



ZONING DUE DILIGENCE REPORT

High Street Surplus Property, City of La Mesa

prepared by PSOMAS for

HELIX WATER DISTRICT

October 9, 2020

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TO: Helix Water District

FROM: Psomas
Prepared by Anne Williams, Senior Project Manager

DATE: October 9, 2020

SUBJECT: Zoning Due Diligence Report:
High Street Surplus Property in the City of La Mesa (APN: 499-010-09)

I. INTRODUCTION

Helix Water District (District) owns a 5.9-acre piece of undeveloped land with street frontage on High Street in the City of La Mesa (Property).¹ The District acquired the Property in 1932 as a result of delinquent assessments. It is a sloping site that spans between two existing residential neighborhoods but has lacked legal access. The Property is undeveloped at this time and presents an ongoing maintenance burden due to the need for continuous brush clearing and addressing homeless encampments. Given these conditions and the District’s determination that it serves no identifiable use that is beneficial to the District’s mission, it declared the Property “surplus” in 2014.

At present, it is investigating whether and how best to position the Property for sale in a manner that will command a price most favorable to the District and its ratepayers. In support of that assignment, the District retained Psomas to conduct this investigation and analysis into the land use aspects of the Property (Zoning Due Diligence Report).

In addition, the District requested from Psomas a preliminary Civil Engineering Due Diligence Report.² The intent of Psomas’ analyses is to set forth information that will thoroughly describe the Property, recognize recent events affecting the Property, and identify zoning and physical constraints and opportunities that have an impact on its development,

Following a discussion of the findings of our investigation, this Report identifies specific steps that could be taken – either by the District or a future owner or applicant - in order to further advance the Property’s use and thereby enhance its market value.

¹ See aerial photo, attached as Exhibit A.

² See Psomas Civil Engineering Due Diligence Report, attached. The analysis sets forth an initial overview of the Property’s points of ingress/egress and pedestrian and vehicle circulation; storm water quality opportunities and constraints; and description of existing underground utilities (water, storm drain, sewer).

II. PROPERTY OVERVIEW



View from High Street, looking north

A. Jurisdiction

The Property lies within the jurisdictional boundaries of the City of La Mesa (City). The future developer of the Property would be subject to the City’s development standards and review process, in addition to other local, state and federal standards, such as the California Environmental Quality Act (CEQA). Local governing documents include the City of La Mesa General Plan (LMGP) and the Zoning Code (LMMC).

B. Neighborhood Context

To the North, the Property is adjacent to a residential neighborhood of single-family homes on larger lots (typically 10,000 SF or larger) that were developed in an organized manner in the latter part of the 20th century and sit along bluffs overlooking its northern boundary. Due to the Property’s slope and lower elevation, the Property is not generally visible from this neighborhood. The Property is not accessible from the streets serving the neighborhood above.

To the South, the Property includes High Street, which is a private road providing legal access. The Property’s most southerly boundary is parallel to railroad tracks.

To the East, the Property is bordered by an approximately 8.5-acre Planned Residential Development (PRD) known as “Cantera.”³ A former rock quarry site, Cantera was recently entitled for 34 residential units. Beyond the PRD (further to the East) is a U.S. Navy housing development known as Howard Gilmore Housing Complex. Both Cantera and the Navy housing are accessed via High Street.

To the West, the Property is bordered by an undeveloped parcel of land. Although that property shares the Property’s R1S zoning, the property to the West is designated as Open Space and is subject to the Eastridge Specific Plan.⁴ In addition, it appears to have no legal access. As a result, it is effectively unavailable for development.⁵

C. Lot Area

Clarification about lot area: In researching the public records associated with the Property, it was observed that the lot size and APN have varied in recent years. Specifically, the parcel with APN 499-010-04 is stated to be 6.94 acres (see, for example, the 2014 Appraisal). However, in conjunction with the development of the Cantera project to the east, a portion (1.04 acres) of the original 6.94-acre property was transferred to that development site. As a result, the gross lot area of the Property is now 5.9 acres and its APN is 499-010-09.⁶

