans-regional commuting households and is further losing approximately $525 million annually in employment income ($524,648,800) from the 12,200 jobs lost owing to the 23,295 existing commuting households. Because of the General Plan Update's continuation of the policy to under-provide housing units, the total of the two components of lost employment income is $838,578,000 per year to the region.

[30] https://edis.commerce.state.nc.us/docs/countyProfile/CA/06073.pdf, p.3

IMPACT ON LAND VALUES

<u>San Diego County suffers a net loss in land value in excess of $1.5 billion.</u> This is the result of the decline in value of down-zoned rural lands that is not fully offset by any potential increases in the villages or semi-rural lands.

One of the more difficult concepts to apply quantitatively is the impact that down-zoning has upon down-zoned land values. There is an inherent and seemingly irrefutable logic to the claim that a reduction in the potential highest and best use of land must decrease its value. Surprisingly, there are studies on both sides—that values are harmed or that they are not. All studies acknowledge a dearth of sufficiently robust and rigorous studies such that no truly reliable conclusion is possible

To cite some of the more frequently referenced and recent among the studies that show little harm to value, the Maryland Department of Planning[31] concluded, after examining agricultural land that was down-zoned in 6 suburban counties and their value changes between 1995 and 2001, that the down-zoned land (46 percent fewer potential building lots) actually increased in value. In a paired samples test between counties that down-zoned and those that did not, there was no statistically significant difference in value changes over that period. A Georgetown University study in Portland, Oregon[32] found that potential development is only one consideration in land value and that the "positive amenity" and scarcity effects could outweigh development potential. The positive amenity effect is that the natural beauty of the land is protected and that neighboring parcels are prohibited from doing anything that would harm the subject property. Scarcity is that the limited supply of developable land enhances the value of the future development that is still possible. In comparing agricultural land in Oregon that was subject to development limitations and comparable land in Washington that was not, the study found that Oregon land appreciated faster (albeit slightly) than did Washington land (6.35 per cent versus 6.16 percent). On the other hand, Oregon's appreciation was slightly lower than in Idaho (6.63 percent) where limitations are not as restrictive as in Oregon. What is noteworthy about these two studies is that they both dealt with agricultural land that had an economic use and also was able to take advantage of

[31] "Summary of Studies: The Effects of Downzoning on Land Values and Agricultural Financing," July, 2008
[32] Georgetown Environmental Law and Policy Institute, "Property Values and Oregon Measure 37," 2007

agricultural tax credits and, in the case of Maryland, Transfer of Development Rights—all of which are significant considerations that are not parallel to the rural lands in San Diego County. One other report from the Eastern Shore Land Conservancy, also in Maryland, found that out of eleven studies within their research, seven found that down-zoning did not decrease land values and four found that it did.[33]

On the other hand, a study out of Rutgers University and Michigan State University[34] found that the absence of any price effect of down-zoning in Maryland appeared to be caused by the fact that development was not imminent there. In New Jersey, development is imminent virtually everywhere, and a high proportion of vacant land value is due to its development potential. This means that down-zoning will typically lead to dramatic declines in vacant land value in New Jersey. A real estate consulting firm in New Jersey in 2004 found that down-zoning decreased value up to 77 percent.[35] Another Maryland Study showed that 245 farms in Maryland under conservation easements that eliminated essentially all development rights sold for amounts between 77 percent and 89 percent of the value of comparable unrestricted properties from 1997 and 2003.[36] As in the cases above that were generally supportive of the notion that down-zoning does not harm land values, these studies to the contrary possess many of the same limitations of applicability and rigor.

What is abundantly clear is that these studies, especially the Georgetown study, do indicate valuable mitigating considerations pertaining to the impact of down-zoning on land values; however, they are not sufficiently numerous, comparable, or unanimous to overturn the overriding logic, especially among these rural lands, that less development potential will equate to lower land values.

Zoning for the rural lands is proposed to absorb a 75 percent decline in potential development, with zoning suggested to change from 1 unit per 10-40 acres to one unit to 40-160 acres. That could imply a 75 percent decline in value, which would place these lands at the upper extreme of value decreases among the studies cited. On the other hand, the land will acquire some scarcity

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[33] http://www.eslc.org/pages/ord0825research.php

[34] Gottlieb, Paul and Adelaja, Adesoji, "The Impact of Down-zoning on Land Values," Agricultural Finance Review, 2009

[35] Clarion/Samuels Associates, "The Impact of Down-zoning on Agricultural Land value in New Jersey," November , 2004

[36] Lynch, Lori; Gray, Wayne; and Geoghegan, Jacqueline, "An Evaluation of Working Land and Open Space Preservation Programs in Maryland"

value and will be able to enjoy some of the amenities of controlled growth. The precise worth of these amenities is unknown. Furthermore, some down-zoning could have no impact on value. For example, land zoned for 1 unit per 2 acres would not decline in value with a down-zone to one per 10 acres if the market in that area is for 1 unit per 10 acres or more. It is reasonable, therefore, to apply a reduction at least in the mid-range of some of the studies that show a decline (11 percent-to-77 percent) and shade that reduction a bit to the conservative side, thereby generating an assumed decline in value somewhere around 40 percent.

There are a number of ways to estimate the current value of the land to be down-zoned. One might be to use the $15,000 mitigation value used in the North County MSCP plan; however, mitigation land is less developable than land that is less rugged and less species-rich.

A second approach might be to examine all San Diego County land of 20 acres or more (inasmuch as that is the average land size to be developed under the existing—not updated—General Plan) that has sold recently. The economy has been such that recent sales records are too few to form a representative sample and sales from a few years ago are not reflective of present values. A search of records reveals 31 such parcels that are presently for sale from Jamul and Tecate to Fallbrook. These parcels are comprised of 3,454 acres and asking an average of $21,000 per acre. Asking prices are obviously higher than sales prices, but they do provide an upper-limit estimate of value that is informative.

A third approach would be to estimate the per acre development potential lost and the value of those lost lots offset by any increase in the value of the larger lots to be developed under the General Plan Update. Once again, these sales are few in number, as are finished lots for sale at 20 acres or more. There is one set of four 40-acre parcels for sale in Bonsall at $895,000 per parcel ($22,375 per acre). Approximate rules of thumb are that raw land is worth one-half of the value of finished lots—in this case, therefore, $11,000 per acre. Given all of this data, it would seem that the $15,000 per acre in the MSCP North County plan is as good an estimate as possible, so that a 40 percent decline would reduce values by $6,000 per acre. SANDAG identifies approximately 361,000 useable (non-constrained) vacant acres within the unincorporated County.[37] As such, those acres can be expected to absorb that $6,000 per acre value decline for a total reduction in real estate values in the rural lands of the County totaling $2.166 billion.

