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April 30, 2012

The Honorable Jerry Sanders  
Mayor, City of San Diego  
202 C Street  
San Diego, CA 92101

Dear Mayor Sanders:

As you know, jurisdictions in the San Diego region are required to update their Housing Elements by April 2013. Recognizing a tight fiscal environment, the San Diego Housing Federation is pleased to submit a list of 'best practices' that the 18 cities and the County of San Diego could incorporate at minimal cost to taxpayers in their Housing Elements for the 2013-2020 cycle.

The proposed programs would remove barriers and reduce costs to develop affordable housing. These programs build on existing state requirements and provide creativity and innovation in seeking true solutions that will result in the construction of more affordable housing. We encourage you incorporate the 'best practices' in your 2013-2020 housing element.

In addition, we would like to invite you to attend a Housing Element 'best practices' workshop being co-sponsored by the San Diego Housing Federation and San Diego Association of Governments (SANDAG) on Monday, June 11 from 9 a.m. to 12 p.m. at the Caltrans Building (Garcia Room), 4050 Taylor Street, San Diego. The workshop's audience would be comprised of staff from the 19 jurisdictions in the region and other interested advocates, and the goal of the workshop is to promote innovative affordable housing policies in the region and inspire attendees to integrate them into their Housing Elements for the 2013-2020 cycle.

If you have any questions, please don't hesitate to contact me. Thanks in advance and I look forward to working with you to create more affordable housing in the San Diego region.

Sincerely,

Susan Tinsky  
Executive Director

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*San Diego's Voice for Affordable Housing*



## Housing Element Best Practices Fifth Cycle (2013-2020)

With San Diego jurisdictions updating their housing elements before April 2013, the San Diego Housing Federation would like to propose some 'best practices' that are being used in California and in the San Diego region that could be applied to cities throughout the region. We believe that these programs can prove effective in increasing the supply of affordable housing in every community, and SDHF encourages all jurisdictions in the San Diego region to adopt similar policies and programs in their housing elements for the 2013-2020 cycle.

### 1. Offsite Density Bonus

*Summary:* State law requires that every jurisdiction adopt a density bonus ordinance in compliance with state statute. The program allows bonuses from 20 to 30 percent when developers provide a defined number of affordable housing units onsite. Despite the requirement that all cities adopt a density bonus ordinance, few developers take advantage of the program. In some cases, the requirement to provide the affordable housing onsite has been cited as an impediment to implementation of the ordinance.

*Best Practice:* After careful review, a task force in the City of Oceanside has recommended that the City develop a local program that would allow developers to receive a density bonus under limited conditions when providing affordable units *offsite*. It is anticipated that the local program could provide sufficient capacity to encourage new affordable housing development.

### 2. Reductions in Parking Requirements

*Summary:* Parking is one of the most expensive components of affordable housing developments, with underground spaces costing as much as \$40,000 per space. In addition, studies have shown that residents of such developments on average own fewer cars than their neighbors living in market-rate apartment complexes. A tremendous need exists for lower parking requirements at affordable housing developments, both to reduce overall project costs and to better serve the needs of residents.

*Best Practice:* Based on a comprehensive study of the parking needs of actual affordable housing developments located in the city, the City of San Diego is preparing what may be the region's best parking ordinance for affordable housing developments. It recognizes that vehicle ownership rates are lower in such complexes, and is creating different standards for affordable housing developments as opposed to market-rate apartments. Depending on where the project is sited in the city, a one-bedroom apartment's parking requirements could be reduced from the current 1.25 spaces to as low as 0.33 spaces. A revised ordinance is expected to be voted on in Summer 2012.

### 3. Ministerial Affordable Housing Overlay Zoning

*Summary:* Ministerial affordable housing zoning can provide special zoning and incentives that are intended to promote a certain type of development. One such district promotes multi-family projects

that are denser and suitable for affordable housing. These districts may offer developers ministerial review, reductions in parking requirements, and relief in setback and height requirements. On sites where land is not zoned for residential use but a city would like to see affordable housing built, a housing overlay district may eliminate the time consuming process of amending a general plan to construct such housing.

*Best Practice:* Orange County allows residential development on underutilized commercial or industrial sites within unincorporated areas if the units are all affordable units to low income households. It also allows a maximum density of 25 units per acre. The City of Poway applied its housing overlay district to six publicly-owned properties ranging in size from 0.5 acres to 4 acres, and may apply it to privately-owned parcels in the future.

