



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: November 29, 2006 REPORT NO. 06-182

ATTENTION: Council President and City Council
Docket of December 5, 2006

SUBJECT: 2005-2010 Progress Guide and General Plan Housing Element

REFERENCE: Planning Commission Reports No. PC-06-220 and PC-06-277

REQUESTED ACTION: Adoption of the Draft 2005-2010 Housing Element dated November 2006 and certification of the Addendum to EIR No. 40-1027.

STAFF RECOMMENDATION: Adopt the Draft 2005-2010 Housing Element and certify the Addendum to EIR No. 40-1027.

SUMMARY:

For several years San Diego has been facing a severe housing crisis. The City Council has acknowledged this for the past four years by declaring a housing state of emergency each month. Not only have traditionally challenged segments of the population, including low income people and special needs populations, been having difficulty finding adequate housing, but now many working people are finding it difficult to remain in San Diego due to the high cost of housing. The purpose of the Housing Element is to create a comprehensive plan with specific measurable goals, policies and programs to address the critical housing needs of this City.

The Housing Element is a part of the General Plan. However, it is subject to state laws that differ from those governing the other General Plan elements. The state mandates that the Housing Element be updated every five or six years and, all Housing Elements in a given region of the state must be updated on the same schedule. In the San Diego region, the two previous Housing Elements were required to cover 1991-1998 and 1999-2004 and, the current one to cover 2005-2010. By contrast, the remainder of the General Plan is a 20-25 year document for which each jurisdiction sets its own schedule. In addition, following City Council adoption, the California Housing and Community Development Department (HCD) must approve and certify the Housing Element.

The Housing Element is intended to reflect existing conditions as of July 1, 2005. Policies and programs recommended in the document are based on July 1, 2005 conditions and primarily include actions that can be implemented by June 30, 2010. The Housing Element should have been adopted prior to July 1, 2005. However, all of the housing elements for jurisdictions in the

San Diego region were delayed because of recent changes to state housing element law and delays in receiving housing need allocations for the region and individual jurisdictions from HCD and the San Diego Association of Governments (SANDAG).

Adoption and certification of the 2005-2010 Housing Element is required for the City to be able to compete for SANDAG and state administered grants that are available for housing, transportation and smart growth programs. A workforce housing infrastructure grant and at least two transportation grants that the City is hoping to apply for in the next two months require the City to have an adopted and certified Housing Element. Several programs utilizing Proposition 1C money will also require an adopted Housing Element as a condition of application. A list of anticipated Proposition 1C programs is provided in Attachment 3 of this report.

HOUSING ELEMENT CONTENT

There are numerous state regulations specifying what must be included in the Housing Element. The format and content of the draft document reflect these requirements. There are five major goals that must be covered. Jurisdictions are required to establish policies and quantifiable programs to achieve these five overall goals. The goals are as follows:

- 1) Ensure the provision of sufficient housing for all income groups.
- 2) Maintain the safety and livability of the existing housing stock with an emphasis on preserving the affordable housing stock.
- 3) Minimize government constraints in the development, improvement and maintenance of housing.
- 4) Provide affordable housing opportunities for low-income renters and low- and moderate-income homebuyers.
- 5) Facilitate compliance with all applicable federal, state and local laws and regulations.

HOUSING PRODUCTION GOALS AND ADEQUATE SITES INVENTORY

HCD sets goals for overall housing production in each region of the state. The regional planning agency divides the goals among jurisdictions. For the seven and a half year period from January 1, 2003 to June 30, 2010, the San Diego region's new housing production goal is 107,301. SANDAG assigned the City of San Diego a goal to produce 45,741 of these units (42.6 percent of the regional goal). This corresponds roughly with San Diego's portion of the total regional population.

State law also mandates that a portion of the overall production goal be allocated to moderate-, low- and very low-income households. Moderate-income households are defined as those earning 80-120 percent of area median income, low-income households earn 50-80 percent of area median income and very low-income households earn less than 50 percent of area median-income.

SANDAG has assigned the City of San Diego a goal of producing 8,645 moderate-income units, 8,090 low-income units and 10,645 very low-income units during the period from January 1, 2003 to June 30, 2010.

State law does not require that the production goals actually be achieved but rather that adequate land in each jurisdiction be available (zoned and planned for residential development) to meet the goals. There is no requirement that any particular site be developed during the 2005-2010 period, only that an adequate number of housing units could theoretically be developed to meet the goal.

The Housing Element is required to include an Adequate Sites Inventory of sites that have potential to be developed or redeveloped for residential use. This inventory is based on existing zoning in the City and also includes sites on which housing has been completed since January 1, 2003, and sites on which construction is underway or for which applications are in process. A summary of the inventory is provided in Table 29. The inventory shows that San Diego has land available for approximately 122,000 additional housing units without need for any zoning or plan changes. This is far above the goal of producing 45,741 units between January 1, 2003 and June 30, 2010. Therefore, the City will not be required to rezone land for residential use prior to 2010.