[37] SANDAG Data Warehouse—July, 2009

There can be expected to be a slight upward bump in the value of village and semi-rural land to accommodate the additional 13,000 housing units being shifted from rural to village and semi-rural. Villages are planned for more dense housing, including multiple-family dwellings and the semi-rural lands are to have larger lots than typical suburbs. Villages are planned for 2-30 dwelling units per acre and semi-rural land for one unit per 20 acres all the way up to 2 units per acre. Assuming that one-half of the 13,000 housing units will be developed in the village lands and that one-half will be semi-rural and development will be mixed throughout all available densities, the junction of the two land use categories (2 units per acre) could represent the midpoint or average development format for the 13,000 units diverted from rural lands. These additional ½ acre lots are likely worth an average approximately $50,000 in rough form in the applicable unincorporated locations—or $650 million in total.

When these offsetting value increases in villages and semi-rural lands are deducted from the $2.166 billion in value lost by the rural lands, San Diego County suffers a net loss in land value in excess of $1.5 billion ($1,516,000,000).

IMPACT ON DEVELOPMENT COSTS

Development costs for the same unit will be $500,000-$600,000 more under the General Plan Update in the rural lands than they are under existing planning.

Costs to develop homes in the rural areas can be expected to increase with the lesser densities proposed. The General Plan Update clearly is working to decrease the number of homes in the rural areas and to make those homes that are to be developed into large estates. Land costs will increase inasmuch as four times as much land will be devoted to each residential unit, but values will decline by 40 percent, partially offsetting the cost of the acreage increase. For example, a 20 acre property would have land costs of approximately $300,000 under present value conditions ($15,000 per acre); however, if the General Plan Update is implemented, that same home would require 80 acres costing $720,000 at $9,000 per acre.

Studies, albeit relatively few in number that have actually quantified their findings, have shown that on-site infrastructure costs are also affected by down-zoning. A study out of Michigan State University in 2006 shows that road costs increase by $1,865 per acre of lot size, that sewer pipe costs increase by $1,290 per acre, and that water pipe costs increase by $1,828 per acre.[38] That study was for smaller lots, so that these amounts might not be transferable, but, allowing for no sewer costs (assuming on-site tanks) and allowing for less road footage and less piping because of fewer units, a 60 acre increase in lot size could still add up to $200,000 in on-site roads and pipes, according to these estimates.

Morris Beacon Design produced a study in South Carolina that showed that infrastructure costs are 47 percent higher for traditional large lots than for clustered housing.[39] In 2005, another study

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[38] Mohammad Najafi, Rayman Mohamed, Abdelkader Tayebi, Soji Adelaja, Mary Beth Lake, Paul Gottlieb, William Rustem, "The Fiscal Impacts of Alternative Single Family Housing Density: Infrastructure Costs," May, 2006.

[39] http://www.morrisbeacon.com/images/NUN%20article%206-07.pdf

found that sewer and water costs are 7 percent lower in a "controlled growth" versus "uncontrolled growth" scenario. Road costs are 12 percent lower under controlled growth.[40]

All things considered when these on-site infrastructure costs are added to the $420,000 increased cost of land, it becomes clear that development costs for the same unit will be approximately $600,000 more under the General Plan Update in the rural lands than they are under existing planning.

[40] Erie-Niagara Framework for Regional Growth, "Public Costs by Development Type," February, 2005

IMPACT ON NET TAX REVENUES

Reduced land values and the transfer of development from rural lands to the villages will cost San Diego County $6 million in net tax revenues annually. The new 14,000 trans-regional commuters to be created by the proposed update would benefit the County by $3.8 million per year if they were encouraged by policy to reside within the County instead of moving out of the County. The re-attraction of existing trans-regional commuters would bring net fiscal benefits of $6.4 million per year. The General Plan Update causes foregone net tax benefits equal to $16.2 million annually..

San Diego County will lose tax revenues because of the 37,295 households that commute to San Diego but spend more of their money, pay their property taxes, make use of fee/lease paying franchises, and pay vehicle license fees, among other taxes and fees in the adjacent jurisdictions in which they reside.

Property Taxes: There are four components to the analysis of the impact of the General Plan Update on property tax receipts:

- Property taxes lost because of the $1.5 billion decline in property values
- Property taxes lost to adjacent jurisdictions from 37,295 households with San Diego County commuters
- Property taxes on improvements lost because 13,000 residential units are shifted from rural lands to villages and semi-rural lands.
- Property taxes lost because of 42,000 reduction in housing units in General Plan Update considered independently from the trans-regional commuters.

1) The loss of $1.5 billion in property value that is due to the 40 percent reduction in land value from $15,000 per acre to $9,000 per acre will not likely impact property tax receipts significantly. A statistical analysis of 775 unimproved San Diego County rural land parcels, totaling 37,570 acres[41] reveals that the mean assessed value of this land per acre is $1,523, with only 209 parcels totaling 869 acres (2.3 percent of all sampled acres) having values in excess of $9,000 per acre. The mean assessed value for the parcels in excess of $9,000 assessed value per acre is $47,721 per acre.

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[41] Data obtained from San Diego County Assessor in the form of random selection of 1,437 tax parcels in rural lands areas throughout San Diego County.

If this sample were to apply Countywide, 2.3 percent of the County's total 361,000 non-constrained acres[42]—8,300 acres would be all that would be impacted by this reduction in value. Applying the 40 percent reduction to $47,721 equates to a $19,000 per acre reduction and a total assessed value downward adjustment of $157,700,000. If only larger parcels (e.g., 10 acres or more) are affected by the plan update, then of the 519 parcels of that size, none of them are assessed at $9,000 per acre or more. There likely will be a preponderance of larger parcels impacted, but allowing for some small properties to also be affected, it could be argued that there might be a $75 million reduction in assessed values, causing the County to lose approximately $170,000 per year.[43] Other property tax receiving jurisdictions within the County (e.g. cities, special districts, redevelopment agencies, schools) would lose $632,500 per year.

2) The property tax loss consequences of the 37,295 households that have or will leave the County for residential purposes is based upon their house values and taxes. It is likely that the values of their houses outside of San Diego County are in a range at the low end of San Diego County housing because of the housing costs in these other locations. Assuming that this population moves back to San Diego County into new ownership housing units, the median cost of such new properties in May, 2009 was $455,500, including condominiums and condo-conversions. All homes demonstrated a median price of $314,000 ($350,000 for single family homes). Splitting the difference between new housing and single family detached re-sales, the average purchase price can be considered conservatively to be $400,000 despite the fact that it will be new construction that will be filling the housing gap. The total assessed value of homes would, therefore, be approximately $15 billion ($5.6 billion for the 14,000 General Plan Update under-supply and $9.3 billion for the 23,295 existing trans-regional commuters), paying $160 million in annual property taxes. The County receives approximately 21 percent of all property taxes paid within San Diego County,[44] and, therefore, is losing at least $33,600,000 million per year (approximately $900 annually per household commuting from outside the County)--$12,585,000 from the new 14,000 new trans-regional commuters and $21,015,000 from those presently commuting from outside the County. The difference between the total $160 million in

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[42] http://datawarehouse.sandag.org/default.asp?g=5&gs=19&grp=c60&grp=f60&o=d&go=Get+My+Data&l=1

[43] $75 million multiplied by average tax rate in County (1.07 percent) and by 21 percent as that portion that County retains--http://www.boe.ca.gov/annual/pdf/2006/table14_06.pdf.--= $170,000. Other jurisdictions will lose $632,500.