Furthermore, while the gross lot area is 5.9 acres, a portion (1.02 acres) is a future right-of-way (ROW) that has formally been offered to the City as a public street. Therefore, for the purpose of calculating the maximum density allowed on the site, the ROW should first be deducted. As a result, the net lot area that should be used as the basis for calculating site density is approximately 4.9 acres.⁷

D. Land Use and Zoning

The La Mesa General Plan (LMGP) Planned Land Use for the Property is “Suburban Residential.”⁸ Consistent with that land use designation, the Property is zoned R1S “Suburban Residential.” Suburban Residential allows development intensity of 4 dwelling units (DU) per acre. This land use designation is assigned to suburban neighborhoods with lots of 10,000 square feet or larger, which result in lower density developments with space between residences and relatively large yards.

The City’s Zoning Code explicitly sets forth the intent of the R1S zone:

“Zone R1S (Suburban Residential). This zone is designed for those areas affected by moderate to severe hillside conditions and to the fringe of such areas. It is intended that development conditions including structure locations will be variable in order to achieve maximum allowable

³ See Section IV, below, for further discussion of the Cantera development.

⁴ For overall context and land use designation of adjacent properties, see Exhibit B, General Plan “Planned Land Use” map, attached.

⁵ As described by Allyson Kinnard, City of La Mesa Community Development Department, in conversation on 9/1/20.

⁶ See County Assessor Map, attached as Exhibit C.

⁷ Per conversation with Allyson Kinnard, Community Development Department, City of La Mesa on 9/15/20. Lot area and resulting density calculations are approximate and should be independently confirmed.

⁸ See LMGP (Land Use & Urban Design Element), “Table LD-4 Zoning Compatibility Matrix,” at p. LD-34.

density without adversely affecting the hillside environment. Minimum grading which leaves natural appearing land forms is required in the development of these areas.”⁹

Permitted land uses in the R1S zone include: agriculture; one, one-family dwelling unit per lot; mobile homes; and residential care facilities.¹⁰

E. Design Standards

The City controls development intensity in the various residential zones by setting forth design standards. These standards prescribe maximum development potential as follows:¹¹

Residential Development Standards

Characteristic of Lot, Location and Height	R1E	R1R	R1S	R1	R1A	R2	R3	RB
Width	100'	80'	80'	60'	60'	60'	70'	70'
Depth	100'	80'	80'	70'	70'	70'	70'	70'
Area (in sq. ft.)	21,800	15,000	10,000	6,000	6,000	6,000	14,000	14,000
Front Setback	20'	20'	20'	15'*	15'*	15'*	15'	15'
**Side Setback	15'	10'	10'	5'	5'	(5' per story plus 4' for walls exceeding 100' length)		
***Rear Setback	30'	30'	30'	15'	15'			
***Structure Height	20'	20'	20'	20'	20'	20'	30'	30'
****Coverage	40%	40%	40%	40%	40%	-	-	-

F. Access

The Property is accessible from High Street and lies approximately 0.7 miles from access to CA SR 94. Downtown San Diego is approximately 11 miles to the southwest.

Public transportation is accessible approximately 0.5 miles away at the Spring Street station of the San Diego Trolley (Orange Line). The City is further serviced by the Orange Line at its stations at La Mesa Boulevard, Grossmont Transit Center, and Amaya Drive, the last two of which are also served by the Green Line. The Orange Line offers frequent commuter-oriented service to downtown San Diego. The Spring Street station serves the immediate area and also acts as a “park & ride” access point for a wider geography. The Property has a Walkscore¹² of 52 (“Somewhat Walkable” - some errands can be achieved on foot) and a Transit Score of 47 (“Some Transit” – a few nearby public transportation options).

⁹ LMMC Chapter 24.05.010(C).

¹⁰ LMMC Chapter 24.05.020(A).

¹¹ See “Residential Development Standards,” attached as Exhibit D, and LMMC Chapter 24.05.030.

