

DATE ISSUED: September 12, 2001

REPORT NO. 01-186

ATTENTION: Honorable Mayor and City Council  
Docket of September 18, 2001

SUBJECT: Adoption of Housing Element Update

REFERENCE: Manager's Reports P-00-127, 01-030, 01-195

### SUMMARY

#### Issue - Should the City Council:

1. Adopt the Housing Element Update as an amendment to the Progress Guide and General Plan?
2. State for the record that the final Negative Declaration has been reviewed and considered prior to approving the project and directing the City Clerk to file a Notice of Determination?

#### Manager's Recommendation - Recommend to the City Council that it:

1. Adopt the Housing Element Update as an amendment to the Progress Guide and General Plan.
2. State for the record that the final Negative Declaration has been reviewed and considered prior to approving the project and directing the City Clerk to file a Notice of Determination.

Community Planning Group Recommendation - The Community Planners Committee was given a presentation on the Housing Element Update on February 23, 1999 as an informational item. No recommendation was made.

Planning Commission Recommendation - At a June 8, 2000 public hearing, the Planning Commission recommended that the City Council authorize submittal of the Housing Element to the State Department of Housing and Community Development (HCD) for review.

Other Recommendations - On June 30, 2000, the Housing Commission recommended that the Council authorize submittal of the Housing Element.

Environmental Impact - The City of San Diego, as Lead Agency under CEQA has prepared and completed Negative Declaration File No. 99-0522, dated September 30, 1999, covering this activity. The Negative Declaration was adopted on July 31, 2000 by Resolution No. R-293595.

Fiscal Impact - Most programs proposed are already operational. Their funding levels are already in the current budget.

Code Enforcement Impact - No impact

Housing Affordability Impact - Although the Housing Element in and of itself would not create any additional affordable housing units, it provides a broad menu of policies and programs to facilitate housing for all income groups.

## BACKGROUND

State law requires the Housing Element of the General Plan to be updated at five-year intervals. The updated Housing Element covers the five-year period from July 1, 1999 through June 30, 2004. State law also requires local jurisdictions to submit their housing elements to the State Department of Housing and Community Development (HCD) for a certification of substantial compliance with housing element requirements. In July 2000, the City Council authorized submittal of the Housing Element to HCD for review (Attachment 1). In July 2001, HCD found the City's Housing Element to be certifiable and in compliance with state law (Attachment 2). The City Council is now being asked to adopt the Housing Element, pursuant to HCD's review and comments.

The Housing Element is the City's primary housing policy document. It is intended to identify and analyze the City's housing needs, establish reasonable and realistic goals, objectives and policies based on those needs and set forth a comprehensive five-year program of actions to achieve as fully as possible, the identified goals and objectives. The goals, objectives and recommended actions are largely based on an assessment of governmental resources anticipated to be available at the local, state and federal levels.

The Housing Element relates directly to the Strategic Framework planning process now underway in that both will consider affordable housing issues. The Housing Element has a five-year time frame, whereas the Strategic Framework has a 20-year time frame. The goals of the Housing Element and Strategic Framework are mutually reinforcing and many of the Housing Element's programs support the City of Villages strategy.

## DISCUSSION

### Major Goals and Recommendations of the Housing Element

The Housing Element sets goals and makes recommendations to guide the City's allocations of housing resources with respect to new construction, rehabilitation and conservation of existing housing. Although the Housing Element addresses the housing needs of all income segments in San Diego, the emphasis is on the needs of the lower income segment of the population. Goals were developed based on an assessment with Housing Commission staff of resources likely to be available over the 5-year period. Additionally, the Housing Element makes recommendations for code changes to facilitate the production of additional housing and to enhance affordability.

