

NEIGHBORHOOD HISTORIC PRESERVATION COALITION

Advocating for measures that preserve our established neighborhoods and historic resources for future generations

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Dear Kelley and Suzanne,

This letter formally requests the Historical Resources Board (HRB) to commission a study by PlaceEconomics to comprehensively analyze how historic preservation impacts San Diego's affordable housing, equity, and climate goals. We ask that the matter of allocation of funds for such a study be placed on the next HRB agenda for the board to direct staff to recommend to City Council the expenditure of this study using the Historic Preservation Fund.

On January 22, 2024, the City announced a program update titled *Preservation and Progress: An Update to the City's Heritage Preservation Program*. The initiative states that it is intended to streamline the process for new development by updating the City's Historic Preservation Program. This overhaul is predicated on presumptions that the current historic regulations result in "uncertainty and inefficiency for property owners and the public;" unnecessarily burden projects through "added review requirements, processing times and uncertainties;" and, contribute to systemic racism and injustice.¹ The initiative names six goals intended to redress these real or perceived insufficiencies: advancing equity in preservation to prioritize marginalized communities, evaluating the Mills Act program, proactively identifying historic resources, reforming the permit process to encourage adaptive reuse, adopting design standards for historic properties, and removing regulations that impact non-historic properties. To meet these ends, Preservation and Progress intends to "take a comprehensive look at all of the policy and regulatory documents that guide the City's Heritage Preservation Program" and sets out a two-year timeline in which the City will develop a program update framework, allow public engagement, develop draft amendments of pertinent regulations and polices, and hold public hearings.²

Conspicuously absent from the Preservation and Progress initiative is any form of rigorous research-based and data-driven study related to the real impacts of historic preservation. Instead, this major overhaul of the preservation program appears to be driven by unsupported presumptions that the current regulations impose negative impacts on new development. The community can only speculate whether these perceived inadequacies derive from the Independent Budget Analyst Report (which suffered major analytical flaws but concluded that historic preservation did *not* slow development); the recommendations of the Middle-Income Housing Working Group, which did not involve any rigorous statistical study let alone include any input from preservationists, a key stakeholder community; or, anecdotal reports from developers, lobbyists, or others. **In short, the evidence necessary to effectively guide such a massive overhaul of the historic preservation guidelines is sorely lacking and forging ahead in the absence of such research-based data could have unpredictable effects and lead to unforeseen distortions in the marketplace.**

¹ <https://www.sandiego.gov/planning/work/historic-preservation-planning/preservation-and-progress>

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Under SDMC 111.0206(d)(6) the HRB has a duty to “make recommendations to the City Council regarding . . . [any] interest relative to property located in the city in furtherance of the general purposes of historical preservation.” Because this overhaul will potentially affect every property within the City of San Diego in perpetuity, it is incumbent upon the members of the HRB, who have been appointed for their expertise, to make a recommendation now.

To fulfill this duty, we propose that the HRB retain PlaceEconomics, a preeminent, well-established, research firm dedicated to thorough and robust analysis of the economic impacts of historic preservation. No institution has conducted more analyses of the economic impacts of historic preservation than PlaceEconomics, and Los Angeles, San Antonio, and Phoenix have all retained this firm for similar purposes.³ We encourage you to seek the feedback of your colleagues in Los Angeles.

We further recommend that PlaceEconomics perform a comprehensive analysis of at least four crucial preservation areas that are central to understanding San Diego’s housing and preservation needs. These include the following:

- **Analyze the Housing Market for Affordability:** This study would look at existing buildings and if or how they support affordability. This data could also identify the types of housing and areas within the City that contribute to housing affordability, such as bungalow courts, apartment buildings, and historic districts.
- **Environmental Impacts:** This assessment will help the city account for landfill capacity and the loss of embodied energy when buildings are demolished. Investing in existing buildings retains housing affordability and supports responses to climate change. Measuring the environmental impacts will support the City’s Climate Action and Resiliency plans and will help meet their stated goals with a variety of solutions.
- **Social Justice Measurements:** Many families link their financial security to homeownership, but some communities of color have been denied that status due to racism, redlining, and nervous banks. Measuring homeownership rates, displacement, and the burdensome cost of housing will help identify the shortfalls of San Diego’s policies and regulations, and demonstrate how historic preservation and adaptive reuse can serve these communities, especially with affordable housing.
- **Historic Districts:** Identifying patterns that exist within historic districts that are different from those in the rest of the city. Possible metrics include property value change, job and business creation, population density, demographic patterns, walkability, foreclosure rates, tree canopy coverage, landfill diversion, embodied energy calculations, and more.
- **Mills Act:** A review of the value of the Mills Act. Such a study would consider the larger economic context in which the Mills Act operates.
- **Cost-effectiveness** of preservation and adaptive reuse vs. new construction.

We believe a comprehensive study is necessary to provide evidence-based, actionable recommendations for

³ PlaceEconomics’ recent studies of San Antonio and Los Angeles are of great interest. (<https://www.placeeconomics.com/resource> on page 3)

sustainable, inclusive, and economically sound solutions. And, to the benefit of all San Diegans, this independent outside expertise will allow us all to learn from its findings and direct the amendments that ultimately come out of the Preservation and Progress initiative. Such a report takes between 3- and 6-months' time to generate, which would allow for creation of the report within the timeframe of the Preservation and Progress initiative, if the HRB approves the project immediately.

Regarding costs, the research and study project is estimated between \$50,000 and \$70,000. The good news is that the current balance of the Historic Preservation Fund is \$94,678.⁴ We ask that the board direct staff to request City Council to allocate these funds for this use.

We understand the expense of such a report is momentous, but much more so is the proposed overhaul and the lasting impact it will have on our built history and all San Diegans.

To conclude, we know that historic preservation plays a substantial role in affordable housing, climate challenges, and social equity solutions. Yet, for whatever reason, the City has not adequately accounted for the impact of historic preservation. For example, the City of San Diego has presented plans for affordable housing (SD Housing Commission), climate issue actions, and a strategic plan. Historic preservation is missing from all these plans, which is a colossal oversight—no other big city that we are aware of has omitted historic preservation from their strategic plans. Approving this report would not only help remedy these egregious oversights but would also greatly enrich our understanding of the intricate relationship between preservation, affordable housing, social justice, and economic vitality.

We ask that you include this request and, we hope, your recommendation for the next HRB meeting.

Submitted on behalf of the Neighborhood Historic Preservation Coalition.

⁴ The Historic Preservation Fund was established, in part, to support historic preservation programs and monies allocated for such uses must go through City Council's budget approval process. Resolution No. R-305067 (July 7, 2009). To the best of our knowledge, the HRB has not accessed these funds since 2014.