[44] http://www.sdcounty.ca.gov/auditor/trb0809/docs/PieChart200809.pdf

property taxes and the $33,600,000 that the County would receive ($126,400,000) is lost to all other property tax recipient jurisdictions within the County and can be allocated $47,500,000 to the 14,000 new trans-regional commuters and $78,900,000 to the existing trans-regional commuters.

3) To the extent that development costs are increased, as discussed above and as is logical for larger homes that usually are constructed on substantial parcels of land, then the shift of development from rural lands to villages and semi-rural land will result in lower assessed value for the 13,000 shifted residential units. Considering only the increased size of rural dwellings plus the additional costs detailed above, it can be estimated that the property taxes foregone because of this shift are as follows. Assuming 1,000 additional square feet per dwelling unit at a cost of $200 per square foot, 13,000 rural homes would cost $2.6 billion more than village and semi-rural homes and would generate $ 27.8 million in taxes—21 percent of which ($5,838,000) would be retained by the County, with $21,962,000 lost by other jurisdictions.

4) Underlying this report has been a tacit assumption that the 42,000 housing unit reduction in the updated General Plan and the 37,295 trans-regional commuters were essentially the same population. That is, the reduction in housing units is based, according to the updated plan, on population projections. It has been established that the housing units fall 14,000 units short of these projections, thereby leaving the remaining reduction of 28,000 units available to attract trans-regional commuters back to San Diego County. There is, however, the possibility, even probability, that the 42,000 housing units, if built, would <u>not</u> be fully-occupied by the trans-regional commuters. It is distinctly possible that population growth, migration patterns, and obsolescence of older housing plus the 70,000 housing unit shortage projected by SANDAG for 2050 could create an entirely new market for these remaining 28,000 units, apart from existing trans-regional commuters. As is most probable, there will likely be a mix of existing trans-regional commuters, new residents, and residents replacing obsolete housing units occupying these 28,000 units. Especially in view of the 2050 projection from SANDAG, it is reasonable to allow that property taxes will be lost because of the fewer number of housing units to be built under the General Plan Update no matter how the trans-regional commuter scenario is resolved. The General Plan Update states that the housing capacity provided in the plan is 15 percent less than under the existing plan. Inasmuch as the plan provides for 238,500 housing units in the unincorporated areas of the County, the 15 percent reduction implies that, under the existing plan, there would have been 280,500 housing units—an increase of 42,000 housing units over the

updated plan. Applying the $400,000 price of a single family home from May, 2009, as discussed above, to 42,000 fewer homes yields $16.8 billion in taxable value and $180 million in property taxes at build-out. Of the $180 million, $37,800,000 would go to the County and $130,200,000 would go to other jurisdictions within the County.

In order to call attention to the possibility of these two separate markets, the two property tax scenarios (trans-regional commuters and 42,000 fewer housing units) are shown in two separate tables--**Table** 4 and **Table 5**—with Table 4 showing $188,402,500 in property taxes lost to taxing jurisdictions throughout San Diego County and Table 5 indicating losses of $196,602,500 in property taxes.

Table 4
Estimated Property Taxes Lost by San Diego County Governments from General Plan Update (based on 37,295 trans-regional commuters)

Source of Additional Property Taxes	Due to New Provisions General Plan Update	Due to Existing Trans-regional Commuters
County of San Diego: 40% reduction in rural land values	$170,000	
County of San Diego portion of property taxes from commuters living outside San Diego County	$12,585,000	$21,015,000
County of San Diego reduced property taxes from lower costs of construction in villages	$5,838,000	
County of San Diego Subtotal	$18,593,000	$21,015,000
Other local jurisdictions property taxes lost from 40% reduction in rural land values	$632,500	
Other local jurisdictions property taxes lost from commuters living outside the County	$47,500,000	$78,900,000
Other local jurisdictions property taxes lost from lower costs of construction in villages	$21,962,000	
Other Jurisdictions Subtotal	$70,094,500	$78,900,000
TOTAL (all San Diego County property tax jurisdictions	$88,687,500	$99,915,000

The range of possibilities for the total taxes lost extends from the lower total in Table 4 to the combined totals of Table 4 and Table 5 (approximately $385 million) depending upon the mix of trans-regional commuters and population growth. For purposes of this analysis, Table 4 will be used in order to remain consistent with the theme of trans-regional commuters being the primary market for these housing units and to choose the most conservative tax total.

Table 5
Estimated Property Taxes Lost by San Diego County Governments from General Plan Update (based on demand for 42,000 new housing units --not including trans-regional commuters)

County of San Diego: 40% reduction in rural land values	$170,000
County of San Diego portion of property taxes from 42,000 housing unit reduction	$37,800,000
County of San Diego reduced property taxes from lower costs of construction in villages	$5,838,000
County of San Diego Subtotal	$43,808,000
Other local jurisdictions property taxes lost from 40% reduction in rural land values	$632,500
Other local jurisdictions property taxes lost from commuters living outside the County	$130,200,000
Other local jurisdictions property taxes lost from lower costs of construction in villages	$21,962,000
Other Jurisdictions Subtotal	$152,794,500
TOTAL (all San Diego County property tax jurisdictions	$196,602,500

The combination of land value reductions, development shifts, and property taxes that would be paid if existing and future commuters in adjacent counties were to reside in San Diego County, totals approximately $189 million per year ($39.6 million to San Diego County). There is a further possibility that the County's reduction in the plan update of 42,000 housing units could add as much as almost $200 million per year to that sum (another $43.8 million to the County of San Diego).

Sales Taxes: In the Business Activity section above, average taxable retail sales per resident household were shown in **Table 3** to be 27.4 percent of total family income, out of which 5.9 percent were estimated to be spent within San Diego County in the form of a portion of retail sales and transportation expenditures—leaving 21.5 percent of total family income spent outside of San Diego County by trans-regional commuters. That equates to approximately $16,100 of sales-taxable spending per year per trans-regional household. Therefore, the 14,000 projected trans-regional commuters caused by the under-supply of housing in the General Plan Update would spend $225,400,000 on taxable transactions annually and pay $2,225,400 in sales taxes (one percent) to their local jurisdiction per year. This one percent is the general fund amount—exclusive of special allocations to public safety and transportation (e.g. TransNet, among others). The 23,295 existing trans-regional commuters would spend $375,049,500 per year and pay sales taxes of $3,750,495 per year.