¹² Walkscore is a “walkability index” that assigns a numerical walkability score to any address in the United States. Because the Property does not have an address, the Walkscore was measured from 8056 High Street.

G. City of La Mesa

According to the San Diego Association of Governments (SANDAG) 2050 Regional Growth Forecast, La Mesa presently has a population of 62,136. In the future, the City's population is expected to grow 10.5%, reaching 68,682 by 2035. Over the same period, the population of San Diego County is expected to grow 14%, reaching 4,026,131 by 2035. In order to accommodate its share of the region's growth and not exacerbate the state's housing shortage, the City is expected to facilitate the production of new housing.

III. DEVELOPMENT PROCESS AND OPTIONS

The approval process for land development varies, depending upon what type of development is being proposed and which discretionary actions are required. At this point, no project description has been developed and it is therefore not possible to set forth an exact development path. However, a theoretical inquiry allows a broader discussion that may be of more interest to a potential developer considering the Property's potential.

Outlined below are an array of development possibilities, starting with the simplest and moving toward the more complicated. The intent is to provide an overview of the range of available paths to achieve various outcomes and the discretionary entitlements, review, approval process and timelines associated with each.

A. OPTION #1: Subdivision Only (No Project)

As described in Section II.C above, because the City indicates that the High Street right-of-way should be deducted, the resulting lot area that should be used for the purpose of calculating density is 4.9 acres. The current zoning law allows a density of 4 units per acre. Applying this basic formula, it might initially appear that the Property could simply be subdivided into 19 lots.

However, the City's development standards further require that lots without frontage on a public street be 50% to 100% larger.¹³ Given the Property's access constraints, the City has commented that it would be impossible to subdivide to the maximum density without using a Planned Residential Development¹⁴ to modify or waive the minimum lot size development standards.¹⁵ Therefore, the Subdivision Only Option would result in **fewer than 19 lots**, depending on how efficiently the Property can be configured.

While it is beyond the scope of this analysis to lay out a plan showing the most efficient way to arrange the lots for maximum density on the Property, the District may consider pursuing a Site Conceptual Layout as a next step (see Section VI, below.)

In order to achieve a traditional subdivision, the developer of a proposed project (Applicant) would need to prepare and submit to the City a Subdivision (Tract) Map that sets forth the proposed property lines, along with some supporting documentation (e.g., Utilities Plan, Preliminary Grading Plan¹⁶) showing

¹³ See Exhibit D, Note 6 (p. 2), attached.

¹⁴ For further discussion of Planned Residential Developments, see Option #2, below.

¹⁵ Email communication with Allyson Kinnard, City of La Mesa, September 29, 2020.

¹⁶ See "Planning Application Packet," attached as Exhibit E.

feasibility. Once the Subdivision Map is conditionally approved and finalized, a Final Tract Map is required to be prepared, processed and recorded with the County of San Diego in order to create legal lots. Following the completion of this two-step process, the resulting lots could be sold off individually or together (to a commercial builder, for example) for further development.

1. Subdivision (Tract) Map

- Application Required
 - Prepare and Submit Subdivision (Tract) Map and supporting documentation¹⁷
- Review/approval process
 - Initial review by City’s Development Advisory Board¹⁸
 - Planning Commission (public hearing)¹⁹
 - City Council²⁰
- Timeline for Processing Entitlements
 - Approximately 6 to 9 months²¹

2. Final Tract Map

- Prepare Map
 - Review and Plan Check by the County of San Diego
 - Review and hearing process by the City of La Mesa
- Record Final Map
 - Clear all conditions of approval
- Timeline for Processing Final Tract Map
 - Approximately 9 to 12 months²²

¹⁷ In support of the application for subdivision, the City will request some information to demonstrate that the site is or will be served by appropriate utilities, among other things. Per the City’s Planning Application Packet (attached as Exhibit E), the Planning Application Checklist directs Applicants to consult with Planning Department staff to determine the specific requirements for a proposed project.

