



**The City of San Diego**

**Report to the City  
Council**

DATE ISSUED: July 26, 2017 REPORT NO. 17-039

ATTENTION: Honorable Council President Myrtle Cole and Members of the City Council

SUBJECT: *Housing-SD*. Proposed Amendments Modifying the City's Affordable/In-Fill and Sustainable Buildings Development Regulations

REQUESTED ACTION:

Planning Department staff requests that City Council approve the proposed amendments to both the Land Development Code and the Local Coastal Program to modify the City's Affordable/In-Fill and Sustainable Buildings Development Regulations

STAFF RECOMMENDATION:

Recommend City Council approval of the proposed amendments modifying the Affordable/In-Fill and Sustainable Buildings Development Regulations

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

**The Mayor's Housing Initiative:** HOUSING 

Over the past decade, new housing development has not kept pace with job or population growth, resulting in housing costs that have increased at a much faster rate than income levels. With a growing population and a county median home price well over \$500,000, more and more families are finding it increasingly difficult to find an affordable place to live in San Diego. Additionally, many economic analysts have reported that the single greatest threat to our region's economy is the high cost of local housing.

In response, the Mayor has developed a series of goals, strategies and initiatives that will be developed to help increase housing production in the City. This plan is called *Housing-SD* (Attachment 5) and includes multiple approaches that are intended to improve housing affordability, improve review processes, facilitate more affordable housing and support

Climate Action Plan.

On February 15, 2017, the Smart Growth & Land Use Committee made a similar pledge to address housing affordability and adopted a Work Program (Attachment 6) that included several actionable items, many of which are included in the Mayor's Housing SD Initiative.

The proposed amendments as discussed in this staff report are the second to be discussed of the action items identified in the Mayor's Housing Initiative (Companion Unit Ordinance Amendments, considered by the Committee on June 14, 2017, was the first).

### **The Expedite Program**

In the early 1980s, the City Council first approved a program to assist the permitting of affordable housing units in the shortest possible processing time and also reduced development permit and processing costs. In 2003, the program was expanded and renamed to its current title "Affordable/In-Fill & Sustainable Development Program," which is commonly referred to by industry and staff as *The Expedite Program*. The purpose of the program is to offer flexibility in the application of development regulations, as well as make available an expedited permit review process for projects providing affordable and/or sustainable structures. The Expedite Program goal is to reduce the permitting time by approximately 50% of that of standard project processing times.

For the reasons and purposes detailed in the Mayor's Housing Initiative, the Expedite Program is being revised to incorporate new City initiatives, goals and strategies that include increased and improved:

- Housing affordability
- Development in economically disadvantaged neighborhoods
- Development near public transit
- Sustainable development
- Reduced permit and review process timelines
- Compliance with the Climate Action Plan

The proposed changes will also assist staff in better managing and enhancing performance standards, and the updated and clarified eligibility criteria will help increase the program's ability to encourage development of affordable housing, in-fill projects and sustainable buildings.

### **DISCUSSION:**

The Expedite Program is currently regulated by the Land Development Code (LDC) as well as Council Policies (CP). Below summaries the relevant code sections/policies affected and how they are being amended.

#### **A. Council Policy 600-27**

The current policy (Attachment 1), last adopted on May 20, 2003, per Resolution No. 298001, is largely comprised of very detailed operational procedures and eligibility criteria that explain how the Expedite Program is implemented. This is not a common use of a Council policy. In absence of adopted regulations, Council policies are intended to establish a deliberate system of principles to help guide decisions. Typically, policies are adopted by a governing body, whereas the procedures or protocols to implement the policies are developed and adopted by the implementing departments.

As such, staff is recommending revisions of CP 600-27 (Attachment 2) to focus on setting only citywide policy direction for affordable and sustainable development. Project eligibility will be removed and applicable development regulations instead will be defined in the Municipal Code (Attachment 4). The procedures and process will be incorporated into a revised Development Services Information Bulletin 538.

#### **B. Council Policy 900-14**

CP 900-14 (Attachment 3) was initially adopted in 1997, during a time when little was being required at the State level on sustainability practices. However, a lot has changed since then. The California Green building code was first adopted in 2010, when the State introduced standards that required significant sustainable construction practices in the categories of energy efficiency, water efficiency, waste reduction, conservation and environmental quality. The state building codes were significantly expanded upon in 2013, and again in 2016.