Were these households to reside within San Diego County, not all of these expenditures would take place at businesses located in the unincorporated portions of the County. In 2008, 5 percent of taxable sales in San Diego County were made in the unincorporated parts of the County;[45] however, the unincorporated parts of the County contain 16 percent of the population, reflecting significant sales leakage (69 percent) to incorporated cities and retention of only 31 percent of sales-taxable spending. Therefore, $690,000 in sales taxes[46] will be lost to San Diego County because of the 14,000 undersupplied housing units and $1,163,000 because of the 23,295 households not encouraged to return, for a total of $1,853,000 annually.

This sales leakage also looms as an issue meriting discussion in the context of the General Plan Update. The General Plan Update, as with residential units, reduces development potential for commercial uses in the rural areas of the unincorporated County as it seeks to concentrate development in the villages. Ignoring the potential for increased commercial development where more residential units permitted, there exist at present, under current population projections, planned retail land shortages in the following community planning areas:[47]

- Central Mountain
- Central Mountain/Cuyamaca

[45] http://www.sandiego.gov/iba/pdf/09_30.pdf
[46] 31 percent of $2,225,400
[47] Memorandum from Economics Research Associates (Bill Anderson—now City of San Diego Director of City Planning and Community Investment) to LeAnn Carmichael (County of San Diego)—December 16, 2004, pp. 8-10

- Central Mountain/Descanso
- County Islands
- Crest/Dehesa
- Desert
- North County Metro (including Hidden Meadows)
- North Mountain
- North Mountain/Palomar Mountain
- Pendleton/De Luz
- San Dieguito
- Sweetwater

Developed retail land deficits were identified in:

- Alpine
- Bonsall
- Central Mountain
- Central Mountain/Cuyamaca
- Central Mountain/Descanso
- County Islands
- Crest/Dehesa
- Desert
- Fallbrook
- Jamul-Dulzura
- Mountain Empire
- Mountain Empire/Potrero
- North County Metro
- North County Metro/Hidden Meadows
- North County Metro/Twin Oaks
- Otay
- Pala-Pauma
- San Dieguito
- Sweetwater
- Valley Center

Reduction of commercial land in these areas is counter to what would best serve these communities from a service-provision perspective and best serve the County itself from a fiscal perspective in that the County could recapture a portion of the sales leakage.

Approximately $6 million in sales taxes is and will be lost to out-of-county, trans-regional commuters ($2.2 million to the 14,000 projected under-supply and $3.8 million existing commuters), the County's share is estimated to be approximately $1.85 million per year--$690,000 from the new 14,000 trans-regional commuters and $1,163,000 from those already commuting from outside of the County.

Other Revenues and Fees: Counties receive tax revenues and fees from a number of sources other than property and sales taxes. Among these revenues are motor vehicle fees, fines and forfeitures, franchise fees and service charges that total $22.50 per household per year.[48] All of these revenues are likely to occur where the household is located and, therefore, can be addressed as foregone revenues from the General Plan Update.

At a rate of $22.50 per household, the loss of these other revenues equates to approximately $839,000 per year--$315,000 from the new 14,000 trans-regional commuters and $524,000 from those already commuting from outside of the County.

Public Expenditures: These commuting households would incur public expenditures that would offset a portion of this foregone public revenue. Many County expenses apply to all 1,140,349 households in the County—others only to the 166,972 households in the unincorporated portions of the County. Some expenses are almost exclusively paid out of General Fund revenue—others are covered by fees, charges for services, direct taxes, and transfers from the State of California and/or the federal government. The General Fund portions of the major expenditures budgeted by San Diego County for 2009-2010 are divided by this report into two parts—countywide costs and unincorporated costs. The per household cost for all 1,140,349 County households for such costs as County Sheriffs costs allocable to jails and court services, District Attorney's Office costs, courts, health and human services, parks and recreation, County Assessor, Treasurer and Tax Collector. Registrar of Voters, Medical Examiner, and a share of general government, among others is $383 per household.

Expenditures that can be tied specifically to residents of unincorporated areas include Sheriffs costs for law enforcement in unincorporated County areas, planning and land use, public works, community services and a share of general government total $511 per unincorporated household The total cost of County government general fund expenditures to residents of the unincorporated areas is the sum of the two—or $894 per household.

[48] http://www.sdcounty.ca.gov/auditor/pdf/adoptedplan_08-10.pdf

Again, assuming that the housing undersupply is not accommodated by cities within the County, the public expenditures allocable to the 14,000 new trans-regional commuting households would be $12,516,000 per year and the 23,295 existing trans-regional commuting households would cost $20,825,730 per year if they returned to San Diego County. These costs are reduced by the same proportion as their sales tax allocation (5.9 percent/27.4 percent = 21.5 percent reduction in costs) to account for the fact that these households already interact substantially with the County and do cause law enforcement and other costs to be incurred. Therefore, the costs applicable to the 14,000 households of $12,516,000 are reduced by 21.5 percent to $9,825,000 and the $20,825,730 is reduced to $16,350,000.

Net Revenues/Costs: **Table 6** and **Table 7** compile all of the public revenues and expenditures under the two tax scenarios—trans-regional commuter retention/attraction and population growth other than trans-regional commuters.

What is indicated in Table 6 is that San Diego County's annual budget would benefit fiscally by approximately $16.2 million by providing sufficient housing for this population consistent with the existing General Plan and not the proposed General Plan Update. Foregone property tax revenues due to lower land values and lower cost construction in the villages will cost the County $6 million per year. The new 14,000 trans-regional commuters and other provisions of the General Plan Update would benefit the County by $3.8 million per year if they were addressed in a different manner than does the updated General Plan. The re-attraction of existing trans-regional commuters would bring net fiscal benefits of $6.4 million in net benefits per year.