¹⁸ The Development Advisory Board (DAB) consists of the following City staff: Community Development Director, City Engineer, Building Division Director and Fire Marshal. Their meetings are open to the public.

¹⁹ In this context, the Planning Commission is the reviewing agency; it conducts the public hearing.

²⁰ In this context, the City Council ratifies the decision of the Planning Commission.

²¹ Estimate per LMGP (Housing Element, p. HE-69) and conversation with Allyson Kinnard on 9/15/20. Estimated “processing time” is the time to process an application as measured from the date of submittal to the date of the issuance of discretionary approvals (entitlements). Variables typically include type and complexity of environmental review, community opposition, and revisions to project, among other factors.

²² The time needed to process the Subdivision (Tract) and Final Maps are additive, meaning that the entire process typically takes 1 ½ to 2 years.

B. OPTION #2: Development of a Project (with Subdivision)

Given the Property’s generous size, limited street access and challenging topography, the Applicant who proposes development of a project in the existing R1S zone would most likely pursue development as a Planned Residential Development. PRDs are residential developments which are granted relief from the strict application of the City’s design and development standards. For example, in a PRD there are no absolute lot size or configuration requirements, nor internal setback or spacing requirements. This would allow clustering of structures in a manner that is more compatible with the site’s constraints (e.g., topography and street access), while allowing it to take advantage of its opportunities (e.g., view corridors). At the same time, PRDs allow a broader range of building typologies (e.g., attached or detached “row”-style multi-story townhouses), with each unit on its own ground lot.

The intent of a PRD is to achieve more thoughtfully designed projects by offering design flexibility in order:

“to preserve unique characteristics such as geography, geology, topography or history; to obtain imaginative design in complement to the area setting; to obtain economical and efficient use of land; and to provide a higher level of design amenities and preservation of open space than possible with a conventional subdivision. It is not intended that a PRD result in nothing more than a substandard subdivision: the relief from standards granted through a PRD is in return for the benefits achieved.”²³

PRDs are only available in R1 (single family residential) zones: they are not intended for condominium or apartment development. Moreover, PRDs must be developed at a density consistent with the underlying zone and applicable General Plan category. Since the residential density must be consistent with the underlying zone, and the R1S zone dictates a maximum density of 4 units per acre, it appears that the 4.9-acre site could potentially be subdivided into a maximum of **19 lots**.²⁴ Note that this density is premised upon using the minimum lot size modification and/or waiver provisions available through a PRD.²⁵

While PRDs do not technically allow condominiums, there is some precedent to indicate that this could be available under unique circumstances.²⁶ Consistent with a PRD’s requirement of single family homes, a developer could develop multi-story (townhouse or row-style) single family dwellings in clusters. Rather than create horizontal (airspace) lots, as in a typical condominium development, a PRD could create (vertical) single family homes, each sitting on its own small ground lot.

Although every project is unique and it is not possible to identify all the needed entitlements without having a project description, the intent of a PRD is to provide sufficient design flexibility that further

²³ LMMC Chapter 24.05.035(A).

²⁴ When calculating the allowable density, the number of units should be rounded *down*. Thus, 4.9 acres x 4 units/acre = 19.6 translates to 19 units.

However, in the context of the Affordable Housing Bonus Program (described further in Section III.D), the goal is to produce more affordable units. Therefore, the number of base units is determined by rounding *up*. As a result, the base density for Option #2 is 19 units, but *increases to 20 units* for the purposes of *calculating* the density under the AHBP.

²⁵Density calculations set forth in this Report have received preliminary confirmation from the City of La Mesa staff. However, they should not be relied upon for development purposes and should be independently confirmed.

