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February 4, 2013

The Honorable Lorie Zapf
San Diego City Council
202 C Street
San Diego, CA 92101

Re: General Plan Housing Element Update 2013-2020

Dear Councilmember Zapf:

On behalf of the San Diego Housing Federation, we recommend approval of the draft Housing Element and encourage the Committee to forward it to the full City Council for approval.

The draft Housing Element contains a number of key action items that can have a significant impact on the ability of the City of San Diego to meet its affordable housing production goals. The Federation respectfully request that the Land Use and Housing Committee consider taking action today that will begin to move these key items forward.

1. **Endorse the California Homes and Jobs Act.** We recommend that the City of San Diego endorse the California Homes and Jobs Act. This state legislation will be introduced by Senator Mark DeSaulnier this month to create a permanent source of revenue for the development and preservation of affordable housing throughout the state. The Homes and Jobs Act will leverage federal, state, and private revenue sources and create a permanent source of funding for affordable housing. This new source of revenue will be critical to replace now nearly exhausted Proposition 46 and Proposition 1C bond proceeds.

2. **Identify a Pilot Project to Implement New Planning Concepts.** The draft Housing Element has identified a number of important tools that can increase development certainty and foster the creation of affordable housing. These tools include using specific plans rather than community plans to modernize community-driven zoning; tying zoning changes to the provision of community-benefits; and the concurrent implementation of development incentives, such as master-EIRs and form-based zoning. The city-wide implementation of these tools could take years. As such, we recommend identifying a pilot project to demonstrate the tools efficacy. In order to demonstrate the maximum benefit of these tools, we recommend that the City identify a transit-oriented location that has presents a significant opportunity for reinvestment.

3. **Affordable Housing as Infrastructure.** As identified in the draft Housing Element, affordable housing is a key component of the City's infrastructure. At a time when the city is faced with an overwhelming backlog of public infrastructure

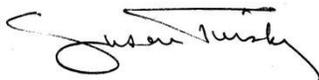
and facilities needs, we urge the City to explore options for local funding sources to address deferred maintenance and help meet the need to build more affordable housing. This should include ensuring that former Redevelopment funds returned to the City are used support reinvestment in lower-income communities through affordable housing and infrastructure and restoring linkage fees to their original level plus automatic adjustments.

4. **Local Revenue Source.** To address the demand for new affordable homes, the City should work to establish a dedicated, stable, and permanent funding source for the Housing Trust Fund. As demonstrated by their leverage rate of 30 to 1, Housing Trust Fund revenues are integral to attracting outside funding to the City for construction of new homes. Linkage fees, rental car taxes, and transient occupancy taxes all have a strong nexus to affordable housing demand. These funding options should be explored in order to immediately augment the City's Housing Trust Fund.

5. **Off-site density bonus.** From 2005 to 2011, the City produced only 206 affordable housing units through its density bonus program, or approximately 29 units per year. By allowing an option to construct affordable homes at an offsite location, we believe that the City's density bonus program can become more productive. The provision of an offsite density bonus option would allow developers to pool their affordable units in a 100% affordable development in order to create a market-based funding program to support the financing of affordable housing and maximize the use of outside funding sources. We recommend that the City adopt an ordinance to allow developers to utilize the density bonus at an offsite location in order to encourage developers to maximize these resources to create new affordable housing units.

We thank you for consideration of these requests and look forward to working with you to increase the supply of affordable housing in the City of San Diego.

Sincerely,



Susan Riggs Tinsky
Executive Director

Cc: City Councilmember Todd Gloria
City Councilmember David Alvarez
City Councilmember Sherri Lightner