Table 6 Annual Net Fiscal Benefit <Cost> of Trans-Regional Commuting Households for County of San Diego (based on 37,295 trans-regional commuters)		
	Due to New Provisions General Plan Update	**Due to Existing Trans-regional Commuters**
Additional Property Tax Revenue	**$18,593,000**	**$21,015,000**
Additional Sales Tax Revenue	**$690,000**	**$1,163,000**
Other Revenues and Fees	**$315,000**	**$524,000**
County General Fund Expenditures	**<$9,825,000>**	**$<16,350,000>**
Net Annual Benefit	**$9,773,000**	**$6,352,000**

Table 7 Annual Net Fiscal Benefit <Cost> of Updated General Plan Reduction of Housing Units: County of San Diego (based on demand for 42,000 new housing units --not including trans-regional commuters)	
Additional Property Tax Revenue	**$43,808,000**
Additional Sales Tax Revenue[49]	**$2,669,000**
Other Revenues and Fees[50]	**$945,000**
County General Fund Expenditures[51]	**<$37,548,000>**
Net Annual Benefit	**$9,874,000**

Conventional fiscal impact thought holds that residential land uses lead to costs to the local community in excess of the revenues generated by residential property. On the other hand, other uses—industrial, retail, and office—have historically been viewed as net revenue generators. Studies that show residential land uses as a negative cash flow to the community almost always do so, in large part, because of school costs that are unique to residential land uses. California local jurisdictions are generally not responsible for school costs—the state bears much of the cost burden, and there exist separate school districts that receive their own tax revenue and are responsible for their own expenditures. The perception that residential land uses are a negative fiscal impact must be modified by this fact, but more important is the issue of property taxes.

Home values contribute significantly to whether residential development has a positive or negative fiscal impact. Many studies acknowledge the distinction between high and low value homes in terms of their fiscal impact. A 2003 study in Florida concluded that "higher priced

[49] 27.4% of $74,900 family income = $20,500 per year spent on taxable items. Tax = $8,616,000 @ 31% capture
[50] $22.50 per household
[51] $894 per household

homes help to generate surpluses in revenues that make up for deficits created by other essential land uses and housing types."[52] Purdue University found that expensive homes (average price = $330,000) have positive impacts not only on the county under study (Tippecanoe County) but even on the school district.[53] Lastly, Newport Beach did a study in 2006 that stated that "...housing prices for all types of units in Newport Beach are rapidly reaching levels that can generate sufficient property tax to support public services."[54] The point is that San Diego County home prices, even after the most recent decline, are still more than sufficient to be classified as high value homes that do, in fact, generate surplus revenues. The list of such studies grows yearly. Conventional thought that residential development is a fiscal loss generator, therefore, does not necessarily apply any longer for all housing types and values in the face of the appreciation in home values over 1990s and 2000s.

Further, many of the costs that are imposed by residential development (e.g. parks, schools, roads, water, sewer, public safety) are paid for in up-front payments by the development and future homeowners through development impact fees and community facilities assessments or by requiring the development to provide those services or mitigate off-site impacts. And finally, it is often argued that the cost of providing services to outlying development exceeds average costs such as are applied in this report. That is definitely true, but these higher costs are offset, in large part, by the lower level of service that exists in the rural lands. Fire protection, which is very costly in cities, for example, is covered by small districts with their own sources of tax revenue and other funding in the County.

The alternate scenario of 42,000 new homes for the non-trans-regional population would net nearly $10 million per year for the County. Combinations of the two scenarios could result in even greater net benefits. As an example of how to estimate middle ground scenarios for these extremes, let the assumed development pattern be as follows:

> Retain existing densities and build 42,000 additional housing units. Of these 42,000 housing units, 14,000 will be occupied by people who would have otherwise become trans-regional commuters and 28,000 will be occupied by some trans-regional commuters, some local growth, and some local residents

[52] http://privatelands.org/FSF/FCAStudy_Excerpt_8-2003.pdf
[53] http://www.agecon.purdue.edu/crd/localgov/essays/wabashFIA.htm
[54] http://www.city.newport-beach.ca.us/PLN/ED_COMMITTEE/2006-10-18%20Agenda.pdf

pursuing better housing. This scenario would entail the fist column from Table 3 and Table 5 plus two-thirds (28,000/42,000) of the totals in Table 4 and Table 6.

Table 8 shows the estimated net benefit from this hybrid development scenario to be $15.4 million per year.

Table 8
Annual Net Fiscal Benefit <Cost> of Existing General Plan vs. Reduction of Housing Units: County of San Diego
(based on 14,000 trans-regional commuters out of 42,000 new housing units)

	Land and Construction Value Decreases	14,000 Trans-Regional Commuters Retained	28,000 Other New Housing Units	Total
Additional Property Tax Revenue	$6,008,000	$12,585,000	$29,200,00	$47,793,000
Additional Sales Tax Revenue		$690,000	$1,780,000	$2,470,000
Other Revenues and Fees		$315,000	$630,000	$945,000
Public Expenditures		<$9,825,000>	<$25,000,000>	<$34,825,000>
Net Annual Benefit of NOT implementing General Plan Update	$6,008,000	$3,765,000	$6,610,000	$16,383,000

The three scenarios provided show a range of total public revenues lost or foregone by the General Plan Update ranging between $42.3 and $47.8 million, with net revenues foregone ranging between $9.8 million and $16.4 million. The re-attraction of trans-regional commuters versus 28,000 new homes makes little difference in the net tax revenue. Therefore on this basis and on the basis of consistency with the fundamental scenario in this report, the trans-regional commuter scenario of $42.3 million in gross public revenues and $16.2 million in net revenues will be utilized as best representative of the lost public net revenues that would result from adoption of the proposed updated General Plan.

IMPACT ON SENATE BILL 375 EMISSION TARGETS

The trade-off between 13,000 shifted intra-County housing units versus 37,295 housing units allowed, even encouraged, to leave is not a satisfactory planning objective consistent with the concept of sustainable communities, the reduction of greenhouse gases, and limited fuel consumption. Further, with the planned commercial and residential down-zoning in the rural lands contained in the General Plan Update, many parts of the County will continue to experience retail development deficits that could otherwise be addressed by facilitating a sufficient critical mass of population in those parts of the County that would attract such development. Otherwise, continuation of retail and commercial deficits and the consequent increases in driving distances will cause increased consumption of fuel and increased greenhouse gas generation.

In 2006, the California State Legislature passed Assembly Bill 32 (AB 32) —The Global Warming Solutions Act of 2006 —which requires the State of California to reduce greenhouse gas (GHG) emissions to 1990 levels no later than 2020. According to the California Air Resources Board, in 1990 GHG emissions from automobiles and light trucks were 108 million metric tons, but by 2004 these emissions had increased to 135 million metric tons. The transportation sector contributes over 40 percent of the GHGs throughout the state. Automobiles and light trucks alone contribute almost 30 percent. [55]

Senate Bill 375 (SB 375) was intended to provide a means for achieving AB 32 goals from cars and light trucks. The bill aligned three policy areas of importance to local government: (1) regional long-range transportation plans and investments; (2) regional allocation of the obligation for cities and counties to zone for housing; and (3) a process to achieve greenhouse gas emissions reductions targets for the transportation sector.