²⁶ See discussion of Cantera, Section IV, below.

entitlements are not necessary. Assuming a project does not need additional entitlements, an Applicant submits an application for a PRD in addition to a complete Subdivision (Tract) Map application.²⁷

- Application Required
 - Prepare and Submit Subdivision (Tract) Map and supporting documentation²⁸
 - Planned Residential Development

- Review/approval process
 - Initial review by City’s Development Advisory Board²⁹
 - Design Review (concurrent with DAB review)
 - Planning Commission (public hearing)³⁰
 - City Council³¹

- Timeline for Processing Initial Entitlements
 - Approximately 12 - 18 months³²

Final Map (Step 2)

- Prepare Map
 - Review and Plan Check by the County of San Diego
 - Review and hearing process by the City of La Mesa

- Record Final Map
 - Clear all conditions of approval

- Timeline for Processing Final Tract Map
 - Approximately 9 to 12 months³³

²⁷ The Applicant would follow the same 2-step process for the Subdivision (Tract) and Final Maps that were set forth in Option #1, above. Option #2 adds the PRD and any other entitlements that may be required, depending on the specifics of a proposed project.

²⁸ In support of the application for subdivision, the City will request some information to demonstrate that the site is or will be served by appropriate utilities, among other things. Per the City’s Planning Application Packet (attached as Exhibit E), the Planning Application Checklist directs Applicants to consult with Planning Department staff to determine the specific requirements for a proposed project.

Note: Given the range of densities (<19 to 121 units) set forth in this Report, it should be noted that utility services will need to be appropriately sized to serve the proposed development.

²⁹ The Development Advisory Board (DAB) consists of the following City staff: Community Development Director, City Engineer, Building Division Director and Fire Marshal. Their meetings are open to the public.

³⁰ In this context, the Planning Commission is the reviewing agency for the subdivision and PRD; it conducts the project’s public hearing.

³¹ In this context, the City Council ratifies the decision of the Planning Commission.

³² Estimate per LMGP (Housing Element, p. HE-69) and conversation with Allyson Kinnard on 9/15/20. Estimated time to process an application from date of submittal to issuance of discretionary approvals (entitlements).

³³ The time needed to process the Subdivision (Tract) and Final Maps are additive. Because the initial entitlement phase of Option #2 is estimated to take longer than Option #1, the time needed to process Option #2 would be closer to 2 – 2 ½ years.

C. OPTION #3: Development Potential Through the Use of Discretionary Action (Zone Change/General Plan Amendment)

While the current zoning of the Property limits its development to residential uses, *in theory* it is possible to develop the site for virtually any purpose by re-zoning it. However, a non-residential use would be inconsistent with the surrounding development pattern and the City’s goal of providing more housing. Therefore, this analysis will continue to assume that the Property would be developed for some type of residential use (single family homes, condominiums or apartments) as opposed to commercial.

If the Applicant desires to develop the Property more densely than the present R1S zoning allows, the developer could pursue a Zone Change to a more generous residential land use category. The City provides a range of residential intensities, with the R3 zone allowing the greatest residential density. The R3 zone is intended for the development of multi-family housing (apartments or condominiums); single family homes are not allowed.³⁴ Applying the allowable density to the Property, it could be developed with up to **88 units**³⁵ in the R3 zone.³⁶

In order to re-zone the Property to the R3 zone, a developer would need to go through a discretionary approval process that would include requests for a Zone Change and a General Plan Amendment.

- Application Required
 - *If Condominiums* (for-sale residential units)³⁷: Prepare and Submit Subdivision (Tract) Map and supporting documentation³⁸
 - Zone Change
 - General Plan Amendment

- Review/approval process
 - Initial review by City’s Development Advisory Board³⁹
 - Design Review (concurrent with DAB review)
 - Planning Commission⁴⁰
 - City Council⁴¹

³⁴ Technically, the Property could be developed with one (1) single family home in the R3 zone.

³⁵ 4.9 acres x 18 units/acre = 88.2 (rounded *down* to 88).

³⁶ Density calculations set forth in this Report have received preliminary confirmation from the City of La Mesa staff. However, they should not be relied upon for development purposes and should be independently confirmed.

³⁷ If apartments (for-rent residential units) are proposed, *no subdivision map is required*.

³⁸ For details on the process for subdivision, see Option #1 (section III.A, above.)

³⁹ The Development Advisory Board (DAB) consists of the following City staff: Community Development Director, City Engineer, Building Division Director and Fire Marshal. Their meetings are open to the public.