#### **4. Permit Expedite Program**

*Summary:* An expedited permitting process puts developers of affordable housing at the “front of the line,” thus encouraging such development and cuts costs associated with regulatory time delays.

*Best Practice:* The City of San Diego offers an expedited review process that is twice as fast as the standard for affordable housing projects. Projects are eligible if: 1) at least 10 percent of the units are available to households with an income at or below 100 percent area median income; or 2) at least 10 percent of the units are available to households with an income at or below 65 percent AMI for a period of 55 years.

#### **5. Project-based Section 8**

*Summary:* This system assigns Section 8 vouchers to a specific affordable housing development, rather than a specific tenant seeking housing. The project-based voucher can be a source of operational income for a housing development.

#### **6. CEQA Exemptions**

*Summary:* The California Environmental Quality Act (CEQA) was passed in 1970 and requires public agencies to study the environmental impact of proposed projects, and to mitigate those impacts. In some cases, the requirements of the law conflicts with the implementation of the goals set forth in SB 375, which is meant to focus new development in urban areas and increase transit-oriented development. The exemptions available through CEQA are designed to resolve such conflicts and motivate cities to create more affordable housing.

*Best Practice:* To encourage the construction of affordable housing, cities should fully implement the current exemptions found in state law and should modify standards (or “significance thresholds”) that act as de facto barriers to the implementation of the CEQA exemptions.

#### **7. Housing impact statement**

*Summary:* A housing impact statement should require an explicit and detailed statement of how any proposed action to be taken by a local legislative body would impact the provision or loss of affordable housing. For example, the statement would examine how many new units of affordable housing would be needed to accommodate the additional employees, and/or how many units of affordable housing may be demolished in the process of the new development. This statement should include an estimated cost for such action, including finding replacement housing for displaced tenants, and would accompany any development proposal forwarded to a city or appropriate planning agency when weighing a decision.

#### **8. Transit-oriented Affordable Housing Development**

*Summary:* This policy encourages compact, mixed-use development typically within ¼ mile of transit (i.e. bus/train). When affordable housing is integrated into such development, it ensures multiple public benefits by increasing transit usage by giving core riders direct access, decreases traffic, and significantly increases the discretionary income and quality of life of those living in the affordable housing. Furthermore, such projects are beneficial because they reduce greenhouse gas emissions

and better link housing and employment. Studies show residents of affordable housing developments are more likely to ride the bus or train than residents of market-rate developments.

*Best Practice:* The San Diego Housing Commission has developed a work plan for creating transit-oriented development with affordable housing on three to five sites by 2014. It seeks to work with Metropolitan Transit System (MTS) to identify parcels near proposed transit stations that can be purchased before land values escalate. By doing this, the potential exists to leverage non-housing dollars for land acquisition and infrastructure costs.

#### **9. Accessory/granny units**

*Summary:* Accessory or “granny” units are typically located in the backyard of a single-family residence. Policies and ordinances that encourage accessory units promote infill development and higher density that result in minimal impacts to single-family neighborhoods. While these units rarely formally qualify as affordable housing (in the sense of receiving government subsidies with restricted rents), they are typically rented at lower costs than units in standard apartment complexes.

*Best Practice:* In the City of Santa Cruz, residents considering building accessory units are eligible for a simpler and shorter permitting process, technical assistance from the city, and special loans. It also is recommended that cities implement ‘amnesty’ periods, which would grandfather existing granny flats that comply with zoning laws but may not have received proper permitting.

#### **10. Affordable Housing education campaign**

*Summary:* As part of a legal settlement in 2001, the City of Poway began an education campaign called “Housing Solutions,” that builds support in the community for affordable housing. The program was developed with the assistance of three nonprofit affordable housing developers and one city staff member, and its mission is to educate Poway residents through public presentations, newspaper articles, and information posted on the city’s Web site about the benefits of affordable housing. The operating expenses associated with this program are paid for via tax increment funds (as dictated under the terms of the 2001 settlement).

#### **11. At-risk Properties/Expiring Affordability**

*Summary:* One of the greatest threats to the supply of affordable housing is the expiration of deed restrictions. These covenants ensure that rents remain affordable to households making less than 80 percent of the area median income for anywhere from 30 years to 55 years. Cities must be vigilant in monitoring these properties and work with the owners and or managers to gauge their interest in renewing the income restrictions.

*Best Practice:* Though we are not aware of a region that has implemented best practices in this area, there are methods that have been developed to protect at-risk housing. It is suggested that cities contact the owners of properties most at risk to learn of their plans and explore the possibility of purchasing these developments through HUD or a non-profit organization housing developer, etc.