According to NRDC Issue Paper, "Communities Tackle Global Warming;"[56]

> Successful implementation of SB 375 could also produce many benefits beyond reducing greenhouse gas pollution:

[55] http://www.cde.ca.gov/ds/fd/ec/documents/currentexpense0708.xls

[56] Adama, Tom, Eaken, Amanda, and Notthoff, Ann, "Communities Tackle Global Warming: A Guide to California's SB 375," National Resource Defense Council, June, 2009, p. 5

- Taxpayer savings: The costs of infrastructure to support our urbanized areas can be lowered...
- Household savings: reductions in fuel, infrastructure, energy, and water costs could save the average family $3,000-$4,000 per year...households that reduce their need to drive can realize substantial savings.
- Reduced air pollution: 50 percent of air pollution comes from motor vehicles. More compact development might reduce the air pollution that is generated by motor vehicles.
- National security: Better land use patterns could conserve 1 billion gallons of petroleum per year...Cars and trucks currently account for 70 percent of petroleum consumption in California.

In keeping with these principles, the California Air Resources Board (CARB) is to develop the GHG emissions reductions targets for each region. Before setting the targets for each region, CARB is required to exchange technical information with the Metropolitan Planning Organizations (MPO) for each region and with the affected air district.

The measure requires the MPO to prepare a Sustainable Communities Strategy (SCS) within the Regional Transportation Plan that sets forth a vision for growth for the region taking into account the transportation, housing, environmental, and economic needs of the region. SB 375 connected the Regional Housing Needs Allocation (RHNA) to the transportation planning process. Member cities and counties working through their MPOs are tasked with development of the new integrated regional planning and transportation strategies designed to meet the GHG targets. Jurisdictions are required to zone land that accommodates very low, low, moderate, and moderately high income groups. MPOs are required to identify areas "sufficient to house all the population of the region, including all economic segments...taking into account net migration into the region, population growth, household formation, and employment growth...the SCS <u>must</u> accommodate all the population growth of the region within the region."[57] SANDAG acknowledges that existing plans throughout the County fall short of this objective.

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[57] Adama, Tom, Eaken, Amanda, and Notthoff, Ann, "Communities Tackle Global Warming: A Guide to California's SB 375," National Resource Defense Council, June, 2009, p. 17

> As a result of Senate Bill 375 (Steinberg, 2008), the SANDAG forecast shall identify areas within the region sufficient to house all the population of the region…over the course of the planning period of the regional transportation plan. Currently adopted general plans and certain draft updates allow capacity to provide housing opportunities for about 85 percent of the housing demand projected for the region. Based on the state requirement, SANDAG has been working with each jurisdiction through the TWG since October 2008 to identify housing opportunities for the remaining 15 percent of growth expected in the last 10 to 15 years of the forecast.[58]

SB 375 also includes a provision that recognizes rural responsibilities toward reducing GHGs. More specifically, the bill requires regional transportation agencies to consider financial incentives for cities and counties to contribute to the GHG emissions reductions targets by implementing policies for growth to occur within cities versus rural areas through a smart growth emphasis. In San Diego County, SANDAG is the MPO for the San Diego region and prepares the Regional Transportation Plan and controls the allocation of these incentives.

SANDAG has concluded that the General Plan Update meets these requirements. The relocation of development from rural areas to villages seems to be consistent with these objectives. However, when broadening the concept of the San Diego region to include the 37,295 inter-county commuting households, it can be argued that the true region extends into Imperial County, Riverside County, and Mexico, in particular. If these adjacent locations were to be considered as part of the region, then the failure to provide housing for the full projected population and the failure to address those who have already left for housing-related reasons are, in fact, sprawl inducing to a much greater extent than would be offset by the 13,000 housing units shifted out of the rural lands toward the villages and semi-rural. More miles will be driven commuting from Riverside County, for example, than can be saved by shifting a relatively few homes within the County.

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[58] http://www.sandag.org/uploads/projectid/projectid_355_9908.pdf, p.3 (SANDAG 2050 Regional Growth Forecast).

By considering the limits of the region to be the San Diego County boundaries, the General Plan has failed to address adequately the spillover of population from San Diego County into adjoining jurisdictions. In that context, the trade-off between 13,000 shifted intra-County housing units versus 37,295 housing units allowed, even encouraged, to leave is not a satisfactory planning objective consistent with the concept of sustainable communities, the reduction of greenhouse gases, and limited fuel consumption.

A further problem with the updated General Plan, as it applies to greenhouse gases and vehicle miles, is that discouraging additional residential development in rural areas may curtail the development of rural retail and commercial developments that can serve residents of these areas. Existing residents, who might otherwise combine with new residents to form a critical mass or "tipping point" for development of the small, community-serving towns, will continue to travel greater distances to access professional services, part-and full-time employment, and shopping goods, among others under the updated general plan because there will not ever be sufficiently large residential markets in these areas to develop commercially, thereby causing these community centers to stagnate or fade away.

The villages identified in the updated General Plan do not provide local, easily accessible retail and commercial options for all such areas. For example, the Economics Research Associates report cited above[59] found several community planning areas (CPAs) to be deficient in planned retail lands. Six of these CPAs (Central Mountain, Central Mountain/Cuyamaca, Crest/Dehesa, Desert, North Mountain/Palomar Mountain, and Pendleton-De Luz) have no village lands indicated in the updated plan.[60] Crest/Dehesa and Pendleton-De Luz are also indicated as having possible planned office land deficits and no village acres.

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[59] Memorandum from Economics Research Associates (Bill Anderson—now City of San Diego Director of City Planning and Community Investment) to LeAnn Carmichael (County of San Diego)—December 16, 2004, pp. 9-10

[60] CPA and Subregion Land Use Distribution in Acres (General Plan Update-Referral Map)

Many parts of the County will continue to have retail land deficits for their existing populations given the lesser development options presented under the General Plan Update. Were population allowed to increase in these areas, they could achieve sufficient critical mass to merit additional commercial development. That is to say, the existing deficit in community services could be addressed by population increases that trigger retail and commercial development presently not delivered because of low levels of population.

Facilitation of population growth in outlying areas could result in the private sector responding with commercial development to meet the new demand. This response could address existing retail and commercial deficits in those areas and could ease driving distances to these services by rural residents and consequent greenhouse gas emissions.

IMPACT ON COSTS OF NORTH COUNTY MSCP

The cost impact of the San Diego County General Plan Update on North County MSCP land assembly and stewardship is an increase of almost $19 million per year and a 50 year total cost approaching $1 billion.

This report is accompanied by another report that analyzes the fiscal costs associated with assembling and managing the North County Multiple Species Conservation Program (MSCP) habitat preserve. That report critically analyzes the County's proposal and projects realistic costs for that preserve, including the impact that the General Plan Update has upon the land assembly and stewardship of the North County MSCP. The down-zoning that is so much a part of the General Plan Update is particularly pertinent to the MSCP in that the MSCP is planned to be assembled in large part from rural lands that have been down-zoned.