⁴⁰ Here, the Planning Commission hears the project and project and gives a recommendation to the City Council.

⁴¹ Zone Changes and General Plan Amendments are legislative actions that require City Council action.

- Timeline for Processing Entitlements
 - Approximately 12 - 18 months^{42, 43}

D. ADDITIONAL DEVELOPMENT OPTION: Affordable Housing

The City has two incentive-based programs that are intended to promote the development of affordable housing. The older of the two affordable housing programs is based on a system of incentive points.⁴⁴ The newer program, known as the Affordable Homes Bonus Program (AHBP)⁴⁵, is the City’s implementation of the state’s density bonus law⁴⁶ and has proven more popular with developers. Therefore, the following analysis utilizes the AHBP as the preferred mechanism for a developer who wishes to take advantage of incentives in exchange for providing a percentage of affordable housing.

If a developer decided to pursue *either* Option #2 *or* Option #3 described above, the Applicant could choose to additionally avail itself of the City’s AHBP. Under the AHBP, the developer may obtain *up to* 35% more units than the underlying zoning allows, as well as the Applicant’s choice from a menu of development incentives, in exchange for providing a prescribed percentage of units as income-restricted for 55 years. The Developer works with the City to determine the number of density bonus units that a property can support, with the City producing a report that sets forth and supports the precise calculations.

For the purposes of this analysis, it appears that the Applicant that pursues a 35% density bonus under the City’s AHBP could develop up to **27 single family units**⁴⁷ in the R1S zone. If the Property is re-zoned, it could be developed with up to **121 multi-family units in the R3 zone**.⁴⁸

⁴² Estimate per LMGP (Housing Element, p. HE-69) and conversation with Allyson Kinnard on 9/15/20. Estimated time to process an application from date of submittal to issuance of discretionary approvals (entitlements). Variables typically include type and complexity of environmental review, revisions to project and other factors.

⁴³ If condominiums, add 9 - 12 months for processing the Final Map, which enables creation (subdivision) of legal lots that could be sold individually.

⁴⁴ LMMC Chapter 24.05.025.

⁴⁵ LMMC Chapter 24.053.

⁴⁶ California Government Code Section 65915.

⁴⁷ When calculating the allowable density, the number of units should be rounded *down*. Thus, 4.9 acres x 4 units/acre = 19.6 translates to 19 units. *However*, in the context of the AHBP, the goal is to produce more affordable units. Therefore, when determining the density that could be achieved through the inclusion of affordable housing, the number of base units is determined by rounding *up*, and *then* adding 35%. As a result, the base density for Option #2 is 19 units, but this base density *increases to 20 units* which, in turn, becomes 27 units after adding the 35% density bonus.

⁴⁸ For the purposes of determining the maximum number of units allowed under the AHBP, the numbers are rounded *up*. Therefore, the calculation becomes 89 base units x 1.35 = 120.15 units which *rounds up* to 121 units after adding the 35% density bonus granted in exchange for the affordable housing.

Table 1: Summary of Allowable Density Under Various Development Options*

		Allowable Density	Allowable Density with AHBP
Option #1:	Subdivision Only	<19 lots	N/A
Option #2:	Single Family Homes Project (R1S Zone)	19 SFH lots	27 SFH lots
Option #3:	Multi-Family Homes Project (R3 Zone)	88 units	121 units

*Density calculations set forth in this Report have received preliminary confirmation from the City of La Mesa staff. However, they should not be solely relied upon for development purposes and should be independently confirmed.

The number of those units that would need to be set aside as affordable depends upon the level of affordability being offered. That is, if the Applicant chooses to include Very Low Income housing⁴⁹, fewer units would need to be provided than if they offered Moderate Income (120% of AMI). In practice, most developers who utilize the state density bonus program opt to target Very Low Income because they find that it provides the greatest return.