The Adequate Sites Inventory also shows that the City has adequate sites to meet its low- and very low-income goals through June 30, 2010. Only sites currently being developed for affordable units, or zoned and designated for residential use at 30 units per acre or greater, are considered by the state to be suitable for low- and very low-income housing. The inventory shows that there are sites available for approximately 56,000 units on lands zoned at 30 units per acre or greater, far exceeding the goal that 16,735 low- and very low-income units be produced by 2010.

Of the potential low- and very low-income units, 5,752 units were completed, under construction or in the review process during the period July 1, 2003 to March 2005. Information about these units by community planning area is summarized in Table 30. The remaining 50,220 units are potential units on vacant and currently underutilized infill sites zoned at 30 units per acre or more. A breakout of these units by community is shown on Table 29.

While the City has the adequate sites required for low- and very-low income units for the 2005-2010 Housing Element cycle, actual production of affordable units has been below the RHNA goals during the past decade and is likely to remain below these goals during the next several years, particularly for very-low income units. Construction of affordable units in San Diego is financially difficult due to high land and construction costs and, the amount of money available to subsidize low- and very-low income affordable housing construction is insufficient to build the needed number of units.

A recent slowdown in housing demand has been cited by some as justification for reducing the housing production goals in the 2005-2010 Housing Element. However, this slowdown is likely to be a short-term market swing and the City must be prepared to meet anticipated long term housing needs.

HOUSING NEEDS FOR A DIVERSE POPULATION

In addition to the overall production goals, and goals for low- and very-low income people, the Housing Element has many recommendations for meeting the housing needs of special needs populations including students, the elderly, people with disabilities, military and the homeless.

There are several topics for which goals, policies and programs are provided in this Housing Element that were not addressed in the previous 1999-2004 Housing Element. Other topics are addressed in more detail in this document. Many of these are issues raised by the Affordable Housing Task Force in their report of June 2003. These include some of the most controversial housing issues that the City has been facing in the past few years such as inclusionary housing, universal design/accessible housing, farm worker housing, density bonus, single room occupancy hotel regulations and condominium conversions. The Planning Commission, Land Use and

Housing Committee and/or City Council have provided input recently on most of these issues which is reflected in the draft Housing Element language.

REDUCED FEDERAL INVOLVEMENT IN AFFORDABLE HOUSING

Some of the quantifiable goals have been reduced from previous housing elements. This is primarily due to the federal government's decreasing role in helping lower income people with housing needs. There have been significant reductions in federal funding for programs such as Section 8 and the HOME program which have been fundamental parts of the City's affordable housing strategy in the past. Also, some types of housing, such as mobile home parks, that provided a source of affordable housing in the past, are less feasible to build today in San Diego due to high land costs. Today affordable housing must be built at greater densities than in the past when more undeveloped land was available. Therefore, emphasis has been shifted away from mobile homes as a housing solution in this Housing Element.

FISCAL CONSIDERATIONS: The Housing Element will not have any direct fiscal impact. Preparation of the document is an unfunded state mandate that required approximately one full time staff position for a period of two years. Additional City resources will be necessary to implement some of the recommended goals, policies and programs in the Housing Element.

PREVIOUS COUNCIL, and/or COMMITTEE ACTION: Although the Housing Element has not been previously considered by Council or a Council Committee, the recommended goals, policies and programs for several specific issues addressed within this document came from direction received at previous Land Use and Housing Committee or City Council meetings.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS: The enclosed November 2006 draft of the 2005-2010 Housing Element incorporates comments and recommendations received from various individuals and groups who have reviewed and commented on earlier drafts of this document. The public input process began in 2003 when a Council-appointed Affordable Housing Task Force (AHTF) made recommendations regarding affordable housing. The AHTF recommendations that were adopted by Council are included in this document.

HOUSING ELEMENT WORKING GROUP

Those who have reviewed the document include a 20-member Housing Element Working Group, the Chamber of Commerce Housing Committee, the Housing Federation, the Housing Coalition, the Building Industry Association, the Community Planners Committee and many individuals with an interest in housing issues. The Housing Element Working Group was a diverse group which included advocates for affordable and special needs housing, community planning group representatives, for-profit and non profit housing developers and SANDAG. Special needs advocates in the group included homeless, farm worker, accessibility and Single-Room Occupancy Hotel advocates.

