



3727 CAMINO DEL RIO SOUTH, SUITE 100
SAN DIEGO, CA 92108
PHONE: 619-584-5744
FAX: 619-584-5748
WWW.ONLINECPI.ORG

MEMORANDUM

DATE: April 24, 2006
TO: City of San Diego Planning Commission
FROM: Murtaza H. Baxamusa, AICP
SUBJECT: Economic Prosperity Element of the General Plan

SUMMARY

This memo outlines the symbiotic relationship between land-use and economic prosperity. This relationship is considerably significant for low-income households in the city. The following arguments are presented for inclusion of socio-economic issues in the General Plan:

- California requires economic issues to be addressed in planning
- The plan update needs to be consistent with the Strategic Framework
- Economic development is integral to smart growth
- Economic planning is critical to comprehensive planning

I. LAND-USE IMPACTS ON LOW-INCOME EMPLOYEE HOUSEHOLDS

The General Plan will considerably impact low-income families in employment, housing, mobility and livability. The Plan either explicitly, or through its silence, will determine both the demand as well as the supply of new development in the City. A minimum wage worker (earning \$6.75 an hour) needs to work 132 hours a week to afford a two-bedroom unit at the HUD's Fair Market Rent in San Diego. Alternatively, a San Diegan needs to earn \$22.27 per hour to afford a two-bedroom unit.¹ In addition, an average household spent \$9,161 on transportation in 2000/01 (\$4.40 per work hour).² For lower-income families, the expense of transportation poses an even greater burden, inhibiting wealth creation, hindering home ownership, and dangerously straining already tight family budgets.³

¹ National Low Income Housing Coalition, Out of Reach 2005, based on US HUD and Census 2000 data.

² US Bureau of Labor Statistics, Consumer Expenditures Survey, 2000-01.

³ Surface Transportation Policy Project, The American Dream, 2003.

The Economic Prosperity Element should be concerned with increasing choices in employment, housing, mobility, and livability for the low and middle-income population. Total employment in the City of San Diego is expected to grow 26% by 2030.⁴ Thus about 200,000 jobs will be created during this period. About 4,050 acres of vacant developable land will be developed for commercial, industrial and office uses. Employment choices to a great extent determine choices in other quality of life issues. And employment choices are created, regulated and sustained by employment land-use development.

The following tables and figures demonstrate that land-use, industry and occupation considerably determine wages and benefits of households in the city.

Table 1: Disparity in Health Insurance Coverage by Industry

Industry	Uninsured	Medicaid	Other Public	Employment-based	Privately Purchased
Construction	32.4%	8.1%	1.4%	50.1%	7.7%
Wholesale and Retail Trade	16.1%	9.5%	1.5%	65.5%	7.2%
Information	10.4%	2.8%	0.8%	80.7%	5.3%
Financial Activities	7.9%	2.9%	1.5%	78.4%	9.3%
Professional and Business Services	16.7%	5.3%	1.3%	67.6%	9.0%
Leisure and Hospitality	31.6%	12.0%	1.5%	45.3%	9.3%

Source: 2003 California Health Interview Survey, statewide averages, University of California Los Angeles.