IV. LESSONS LEARNED: THE CANTERA EXPERIENCE

In the past few years, the property immediately to the east of the Property has been entitled for a residential community known as Cantera. The Cantera development project did not face opposition by the community or the City. While Cantera does not serve as a precise roadmap for the development of the Property, that property is analogous enough that much can be learned from studying its path to approval.

Visually, the Cantera site currently presents as undeveloped land that is virtually indistinguishable from the Property to the passing observer. Sitting on approximately 8.5 acres, the proposed Cantera development consists of 34 residential (condominium) units clustered within six 3-story buildings, surrounded by common parking, recreation areas and open space. In order to take advantage of certain parking-related incentives available under the City’s Affordable Homes Bonus Program (AHBP), in 2019 Cantera obtained additional City approvals in exchange for the provision of 10% (4 units) as affordable to Moderate Income households.

The Cantera development is consistent with the prescribed density of the R1S zoning that it shares with the Property. However, while Cantera is not *actually* denser than the zoning allows, it is *visually* denser than anything in the surrounding area: the three-story structures are taller than the nearby houses,

⁴⁹ The 2020 Area Median Income (AMI) for San Diego County is \$92,700. Very Low Income (VLI) is defined as households earning 50% of the Area Median Income, and the VLI for a household of 4 people is defined as \$57,750. Moderate Income for a household of 4 people in San Diego County is \$111,250. See California Department of Housing and Community Development income limits (April 30, 2020.)

which are predominately single-story. This is significant because Cantera represents a new type of development for the immediate area and shows that the community is not opposed to it. Further, the lack of opposition to the inclusion of “affordable housing” is significant, since some communities are not as accepting.

V. DISCUSSION

Recent events have focused attention on the value of the Property: in 2020, Helix secured a reciprocal access easement from the United States Navy⁵⁰ (“Navy Easement”) which formally recognized the existing High Street access that – because it was not legally documented - had previously rendered the Property “landlocked” as viewed through public records. While valuation is outside of the scope of Psomas’ analysis, it seems reasonable to conclude that this landlocked condition would have an adverse impact on the Property’s development potential and therefore its value.⁵¹

At the same time, the City is legally required to facilitate the production of its share of new housing units to meet the region’s housing needs (RHNA).⁵² The City is somewhat constrained in its ability to meet its RHNA numbers due to the large amount of land that has already been developed as single family housing and a limited amount of remaining developable sites that would be appropriate for additional residential development.

The Housing Element of the City’s General Plan lists the Property on its “Vacant Sites Inventory,” specifically noting that it has “infrastructure capacity” and no “on-site constraints.”⁵³ The General Plan also states: “As a means of reducing residential land costs, La Mesa will encourage development at the upper end of its residential density ranges”⁵⁴ such as the R3 zone that has been analyzed in this report.

As noted in the City’s General Plan, interviews with developers with recent experience in the City indicated that the City presents a positive climate for development. In that context, developers noted the accessibility and efficiency of City staff.⁵⁵ In 2020, Psomas also found City staff to be knowledgeable, responsive and accessible. Current City staff appear to be aware of the Property’s development potential.⁵⁶

Given the City’s desire to contribute its share of the region’s housing needs, City staff indicates that they would encourage a developer to pursue a re-zone of the property to a zone that would allow greater density and would work collaboratively to achieve that goal. That said, City staff emphasized that it does

⁵⁰ In 1992, the United States Navy improved and dedicated a portion of High Street between Grove Place and Spring Street in order to enable vehicular access to the Howard Gilmore Housing Complex. However, it failed to meet a condition of the City’s acceptance of the dedication. As a result, the road remains under private ownership. Without legal access, the Property remained landlocked. In 2020, Helix recorded an assignable 50-year access easement from the U.S. Navy. See “Grant of Easement,” Exhibit F, attached.

⁵¹ See “Appraisal Report” dated April 10, 2014, attached as Exhibit G.

⁵² A city’s share of the region’s housing needs is called the Regional Housing Needs Allocation (RHNA). RHNA numbers are based on anticipated population growth and established by the San Diego Association of Governments (SANDAG).

