

(R-2021-492) #337E
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RESOLUTION NUMBER R- 313605

ADOPTED ON JUN 15 2021

A RESOLUTION ADOPTING A VARIANCE TO THE INCLUSIONARY AFFORDABLE HOUSING REGULATIONS TO ALLOW FOR AN ALTERNATIVE COMPARABLE BEDROOM MIX, RELATED TO THE JUNIPERS PROJECT NO. 586670.

WHEREAS, CARMEL PARTNERS LLC, a Delaware Limited Liability Company, Owner and Permittee, applied for a variance to the Inclusionary Affordable Housing Regulations to allow for an alternative bedroom mix requirement for The Junipers Project located on a 112.3-acre site east of Interstate 15, west of Peñasquitos Drive and south of Carmel Mountain Road; and

WHEREAS, the site is legally described as Parcel 3 of Parcel Map No. 21621, in the City of San Diego, County of San Diego, State of California, filed in the office of the County Recorder of San Diego County on September 13, 2018 as Instrument No. 2018-7000350 of official records; and

WHEREAS, under Charter section 280(a)(2) this resolution is not subject to veto by the Mayor because this matter requires the City Council to act as a quasi-judicial body and where a public hearing was required by law implicating due process rights of individuals affected by the decision and where the Council was required by law to consider evidence at the hearing and to make legal findings based on the evidence presented; and

WHEREAS, on April 29, 2021, the Planning Commission of the City of San Diego considered the variance to the Inclusionary Affordable Housing Regulations, and pursuant to Resolution No. 5139-PC voted to recommend approval of the variance; and

WHEREAS, the matter was set for public hearing on June 15, 2021, testimony having been heard, evidence having been submitted, and the City Council having fully considered the matter and being fully advised concerning the same; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that it adopts the following findings with respect to the variance to the Inclusionary Affordable Housing Regulations:

VARIANCE TO THE INCLUSIONARY AFFORDABLE HOUSING REGULATIONS [San Diego Municipal Code (SDMC) section 142.1310(a)]

Former San Diego Municipal Code section 142.1305(b)(1) and the City's Inclusionary Affordable Housing Implementing and Monitoring Procedures ("Affordable Housing Manual") are applicable to the Project due to its vested rights (similar to current San Diego Municipal Code sections 142.1304(e)(1) and 142.1311). These procedures generally require development projects to construct affordable housing units in similar bedroom mix as the market rate units unless it obtains a variance for an alternative comparable bedroom mix in accordance with the current San Diego Municipal Code section 142.1311(a)(Findings).

1. Special circumstances unique to that development, justify granting the variance, waiver, adjustment, or reduction.

The Junipers Project (Project) proposes an age-qualified, active adult (55+) community consisting of several interconnected neighborhoods, various private recreational common areas and usable open space for residents. Residential units would include up to 455 market-rate residential units in single-family detached, townhome/duplex, and six-plex configurations that consist of three and four bedrooms. In addition, 81 for-rent affordable residential units for low-income seniors are proposed for a total development of 536 residential units.

The Project proposes an adjustment to the room equivalency provisions of the San Diego Housing Commission's administrative regulations for the implementation of the City of San Diego's Inclusionary Housing Ordinance. The administrative guideline provides that affordable units provided by a project under the Inclusionary Housing Ordinance should provide a comparable bedroom mix as market rate homes in the Project. The Affordable Housing Manual recognizes there are special circumstances unique to a project and the applicant and San Diego Housing Commission can enter into an affordable housing agreement with an alternative bedroom mix requirement.

The Project is an age restricted, 55+ community that will provide housing for active seniors that will allow them to age in place. The low-rise multi-family homes have been designed to meet the needs of older San Diegans. Homes are predominantly one-story and have been designed to include features within the home that accommodate residents as they age, including universal design features such as wider corridors to allow for wheelchair movement. Homes have been designed with small private outdoor spaces to minimize maintenance needs, in

favor of additional community open space to emphasize personal interaction and active senior lifestyles. The Project includes a “social loop” community walking trail around the perimeter of the Project to emphasize activity and promote interaction for Project and community residents. Therefore, the age restricted affordable housing being offered in the Project are consistent with the types of homes being offered in the Project, despite the difference in room equivalency.