Where the impact is felt most is in the part of the MSCP that anticipates obtaining 58,555 acres through development mitigation and development-generated ordinance implementation on steep slopes. If no development—or less development—is to take place, then these acres would have to be acquired and managed for stewardship by the public.

The accompanying report is very detailed in its determination of the disincentive to development and the impacts on land use and mitigation that lead to an estimate of mitigation and ordinance implementation acres for the North County MSCP that are significantly less than proposed by the County. The report projects that land assembly costs will be $22,247,300 per year instead of $6,747,300 proposed by the County—a difference of $15,500,000 per year. Stewardship costs will be $4,877,790 per year instead of $2,327,790—a difference of $2,550,000 per year plus a 30 percent contingency on this difference of $765,000 annually. The total cost impact, therefore, of the General Plan Update's down-zoning of rural land on the cost of the MSCP North County is depicted in **Table 9.**

Table 9 Impact of General Plan Update on Cost of MSCP North		
	Annualized Additional Cost	**50-Year Total**
Land Assembly	**$15,500,000**	**$775,000,000**
Stewardship	**$2,550,000**	**$127,500,000**
Stewardship Contingency	**$765,000**	**$38,250,000**
Total	**$18,815,000**	**$940,750,000**

The cost impact of the San Diego County General Plan Update on North County MSCP land assembly and stewardship is an increase of almost $19 million per year and a 50 year total cost approaching $1 billion.

CONCLUSION

Table 10 combines all of the findings contained into this report into a single presentation that facilitates a fuller comprehension of these findings. The table summarizes the major economic components discussed in this report in order to provide an understanding of the economic and fiscal losses associated with continuing the under-provision of housing relative to projected population growth in San Diego County.

Table 10
Economic and Fiscal Costs of Under-Provision of Housing

	Due to New Provisions General Plan Update	Due to Existing Trans-regional Commuters
Number of Housing Units Occupied and to be Occupied by Out-of County Residents Commuting to San Diego County	14,000	23,295
Annual Consumer Spending by Out-of-County Commuting Households plus Multiplier	$1,000,000	$1.677.240
Permanent Jobs Lost from Spending Leakage	7,300	12,200
Annual Employment Income Lost from Consumer Spending Leakage	$313,929,200	$524,648,800
Decline in Land Values Caused by General Plan Update	$1,516,000,000	
Net Annual Fiscal Gain Foregone by County of San Diego (using only the trans-regional scenario)	$9,773,000	$6,352,000
Annual Increased Costs to North County MSCP	$19,185,000	

One of the great weaknesses of the California planning and environmental impact processes is the secondary status to which economic and fiscal impacts are relegated. There are very substantial economic and fiscal losses that San Diego County is incurring in economic activity, jobs, regional employment income, land values, annual County budgetary net revenues, and school revenues from the General Plan Update's housing and land use policies that have not been adequately addressed by the County.

Residents of the County would benefit significantly from careful reconsideration of the plan in light of the economic and fiscal implications of the proposed General Plan Update.

REPORT AUTHORS

Rea & Parker Research, the principal author of this study, is a survey and market research and economic consulting firm based in San Diego, California, with facilities in Los Angeles and Orange County. It was founded by Louis M. Rea, Ph.D., and Richard A. Parker, Ph.D., in 1984. Dr. Parker and Dr. Rea are professors in the School of Public Affairs at San Diego State University. Dr. Parker and Dr. Rea are co-authors of a highly successful book, Designing and Conducting Survey Research: A Comprehensive Guide, published by Jossey-Bass Publishers in 1992, and now in its third edition. In addition to their survey research work, they have conducted many economic and fiscal studies throughout Southern California for both private and public sector clients.

Barnett Consulting, a land-use, political and public affairs company was founded in 2003 by Scott Barnett. Mr. Barnett has almost three decades of political and public policy experience, including a term on the Del Mar City Council from 1984-1988, where he was the city's representative on the SANDAG and North County Transit Boards. Mr. Barnett was executive director of the San Diego County Taxpayers Association from 1995 through 2001 and in 2003 formed Taxpayers Advocate a private company which conducts studies on local government spending policy.

Letter I

Rea & Parker Research

Rural Lands – Loss of Property Value

I. **Rural Lands – Loss of Property Value** – The following is the County's response to a letter by Rea and Parker Research dated April 15, 2010 (Letter I).

The County disagrees with the conclusion of this letter that "rural lands in the County will experience real property value losses in excess of $1.8 billion…" The County agrees with the letter, which also concluded that it is difficult to determine the impact that down-zoning would have on property values and that there are studies on both sides of the issue – that land values are both harmed or are not harmed.

The letter incorrectly concludes that the GP Update will result in a 75 percent decrease in potential development in San Diego County due to density ranges changing from one unit per 10 – 40 acres to one unit per 40 – 160 acres. This broad assumption is incorrect for several reasons. First, the lowest density on the General Plan Land Use Map (Planning Commission Recommendation) is one unit per 80 acres, not 160 acres as stated in the letter. Second, this broad across the board reduction in density does not represent how density has been applied to the GP Update Land Use Map, which reflects a combination of site-specific constraints, along with the Community Development Model that applies low (rural) densities in a manner to achieve a both separation between communities and to apply these rural densities in the remote areas of the County where infrastructure and services are lacking.

The letter further concludes that land values in San Diego County average $10,000 to $15,000 per acre based on a search of records in Bonsall, Jamul, Tecate, and Fallbrook. This is an unrealistic conclusion given that land values generally vary significantly according to their location and corresponding availability of infrastructure and constraints and the presence of constraints. However, based on this average lot value, and a general undocumented assumption that down-zoning will cause land values to decline by 35 to 40 percent, the letter concludes that a $1.8 billion reduction in land values will result with implementation of the GP Update. Given that many of the land sales records identified in the letter are within the County Water Authority (CWA) boundary (particularly Fallbrook and Bonsall), the basis for the land values does not reflect the areas where the down-zoning is generally being proposed; which is outside the CWA boundary where land values are generally less. Therefore, the assumptions that the letter makes concerning both the basis for determining percent decline in land values due to down-zoning and the basis for determining current land values are not substantiated sufficiently to support the conclusion that the GP Update will reduce land values by $1.8 billion.