Table 2: Sample of Low-Income Households by Occupation

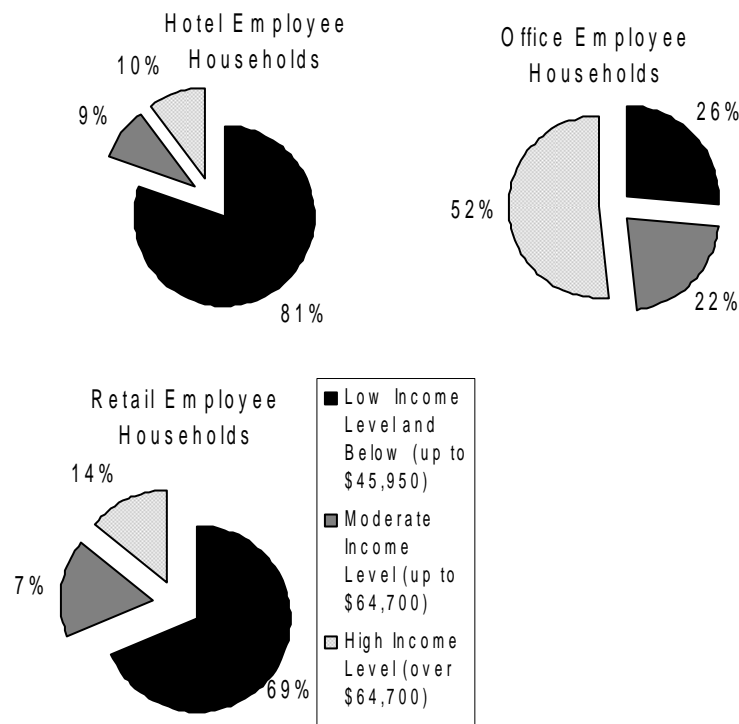
SIC Code	Occupational Title	Number of Jobs	Entry Level			Median (50th Percentile)		
			Hourly Wage	Annual Income	Annual Household Income	Hourly Wage	Annual Income	Annual Household Income
25-2011	Preschool Teachers	4,610	\$8.84	\$18,387.20	\$29,603.39	\$11.04	\$22,963.20	\$36,970.75
33-9032	Security Guards	11,550	\$7.88	\$16,390.40	\$26,388.54	\$9.80	\$20,384.00	\$32,818.24
29-2071	Health Information Techn	1,360	\$9.56	\$19,884.80	\$32,014.53	\$12.94	\$26,915.20	\$43,333.47
43-6013	Medical Secretaries	1,540	\$10.39	\$21,611.20	\$34,794.03	\$13.08	\$27,206.40	\$43,802.30
43-9061	Office Clerks, General	32,770	\$8.36	\$17,388.80	\$27,995.97	\$11.55	\$24,024.00	\$38,678.64
43-5081	Stock Clerks / Order Fillers	13,470	\$8.06	\$16,764.80	\$26,991.33	\$10.68	\$22,214.40	\$35,765.18
39-9011	Child Care Workers	3,260	\$7.82	\$16,265.60	\$26,187.62	\$9.69	\$20,155.20	\$32,449.87

Source: Occupational Employment (November 2004) & Wage (2005 - 3rd Quarter) Data from the 2004 Occupational Employment Statistics (OES) survey. The wages have all been updated to the third quarter of 2005 by applying the US Department of Labor's Employment Cost Index to the 2004 wages.

Note: Household income assumes 1.61 wage-earners per household (based on US Census 2000 estimate for earners/household).

Figure 1: Proportion of Low-Income Households that is Dependent on Land-Use

⁴ SANDAG 2030 Population/Housing/Employment Forecast by Jurisdiction.



Source: Keyser Marston Associates' Jobs Housing Balance report for the Centre City Community Plan Update, Table 1.