According to the San Diego Association of Governments (SANDAG) 2050 Growth Forecast, the total population growth in San Diego County will be 29%. However, the number of people aged 65 to 69 is projected to increase by 74% and people aged over 70 will increase by over 100%. The SANDAG 2050 Growth Forecast concludes that, “[b]y 2050 it is expected that nearly 20 percent of the population will be ages 65 and over, compared with just 12 percent today.” The same Growth Forecast also shows that the growth in single-family housing units will be only 9%, while multi-family units will grow by 65%. This shows an aging of the overall population and a movement of that population, among others, to multi-family housing units. Thus, the need for a variety of housing types that allow people to age in place.

The Rancho Peñasquitos Community is made up of young families attracted by the beauty of the community, ample public facilities and highly rated public schools. The Project will provide area residents an opportunity to stay in the area after their children leave their homes. Smaller, affordable homes better designed for older residents will give these seniors an opportunity to age within the community, instead of seeking housing elsewhere. This will include seniors who do not have the incomes necessary to purchase or rent market-rate homes, due to retirement, health expenses, or other financial difficulties. In addition, by moving from the typically larger single-family residences with large backyards in Rancho Peñasquitos to the Project, more homes in the area will be made available to young families who desire these types of homes.

The primary policy of the Residential Element of the Rancho Peñasquitos Community Plan is to “[p]rovide a diversity of housing opportunities for a variety of household types, lifestyles and income levels, while maximizing the health, safety and welfare of the community.” The Project will be conditioned to construct 15% of the total 536 homes within the community as affordable to senior residents at 60-65% of area median income. As a result, 81 senior affordable apartment homes will be incorporated into the design. The provision of this type of housing within the Project area will enhance the area by providing a diversity of housing choices to people of various incomes, and will therefore fulfill the primary, residential land use policy of the Community Plan.

The Project will comply with the Inclusionary Affordable Housing Ordinance through the provision of senior housing units. Seniors are likely to live as singles or couples and no longer have children living at home. Therefore, multiple bedrooms are not necessary to serve this sector of the population. In a July, 2019 letter from the San Diego Housing Commission to the California Tax Credit Allocation Committee (TCAC), the Housing Commission noted that the largest number of people on the combined area waiting list with United States Department of Housing and Urban Development Public Housing, United States Department of Agriculture Rural Development, and State Rental Housing Program as of July 1, 2019, were for one and two-bedroom units. Seniors are even more apt to need one-bedroom units, as their family size, and

needs are accommodated better in smaller units. Chelsea Investments, the provider of the Inclusionary Affordable Housing Units in the Project, has developed 16 age-restricted senior projects totaling over 1200 units. These units were developed with a bedroom mix of 80% one-bedroom units and 20% two-bedroom units, consistent with the Senior housing type defined in regulations for the California Tax Credit Allocation Committee for financing purposes. The bedroom mix was determined to be the best way to serve the affordable housing needs of seniors and meet state guidelines. Similar to the letter from TCAC, Chelsea has found the largest number of people on the waiting list for the affordable senior units that they operate is for one-bedroom units.

Therefore, the City Council finds that providing affordable homes to the growing numbers of citizens in the senior population, and their increasing percentage of the overall population of the City of San Diego, represents a special circumstance, to justify granting an adjustment in the affordable housing regulations for bedroom mix comparability. Senior housing type projects are an acceptable means to satisfy the Inclusionary Affordable Housing requirements in the municipal code, and the City Council finds that the provision of the 80% one-bedroom and 20% two-bedroom mix provided in the Project is an appropriate bedroom mix to serve the senior population.

