



Exclusive

Why Three SD Ballot-Box Measures Failed

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SAN DIEGO—Measures B-D here presented voters with some tough choices that could impact our local market. Experts weigh in **EXCLUSIVELY** with GlobeSt.com on what the results mean and what happens next.



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SAN DIEGO—Measures B-D, which were turned down by San Diego County voters Tuesday, presented them with choices that will impact our local **workforce-housing, hospitality and tourism** markets. **Measure B San Diego** was presented to approve a general-plan amendment in Northern San Diego County to provide more **housing affordable** to middle-income families via a proposed **Lilac Hills Ranch** project in Escondido, **Measure C** was the proposal to raise hotel taxes to pay for a dual building with a new **football stadium and convention center** in Downtown San Diego, and Measure D was a tourism and tax initiative to increase San Diego's hotel occupancy tax to 5%. As we **recently reported**, there were pros and cons to all three initiatives.

We spoke exclusively with **London Group Realty Advisors'** president **Gary London** to discuss the results of Measure B and **Robert Rauch**, founder and CEO of **RAR Hospitality**, to discuss Measures C and D and what might be the next steps for all three situations.

London said he wasn't particularly surprised by the outcome of the Measure B vote, "although I supported Measure B on principal: San Diego needs more housing of the type proposed, targeting families, and the **County Board of Supervisors** needs to re-examine its land-use policies so that they invite new **development** in the right places."

Right now, he says, the Board has effectively "red-lined" opportunities outside of their designated village areas, which aren't always the right places to expect housing to be developed. "This project is to be located near the I-15 corridor, with access to jobs in North County. That is compelling, but land-use decisions are way too complicated to be part of initiatives, referendums and ballot box planning. In San Diego, none have passed, and it is difficult to see a scenario where one would. This is absolutely the wrong way to make land-use decisions."

London adds that rejecting the measure means this is one less large housing project that either is further delayed or may not be developed. "There is a critical supply/demand imbalance, which is bidding up the cost of all **housing** and may impact our **economic growth** in future years."

The next steps to ease the lack-of-workforce-housing situation in San Diego County are for the Board of Supervisors and all elected officials to allow more density, open more land for development and increase flexibility over old zoning rules, says London. "The best opportunity to add to our housing inventory is within existing communities, particularly the older suburbs. That is where the **Millennials** want to raise their families, and there are many possibilities for infill development."



Rauch: "We can do better than ballot-box initiatives that are written in a vacuum."

Regarding Measure C, Rauch says the initiative was turned down because the Chargers did not build consensus. "They rammed a ballot measure down the throats of San Diego voters and got what they deserved. I love the Chargers and want them to stay, but this requires a team approach, not a dictatorship."

He says Measure D was drafted by an obstructionist, and "while supported by many of my friends, the measure would be a disaster. It would permanently prohibit a convention-center expansion along the waterfront and would build a center using three additional transient occupancy tax points; the center would not be contiguous, exactly where San Diego clients do not want to be."

So what's next for the highly controversial Chargers' stadium? Rauch says the Chargers must go back to the negotiating table. "Mission Valley, the current site of Qualcomm Stadium and preferred site of most San Diegans, must be back in play. It would cost less, take less time and can get approved. The results also allow for San Diego's leaders to get serious about planning both Downtown and Mission Valley. We can do better than ballot-box initiatives that are written in a vacuum."

Arguably, San Diego is one of the very few convention cities that would benefit from an expansion of their center, Rauch points out. “Most cities only get a brief burst of **construction** spending and never get a real return on their centers. This city has the **hotels**, climate, attraction package and desirability to move large conventions here. **Jobs**, tax dollars and businesses that will create an even better lifestyle for local residents are major ancillary benefits. The much bigger return, however, would be with an expansion along the waterfront. This must be discussed by San Diego leaders.”

Regarding the Chargers, they must assess what it takes to pass a stadium initiative, he adds. “Everybody in San Diego wants them to stay—but they must be team players and work with **tourism** officials, city and county officials and San Diego leaders to help create an ideal stadium plan. The bottom line is that there is a cap to how much the hotel industry can handle in terms of an increased tax. I suggest three new points for a convention center along the waterfront and no new hotel taxes for a stadium that creates civic pride, not room nights.”