Workshops or discussions on earlier drafts of the document were held at the Community Planners Committee (CPC) (October 2005, July and August 2006), the Housing Commission (February 2006) and the Planning Commission (November 2005). The California Department of Housing and Community Development (HCD) and the San Diego County Regional Airport Authority (SDCRAA) have also reviewed the Housing Element.

HCD REVIEW

HCD had few comments on the proposed programs and policies but requested that additional background information be added. This revised draft includes information intended to address all the comments received from HCD. This additional information includes a more detailed discussion of the assumptions and methods used to prepare the Adequate Site Inventory and a more detailed discussion of constraints to development. Background information and analysis has been added regarding how citywide zoning regulations, overlay zones, planned development permits, planned district ordinances, processing and permit procedures, and development impact fees affect planned housing development. The discussions of airport land use compatibility plans, reasonable accommodation requests and other issues relating to persons with disabilities and special needs have also been augmented.

As of the date of printing of the November 2006 draft of the Housing Element, HCD indicated that it will be sending a letter of support with few, if any, requested modifications. Formal HCD certification will come following City Council adoption of the document.

SDCRAA CONSISTENCY DETERMINATION

State law requires the SDCRAA to make a determination regarding whether the Housing Element is consistent with the Airport Land Use Compatibility Plan (ALUCP). The SDCRAA reviewed an earlier draft of the document and made a conditional consistency determination on September 7, 2006. The SDCRAA has requested a copy of the final adopted certified Housing Element.

CPC REVIEW

Presentations were made on the draft Housing Element to the CPC in October 2005, and in July 2006. On August 22, 2006, the CPC had a discussion on this document and voted 22-4 to oppose the draft Housing Element. Their motion stated: "The draft Housing Element conflicts with the General Plan's focus on sensitivity of design and balance of interest. The housing and affordability goals of the Housing Element can be accomplished under the current regulations, emphasizing good design and preserving the quality of life. CPC is specifically opposed to weakening and repealing PDOs, not providing sufficient parking in new development, not applying good design standards, failing to provide necessary public facilities, and limiting community participation in the development process."

Some CPC members also objected to the tone of the document which they believe places too much blame for the housing crisis on excessive regulations and community input, and does not place enough emphasis on infrastructure and public facility deficiencies.

A few members of the CPC group expressed the opinion that the City should let the state know that San Diego will not accept the amount of housing allocated to the City by SANDAG and HCD and that the state should be less involved in local housing and land use issues. Another view that was expressed is that San Diego's population is stabilizing, vacancy rates are increasing and home prices are softening - indicating reduced need for housing construction.

In response to the CPC concerns, sections of the Housing Element were reworded. An attempt was made to address the tone issue and to revise language in the sections regarding PDOs, permit processing procedures and community input in the development process to clarify that protection

and enhancement of neighborhood character are important goals and that regulatory changes intended to address housing needs should not negatively impact neighborhood character or design consistent with draft General Plan update policies. PDOs would only be replaced in instances where new citywide zoning can provide an equal or greater level of neighborhood and urban design protection. In addition, language was added to better tie the Housing Element to the remainder of the draft General Plan including explanations on how the Housing Element goals, policies and programs would help to implement the City of Villages concept.

PLANNING COMMISSION REVIEW

The Planning Commission held a hearing on the Housing Element on September 7, 2006. Following public comment and Commission discussion, this hearing was continued to November 2, 2006, to allow time for modifications requested by HCD, CPC and the Planning Commission to be incorporated in the document. On November 2, 2006, the Planning Commission voted 7-0 to recommend Council adoption of the draft Housing Element and certification of the environmental document. The Commission indicated support for the goals of the Housing Element and for addressing the long-term housing needs of a diverse population. They requested some minor modifications to the document that have been incorporated into the draft presented to the City Council.

CONCLUSION

While no planning document can by itself solve the City's very serious housing problems, the draft Housing Element is important and should be adopted because it is the City's most comprehensive description of the policies and programs that the City currently has in place and those that the City intends to develop or implement by 2010 to address the need for adequate and affordable housing for all San Diego residents.

Respectfully submitted,

William Anderson, Director
City Planning and Community Investment

James T. Waring, Deputy Chief
Land Use and Economic Development

WARING/ANDERSON/WML/sa

- Attachments: 1. Addendum to Environmental Impact Report No. 40-1027
2. November 2006 Draft FY 2005-2010 Housing Element
3. [Proposition 1C programs](#)

Note: Due to the size of the attachments, distribution will be limited to Councilmember binders. Attachments are available for review in the Office of the City Clerk or by visiting the City's website:

Attachment 1:

<http://www.sandiego.gov/planning/community/pdf/cpc/agendas/attachments/heeiraddendum.pdf>

Attachment 2: <http://www.sandiego.gov/planning/genplan/housingel.shtml>