2. The Project would not be feasible without the modification.

Seniors are more apt to be on fixed incomes than younger people who are still in the workforce. This limits the flexibility of where seniors may locate in housing. As noted above, the primary policy of the Residential Element of the Rancho Peñasquitos Community Plan is to “[p]rovide a diversity of housing opportunities for a variety of household types, lifestyles and income levels, while maximizing the health, safety and welfare of the community.” Without the provision of stable senior, affordable housing the area would lack the stable rents necessary to attract and maintain a significant senior population in the community and therefore the community would fail to achieve the intergenerational diversity that is called for in the Community Plan. As noted above, senior populations favor one- and two-bedroom units which better reflect their stage of life and the number of people in their family. Therefore, the City Council finds that the feasibility of the development and consistency with the Community Plan is dependent on the provision of senior housing.

The Rancho Peñasquitos Community Plan, Residential Element policies also state that, “additional low- and moderate-income housing should be created through the use of all available public and private financing programs or as a requirement of new residential development.” The Project will utilize tax credits to construct the 15% senior, affordable housing units on site. The California Tax Credit Allocation Committee provides specific criteria for the granting of tax credits that can be coupled with developer contributions to construct senior affordable units. The tax credit criteria for affordable senior units (Section 10325(g)(2) of the California Tax Credit Committee Regulations) (TCAC Regulations) states that “no more than twenty percent of the Low-Income Units in the project shall be larger than one-bedroom units, unless waived by the Executive Director, when supported by a full market study.” The City Council finds that the use of tax credit financing is critical to the production of these units and that if the affordable units were required to increase the number of multi-bedroom units beyond the 20% maximum, the

project would not meet the definition of senior housing under the TCAC Regulations. In the event the project could not secure tax credits, the provision of on-site affordable units would become infeasible.

3. A specific and substantial financial hardship would occur, if the variance, waiver, adjustment, or reduction were not granted.

The City Council's purpose in adopting the Affordable Inclusionary Housing Ordinance was the construction of housing units for residents earning 60% or less than the area median income. The Ordinance includes an option to pay an in-lieu fee rather than constructing 10% affordable units on site. Despite the Ordinance's preference for the construction of units, the vast majority of development projects have chosen to pay the in-lieu fee instead of constructing affordable units. According to a Voiceofsandiego.org analysis, "Two-thirds of the 3,265 affordable units produced through the program during its 15-year run have been subsidized by fees developers pay instead of building affordable units themselves." The analysis found that those units subsidized by the in-lieu fee represented only 8% of the affordable units needed in the Regional Housing Needs Assessment for San Diego. And therefore, the construction of units, as opposed to the payment of in-lieu fees was needed to increase the production of actual units.

On-site affordable units are typically constructed in conjunction with an affordable housing development partner that finances the construction of those units using contributions from the Project developer as well as tax credits for affordable housing from the State of California. Together this layered financing strategy enables the actual construction of affordable units. The California Tax Credit Allocation Committee provides specific criteria for the granting of tax credits that can be coupled with developer contributions to construct senior affordable units. The tax credit criteria for affordable senior units (Section 10325(g)(2) of the TCAC Regulations) state that "no more than twenty percent of the Low-Income Units in the project shall be larger than one-bedroom units, unless waived by the Executive Director, when supported by a full market study." The reasoning behind the policy is that seniors are best served by one-bedroom units, which is supported by the number of households on the San Diego Housing Commission's waiting list for one-bedroom affordable units, as noted above. If the affordable units were required to increase the number of multi-bedroom units beyond the 20% maximum, the project would not qualify as senior housing under the TCAC Regulations. In the event the project was not able to secure tax credits, the contemplated affordable senior housing project would therefore be infeasible. The Project contemplates 15% of the units in the Project as affordable, senior housing, and therefore represents a 5% increase in the amount of affordable housing that would be required under the City's Inclusionary Housing Ordinance. Due to the fact that units are being constructed on-site and in greater number than required by the Ordinance, a greater cost burden is being placed on the larger Project, necessitating the use of tax credits and other available financing for senior affordable homes, which require the determined bedroom mix.