⁵³ See excerpt from LMGP (Housing Element), attached as Exhibit H, at APN 499-010-04, p. HE-139.

⁵⁴ LMGP (Housing Element), p. HE-121.

⁵⁵ “Developer Interviews,” LMGP (Housing Element), p. HE-73.

⁵⁶ Conversation with Allyson Kinnard, Community Development Department, City of La Mesa, September 1, 2020.

not have the authority to unilaterally achieve a re-zone of the Property. Rather, re-zoning the Property is a discretionary action that is subject to a thorough review process, including environmental review and public hearing.

While it presents some constraints, the Property’s slope may also present an opportunity in that it may lend itself to achieving taller buildings that do not present as too tall, when thoughtfully arranged and set against the backdrop of the hillside behind. Although the Property’s rugged topography would need to be considered, the Property’s generous size would allow for a more creative layout. The Cantera project is evidence of the City’s and the community’s acceptance of a wider variety of housing typologies, when they are thoughtfully arranged and designed in a manner that respects and harmonizes with a site’s unique topography. Cantera also demonstrates acceptance of affordable housing that is integrated into a larger development.

Given this confluence of factors, the Property presents a ripening development potential.

VI. RECOMMENDED NEXT STEPS

Going so far as to entitle the Property for a specific development could substantially enhance the value of the Property. This would require a significant amount of investment (time, money, vision) and would necessitate putting Helix in the role of “developer,” which may be outside of the District’s mission.

Short of that exercise, there are specific actions that the District could take in order to improve the Property’s market value without becoming overly involved with its development. These include but are not limited to:

- Appraisal: The Property was appraised by an outside consultant in 2014. However, post-appraisal events – such as obtaining the reciprocal easement from the Navy, the City’s adoption of the AHBP, and the entitlement of the neighboring Cantera property – are likely to have increased its value. A current appraisal would give the District a better sense of the Property’s present worth, which would inform its decisions about how much money is wise to invest in the Property before placing it on the market.
- Topographical Survey: The Property’s rugged topography is fundamental to its potential as a development site. Obtaining a topographical survey will provide important base information that will inform the work of additional consultants (particularly the architect and civil engineer).
- Site Conceptual Layout: In order to determine the most efficient layout of lots and structures on the Property, the District may consider engaging an architect to prepare an architectural site plan to define building, parking and open space areas on the Property. This plan should set forth optimum building configurations; show residential footprints, parking areas, and open spaces; and illustrate massing that would maximize its development potential while respecting City development standards and furthering the City’s goal of minimizing visual impact.
- Geotechnical Review: The purpose of a geotechnical due diligence review is to set forth site conditions and identify possible opportunities for, and constraints to, the proposed development. A preliminary geotechnical review would assess geologic and seismic hazards and grading constraints, make recommendations for mitigation of identified constraint, and

recommend scope and budget for design level geotechnical investigation based on the findings of the due diligence review.

- Environmental Analysis: While the precise environmental review is dictated by the specifics of a proposed project, it may be useful to engage with an environmental consultant(s) to perform initial assessments of the Property. This review could be directed to focus on issues specific to the Property, such as botanical and wildlife surveys and traffic impacts. An initial review will enable the consultant to make a recommendation about the appropriate type of CEQA documentation to pursue.
- Market Analysis: Building on the comprehensive analysis presented by other consultants (e.g., Site Conceptual Layout, Civil Engineering constraints, etc.), a market consultant can research the local market conditions (supply, demand, price levels) and recommend a program of development, such as whether apartments or condominiums are preferable, and the size (number of bedrooms, square footage, etc.) of the residential product offered.

VII. CONCLUSION

It has been a pleasure working with the District on this matter. We hope that this analysis has been useful to you, as you consider your options for the Property. We look forward to working with you further, should the District decide to take additional steps toward analysis and/or development of the Property. Please do not hesitate to contact me at 310.490.8556 (cell), 213.223.1447 (office) or anne.williams@psomas.com if you have any questions about the issues set forth in this Report.