REA&
PARKER
RESEARCH

April 15, 2010

County of San Diego Planning Commission
Department of Planning and Land Use
5201 Ruffin Road, Suite B
San Diego, CA 92123

Re: General Plan Update Equity Mechanisms Fact Sheet

Ladies and Gentlemen:

I would like to submit this letter to the San Diego County Department of Planning and Land Use and to the San Diego County Planning Commission to address certain aspects of the Equity Mechanisms Fact Sheet (revised 04/2010) that pertain to the impact of the GP Update on land values in the more rural portions of San Diego County. In particular, the Fact Sheet contains the following conclusion: "DPLU agrees that there may be an impact to property values as a result of the GP Update, but in most cases that impact has been greatly exaggerated." I would suggest that rural lands in the County will experience real property value losses in excess of $1.8 billion and that this is a significant sum not to be dismissed quite so easily as being "greatly exaggerated."

One of the more difficult concepts to apply quantitatively is the impact that down-zoning has upon down-zoned land values. There is an inherent and seemingly irrefutable logic to the claim that a reduction in the potential highest and best use of land must decrease its value. Surprisingly, there are studies on both sides—that values are harmed or that they are not. All studies acknowledge a dearth of sufficiently robust and rigorous studies such that no completely reliable conclusion is possible

I have had occasion in my role as President of Rea & Parker Research and Professor of Practice in the School of Public Affairs at San Diego State University (both for more than 25 years) to review many studies on the subject of the impact of down-zoning upon land values and to perform some myself. Many studies are conducted by interest groups and planning departments, both of which have vested interests in the outcomes of their analyses. Use of these studies should be done with great care considering their incentives.

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Two studies performed by academic institutions do point toward a finding that land values will be harmed by down-zoning. A study out of Georgetown University about Portland, Oregon[1] is often cited as support for little economic harm caused by down-zoning. The Georgetown study contended that potential development is only one consideration in land value and that scarcity and positive amenities of open space would offset that impact. However, the study also indicated that comparable land in Oregon that was not down-zoned appreciated faster than did similar land in Washington State where down-zoning was not prevalent. That is, down-zoning served to cause land not down-zoned to increase in value faster than it would have otherwise.

A study out of Rutgers University and Michigan State University[2] found that the absence of any price effect of down-zoning appeared to be caused by the fact that development was not imminent. In New Jersey, development is imminent virtually everywhere, and a high proportion of vacant land value is due to its development potential. This means that down-zoning will typically lead to dramatic declines in vacant land value in New Jersey. A real estate consulting firm in New Jersey in 2004 found that down-zoning decreased value up to 77 percent.[3] A Maryland study showed that 245 farms in Maryland under conservation easements that eliminated essentially all development rights sold for amounts between 77 percent and 89 percent of the value of comparable unrestricted properties from 1997 and 2003.[4]

Zoning for the rural lands in the GP Update is proposed to absorb up to a 75 percent decline in potential development, with zoning suggested to change from 1 unit per 10-40 acres to one unit to 40-160 acres. That could imply a 75 percent decline in value, which would place these land value declines in the range of the New Jersey and Maryland studies. On the other hand, the land will acquire some scarcity value and will be able to enjoy some of the amenities of controlled growth. The precise worth of these amenities is unknown. Furthermore, some down-zoning could have no impact on value. For example, land zoned for 1 unit per 2 acres would not decline in value with a down-zone to one per 10 acres if the market in that area is for 1 unit per 10 acres or more or if physical constraints would otherwise limit development. It is reasonable, therefore, to apply a reduction at least in the mid-range of some of the studies that show a decline, thereby generating a potential decline in value of approximately 35-40 percent.

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[1] Georgetown Environmental Law and Policy Institute, "Property Values and Oregon Measure 37," 2007
[2] Gottlieb, Paul and Adelaja, Adesoji, "The Impact of Down-zoning on Land Values," Agricultural Finance Review, 2009
[3] Clarion/Sammels Associates, "The Impact of Down-zoning on Agricultural Land value in New Jersey," November, 2004
[4] Lynch, Lori; Gray, Wayne; and Geoghegan, Jacqueline, "An Evaluation of Working Land and Open Space Preservation Programs in Maryland"

There are a number of ways to estimate the current value of the land to be down-zoned. One might be to use the $15,000 mitigation value used in the North County MSCP plan; however, mitigation land is less developable than land that is less rugged and less species-rich. A second approach might be to examine all San Diego County land of 20 acres or more that has sold recently (inasmuch as that is the average rural land size to be developed under the existing—not updated—General Plan). The economy has been such that recent sales records are too few to form a representative sample and sales from a few years ago are not reflective of present values. A search of records that I conducted in October 2009 revealed 31 such parcels that were for sale from Jamul and Tecate to Fallbrook. These parcels comprised 3,454 acres and were asking an average of $21,000 per acre. Asking prices are obviously higher than sales prices, but they do provide an upper-limit estimate of value that is informative in that context.

A third approach would be to estimate the value of finished, developable lots of 20 acres or more and to apply one-half of that value as being that value to be lost by denying development.[5] Once again, these sales are few in number, as are finished lots for sale at 20 acres or more. There was one set of four 40-acre parcels that was for sale in Bonsall at $895,000 per parcel ($22,375 per acre) when I did my research last October. That would imply a raw land value of $11,000 per acre. Given all of this data, it would seem that $10,000-15,000 per acre is a good estimate, so that a 35-40 percent decline would reduce values of rural San Diego County land by $4,000-$6,000 per acre. SANDAG identifies approximately 361,000 useable (non-constrained) vacant acres within the unincorporated County.[6] The Fact Sheet references impacts to 221,000-450,000 acres. Using the SANDAG acreage estimate, those acres can be expected to absorb that $5,000 per acre value decline (midpoint of $4,000-$6,000 range) for a total reduction in real estate values in the rural lands of the County totaling in excess of $1.8 billion.

I thank you for your kind attention.

Sincerely,

Richard A. Parker, Ph.D.
President

[5] Approximate rules of thumb are that raw land is worth one-half of the value of finished lots
[6] SANDAG Data Warehouse

Issue J

Valley Center Town Council

Valley Center Road Safety

J. Valley Center Road Safety – During the Planning Commission hearings, circulation and mobility in Valley Center were discussed in detail, including concerns raised regarding road safety. A summary of this issue and the rationale for the County's current recommendation is provided below.

The County disagrees that the GP Update would adversely impact road safety. While public testimony during Planning Commission hearings raised concerns over traffic accidents in Valley Center, there was no rationale provided that related those traffic accidents to the GP Update. Further, no evidence provided to show that Valley Center receives a disproportionate share of traffic accidents, when compared to other areas in the county or state.

A primary purpose of the General Plan Mobility Element is to reserve right-of-way so that improvements can be made when necessary. Road safety is more of a factor to roads that are not built to full design standards and do not accommodate all users, such as bicyclists, pedestrians, and equestrians, in addition to motor vehicles. The GP Update considers the context of a road when determining its classification and the Public Road Standards require accommodation of all users.