Given the State's actions relative to sustainable building standards, on May 11, 2010, the City Council determined that the various private-sector sustainability policies outlined in CP 900-14 should be combined as part of CP 600-27. At that hearing, Council amended CP 900-14 to only apply to City owned and leased buildings. However, as part of their action, Council directed staff to continue to implement the private sector permit expedite components of the policy until CP 600-27 is amended.

There are no proposed changes to Current Policy 900-14 with this action.

#### **C. Affordable/In-Fill and Sustainable Buildings Development Regulations**

Currently, the LDC (§143.0915 & §143.0920) identifies affordable and sustainable development project types that are allowed to deviate from certain development standards with a Process Four Site Development Permit (SDP). In an effort to encourage the use of the Expedite Program, staff is proposing to expand the eligibility criteria to include one or more of the following affordable, in-fill and sustainable residential or residential mixed use development project types.

- Projects where at least 10% of the units are reserved for low/very low income families;
- Projects located in the federally established **San Diego Promise Zone**;
- Projects located in the **Transit Priority Area**;
- Projects that propose a higher density that is allowed in a community plan;
- Projects that incorporate voluntary Tier 2 sustainable development standards pursuant to the California Green Building Standards.

Eligible projects that fit into one of the categories above then qualify for the following permit expedite benefits:

- Deviations from development standards may be processed with a Neighborhood Development Permit (NDP) Process Two.
- Additional deviations, including Environmentally Sensitive Lands, can be processed with an NDP Process Two.

- Projects within the Community Plan Implementation Overlay Zone can be processed with an NDP Process Two.

It is anticipated that these modifications could significantly expand the use of the Expedite Program and reduce permit processing times for qualifying projects by a factor of several months.

#### **D. Information Bulletin 538**

The Development Services Department revised Information Bulletin 538 (Attachment 7), to be consistent with the proposed code changes when adopted, to provide basic information on the Expedite Program qualifications and the permit review process. Some of the more significant points that will be described in the bulletin, which implement the policies reflected in updated Policy 600-27, are as follows:

- Eligible discretionary projects processing goal is 50% faster, at least 80% of the time.
- Eligible ministerial permits will be processing goal is 25% faster, at least 80% of the time.
- Eligible affordable projects shall be processed as Expedite (discretionary) and Express (ministerial) at no additional charge to the applicant.
- Eligible sustainable projects will continue to pay an additional Expedite Program fee, in addition to standard permitting fees.

#### RECOMMENDATIONS:

**Planning Commission:** On June 15, 2017, the Planning Commission voted 6-0-1 to recommend approval of the proposed code changes with no conditions.

**Community Planners Committee (CPC):** On April 25, 2017, the Community Planners Committee voted 18-3-1 to recommend approval of the proposed changes with the following conditions:

- The process should be reduced from Process Four to a Process Three, not a Process Two.
- Clearly define what is required for a sustainable project.
- Require calculations of solar power at submittal.
- Modify all other bulletins & policies to be consistent with the new changes.

**Code Monitoring Team (CMT):** On May 10, 2017, the Code Monitoring Team voted 10-0-0 to recommend approval of the proposed code changes with the following conditions:

- Revise the San Diego Promise Zone definition to defer to the Federal definition.
- Clarify finding language.
- Include language that affordable density bonus findings are not required when a discretionary permit is required.
- Revise the Sustainable Building definition
- Create a Planned District Ordinance priority list that would reduce the Site Development Permit Process Three and Process Four to a Process Two on a future code update.

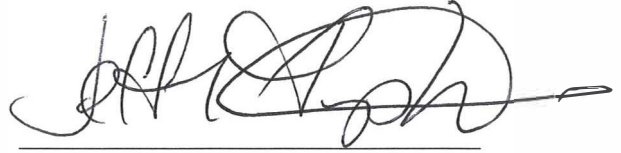
**Technical Advisory Committee (TAC):** On June 14, 2017, the Technical Advisory Committee voted 14-0-0 to approve the Code Monitoring Team recommendation.

KEY STAKEHOLDERS AND PROJECT IMPACTS:

Key stakeholders include neighborhood and community planning groups, residents, and residential property owners.



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- Attachments
1. -4 Planning Commission Report No. PC-17-052
  5. Housing-SD
  6. SG&LU Committee Work Plan
  7. Information Bulletin 538