Finally, the Element makes policy recommendations to facilitate community balance and sets goals for the use of Redevelopment Set-Aside funds for affordable housing. Major goals and recommendations are summarized below:

1. New Construction of Affordable Housing - Provide at least 1,750 additional units for low-income households and approximately 1,300 additional units of housing for very low-income households during this 5-year Housing Element cycle (Volume I, p. 12).
2. Rehabilitation - Rehabilitate at least 2,900 housing units for lower income households during the 5-year Housing Element cycle (Volume I, p. 46).
3. Preservation of Existing Affordable Housing - Preserve the affordability of at least 400 units which are eligible to convert to market rate status during the 5-year Housing Element cycle (Volume I, p. 40).
4. Code Changes to Facilitate Housing Production and Affordability - Numerous proposals are made to facilitate housing production and affordability (Volume I, pp.53-54). These proposals were discussed with the Land Use and Housing Committee in May 2001 (Attachment 3).
5. Community Balance - The Housing Element includes several recommendations and programs to facilitate a balanced distribution of affordable housing in San Diego, especially with respect to emerging employment opportunities. Primary recommendations pertain to development of an inclusionary housing program, incorporation of minimum density requirements into the Land Development Code, targeting of Housing Commission resources to the Planned Urbanizing Communities and updating of the City's Balanced Communities Policy (Volume I, p. 82).
6. Goals for Redevelopment Set-Aside Funds - Redevelopment Set-Aside funds are expected to generate approximately \$5 million annually or \$25 million over the 5-year Housing Element cycle. These funds will support the generation of an additional 1,100 new or rehabilitated units beyond the numbers stated above (Volume I, pp. 87-88).

#### Changes Requested by HCD

At the request of HCD, staff has made several changes to the Housing Element since the Council last reviewed it in July 2000.

1. The inventory of vacant and potentially redevelopable land was redone so that it is now based on zoning rather than on land use designations and density ranges in the adopted community plans.
2. Recommendations were added regarding facilitation of permit processing, housing production and affordability (Attachment 3).
3. The analysis of existing affordable housing which is at risk of converting to market-rate status was revised to satisfy HCD's requirements.

State Housing Element law also requires the Housing Element to include an analysis of the City's remaining supply of developable land. The analysis concludes that the City has sufficient vacant and potentially redevelopable land to accommodate anticipated growth for this 5-year Housing Element cycle but that the City will not have sufficient land to provide for anticipated growth over the next 20 years. The Housing Element therefore reinforces the recommendations of the City of Villages strategy that future growth be focused in relation to transit nodes and employment centers (Volume I, p. 83).

#### Housing Element Implementation Already Underway

The City Council resolution authorizing submittal of the Housing Element to HCD included direction to develop an inclusionary housing program and an amendment of the Land Development Code to create density ranges which implement the ranges in the adopted community plans (Attachment 1). Both of these programs are vital to attainment of housing production and affordability objectives in the Housing Element and the City of Villages Strategy.

In accordance with the Council's direction, the Planning Department and Housing Commission have created an Inclusionary Housing Working Group consisting of the various stakeholders having an interest in this issue. The committee has met several times over the summer and anticipates having a proposal ready for review by the Planning Commission, Housing Commission and Land Use and Housing Committee in the next 60 days.

Planning Department staff is also continuing to develop a proposal to amend the Land Development Code to incorporate density ranges so that zoning districts mirror community plan land use designation ranges. Work on this program is being carefully coordinated with the Strategic Framework Element in order to provide timely implementation with the City of Villages Strategy.

#### CONCLUSION

City staff has prepared a Housing Element Update which the State Department of Housing and Community Development has determined to be in substantial compliance with state law. The City Council is being asked to adopt the Housing Element as an amendment to the Progress Guide and General Plan.

Respectfully submitted,

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S. Gail Goldberg, A.I.C.P.....	Approved: P. Lamont Ewell
Planning Director	Assistant City Manager

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Elizabeth Morris  
CEO, San Diego Housing Commission

Note: The attachments are not available in electronic format. A copy is available for review in the Office of the City Clerk.

Attachments: 1. City Council Resolution Authorizing Housing Element Submittal to HCD  
2. Letter from California Department of Housing and Community Development  
3. Summary of Staff Proposals Included in the Housing Element Related to the Development Process