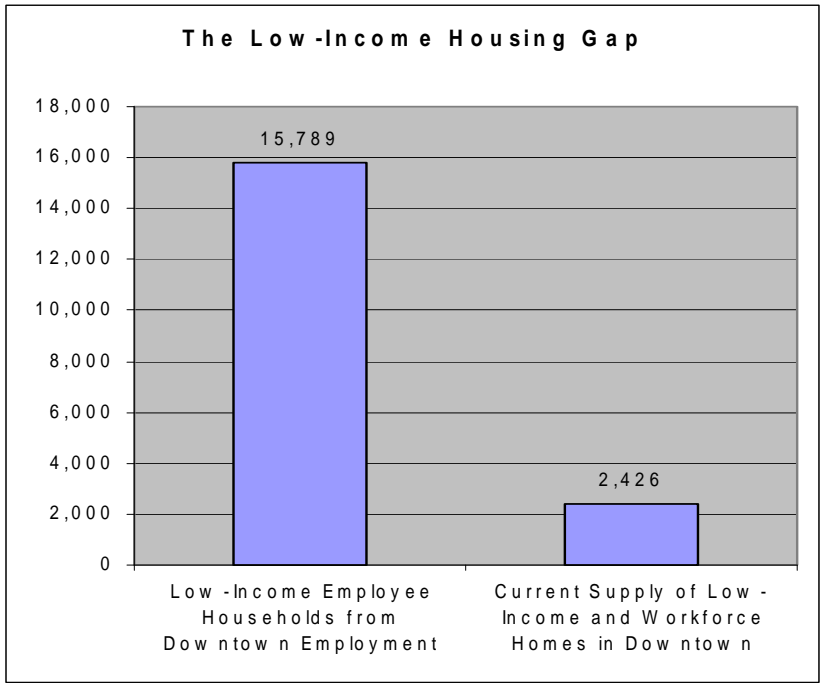
The employment impacts from land-use decisions have significant effects on the quality of life for the entire community. For example, even with the redevelopment tools, downtown is not able to generate affordable housing for low-income employment created by the new development. There is a current regional demand of 15,789 low-income housing units from low-income employee households created downtown.⁵ However, downtown redevelopment has supplied only 2,426 low-income and workforce units.⁶ From San Diego commuting patterns, approximately 58% of people holding jobs in the City also reside in the City.⁷ Therefore, about 6,732 households with members working downtown, are currently looking for low-income affordable housing (whether “naturally affordable” or “income restricted”) in rest of the City of San Diego.

Figure2: The Jobs-Housing Imbalance in Downtown

⁵ Based on 25,420 low-income employment downtown.

⁶ Centre City Development Corporation, 2006 Annual Report.

⁷ US Census 2000.



Sources: Current supply from Centre City Development Corporation 2006 Annual Report. Current demand from Community Plan (January 2006 version) Table 3.2; proportional distribution of employee households by income category from Keysor Marston Associates' Jobs Housing Balance report Table 1; per Census 2000 data, City of San Diego had 1.61 earners per household.

II. INCLUSION OF SOCIO-ECONOMIC ISSUES IN GENERAL PLAN

This section highlights key arguments and substantial issues about including economic prosperity in the General Plan.

(1) California requires economic issues to be addressed in General Plans

Local governments get their planning authority from police power conferred by the state.⁸ The California Supreme Court has described the general plan as “a charter for future development”. *Leshar Communication Inc. v. City of Walnut Creek (1990) 52 C3d 531, 540, 277 CR 1* and *Citizens of Goleta Valley v. Board of Supervisors (1990) 52 C3d 553, 570, 276 CR 410*. It is statutorily established that the General Plan is not just a land-use map, but has broad authority to guide the quality, distribution and impacts of development (see Government Code Section 65300 et seq).

California State Planning and Zoning law specifically states that social and economic development factors should be included in the planning process (Government Code Section 65030.1). State law in fact requires that the planning process address economic implications:

It is further the policy of the state and the intent of the Legislature that land use decisions be made with full knowledge of their *economic and fiscal implications*, giving consideration to short-term costs and benefits, and their relationship to long-term environmental impact as well as long-term costs and benefits.
(*Government Code Section 65030.2*)

State guidelines recommend the Economic/Fiscal Element as an optional element in the general plan, since economic issues are central to land-use decisions:

...The general plan serves to: Identify the community’s land use, circulation, environmental, *economic, and social goals and policies* as they relate to land use and development.
(*General Plan Guidelines, 2003, The Governor’s Office of Planning and Research, pg. 10*)

The structure of a city’s or county’s economy plays an important role in the physical development of the planning area and the stability of the local tax base.
(*General Plan Guidelines, 2003, The Governor’s Office of Planning and Research, pg. 109*)

(2) The Economic Prosperity Element needs to be Consistent with the Strategic Framework Plan

The Economic Prosperity Element is required to follow the implementation program laid out by the Action Plan of the Strategic Framework:

⁸ Dillon’s Rule.

The Five-Year Action Plan is an implementation program for updating the General Plan, amending community plans, and identifying other steps necessary to execute the City of Villages growth strategy.
(*Strategic Framework Action Plan, page 1.*)

The Action Plan approved by the City Council in June 2002 explicitly calls for “high quality employment opportunities”:

Action Plan Goal 7: Promote Economic Prosperity and Regionalism

Retain and attract businesses that diversify the economic base and offer high quality employment opportunities.

Goal 7e: Economic Impact: Consider the economic and fiscal impacts of major development projects for use in the decision-making process.

- Consider wage levels of jobs created and new development impact on viability of existing uses in the community.
- Prepare economic impact statements for selected projects.
- Define "major development project" and identify what impacts should be addressed through the economic impact statements.

(3) Economic Development Principles are an Integral Part of Smart Growth

A “smart growth” approach must integrate economic issues into planning:

Smart Growth is development that serves the *economy*, the community, and the environment.

(*California Planning Guide, The Governor’s Office of Planning and Research, 2005, page 8*)

Smart growth means using comprehensive planning to guide, design, develop, revitalize and build communities for all that:

- have a unique sense of community and place;
- preserve and enhance valuable natural and cultural resources;
- *equitably distribute the costs and benefits of development;*
- *expand the range of transportation, employment and housing choices in a fiscally responsible manner;*
- value long-range, regional considerations of sustainability over short term incremental geographically isolated actions; and
- promotes public health and healthy communities.

(*American Planning Association, Policy Guide on Smart Growth, adopted 2002*).

In 1991, the Local Government Commission brought together a group of architects who have been leaders in developing new notions of land use planning. These innovators were asked to come to agreement about what it is that the new planning ideas - from neotraditional planning to sustainable design- have in common, and from there, to develop a set of community principles. These principles have been known as the

Ahwahnee Principles and used in urban planning throughout the country. The Ahwahnee Principles for Economic Development (adopted in 1997), are based on the hypothesis that economic prosperity in the 21st century will be based on creating and maintaining a sustainable standard of living and a high quality of life for all. Some of these principles are:

- Integrated approach between government, business, education, and the community should work together to create a vibrant local economy, including a long-term strategy that increases social equity.
- Poverty reduction by promoting jobs that match the skills of existing residents, improving the skills of low-income individuals, addressing the needs of families moving off welfare, and insuring the availability in all communities of quality affordable child care, transportation, and housing.
- Communities and regions should identify specific gaps and niches their economies can fill, and promote a diversified range of specialized industry clusters drawing on local advantages to serve local and international markets.

(Local Government Commission, Ahwahnee Principles, 1997)

(4) Economic Planning is Critical to Comprehensive Planning

Addressing broad socio-economic impacts in comprehensive community planning is a routine professional practice in planning:

The American Planning Association and its chapters support a sustained and focused initiative in federal, state and local public policy to reverse the general decline of urban neighborhoods and the trend toward isolated, concentrated poverty through strategies that promote reinvestment within urban communities. *(American Planning Association, Policy Guide on Smart Growth, Policy D1, Adopted 2002)*

The State of California Governor's Office of Planning and Research defines the planning process as:

The planning process involves analyzing the environmental and *socio-economic impacts* of development and infrastructure projects. *(California Planning Guide, The Governor's Office of Planning and Research, 2005, page 1)*

The standard textbook for local planning also referred to as the *Green Bible for Planners* calls for "socially conscientious planning". It describes community development and economic development as integral to planning as zoning and urban design. *(Linda C. Dalton, Charles Hoch and Frank S. So, 2000, Practice of Local Government Planning)*

Comprehensive planning should include employment issues related to low-and moderate income households such as self-sufficiency wage levels, career ladders, access to healthcare, affordable housing, and childcare.