In addition, the senior population is one of the largest sectors in need of affordable housing. Seniors often utilize Housing Choice Vouchers to help pay the restricted rents in affordable housing projects constructed under the Inclusionary Affordable Housing Ordinance. A single senior adult with a San Diego Housing Choice Voucher may only utilize the benefits of

the Housing Choice Voucher to rent a one-bedroom unit and would not be permitted under the San Diego Housing Choice Voucher program to rent a unit larger than one bedroom unless the senior demonstrated a live-in caregiver is required. Two bedroom and greater units would be beyond the reach of these seniors. The City Council finds that the adjustment in bedroom configuration sought by the Project will allow the Project to comply with the senior housing criteria defined in the TCAC Regulations, allow seniors possessing Housing Choice Vouchers to access more affordable housing opportunities, and allow them to occupy the units built under the Affordable Inclusionary Housing Ordinance.

4. No alternative means of compliance are available that would be more effective in attaining the purposes of this Division than the relief requested.

Alternative means of compliance with the Inclusionary Affordable Housing Ordinance are available, which would be the payment of the in-lieu fee consistent with the Ordinance. The City Council finds that the construction of on-site affordable units for seniors is superior to the payment of the in-lieu fee. The payment of the in-lieu fee would not provide actual units in which seniors could reside. The Project contemplates 15% of the units in the Project as affordable, senior housing, and therefore represents a 5% increase in the amount of affordable housing that would be required under the City's Inclusionary Housing Ordinance. Therefore, the alternative means of compliance would be the payment of the in-lieu fee at the lower 10% affordable rate, which is required by the Ordinance. The applicant has determined that 81 affordable senior housing units can be feasibly built by the Project to achieve the desired 15% affordable set aside. The 15% set-aside exceeds the requirements of the Ordinance by 5%. By providing units rather than in-lieu payments, homes can more rapidly be built and occupied by seniors in need of housing, instead of waiting for in-lieu fees to accumulate in the City's Housing Trust Fund for later financing of affordable units. The City Council finds that the provision of physical affordable, senior units, in excess of the required 10% would be more effective in attaining the purpose of the Inclusionary Affordable Housing Ordinance than the payment of in-lieu fees, and further finds that the optimal bedroom count for those units is one and two bedrooms.

The above findings are supported by the minutes, maps and exhibits, all of which are incorporated herein by this reference.

BE IT FURTHER RESOLVED, that, based on the findings hereinbefore adopted by the Council of the City of San Diego that the variance to the Inclusionary Affordable Housing Regulations is granted to, CARMEL PARTNERS LLC, a Delaware Limited Liability Company, Owner and Permittee, under the terms and conditions set forth in the Ordinance O-2021-136 adopting Planned Development Permit No. 2419770 and Site Development Permit No. 2073790 contingent upon final passage of O-2021-136, and

BE IT FURTHER RESOLVED, by the Council of The City of San Diego, that it grants the variance to the Inclusionary Affordable Housing Regulations, a copy of which is on file in the office of the City Clerk as Document No. RR- 313605.

APPROVED: MARA W. ELLIOTT, City Attorney

By /s/ Shannon C. Eckmeyer
Shannon C. Eckmeyer
Deputy City Attorney

SCE:sc
05/24/2021
Or.Dept:DSD
Doc.No: 2667919

Passed by the Council of The City of San Diego on JUN 15 2021, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jennifer Campbell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stephen Whitburn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Monica Montgomery Steppe	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marni von Wilpert	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Raul A. Campillo	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vivian Moreno	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sean Elo-Rivera	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JUN 15 2021.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

TODD GLORIA
Mayor of The City of San Diego, California.

(Seal)

ELIZABETH S. MALAND
City Clerk of The City of San Diego, California.

By *Sty Road*, Deputy

Office of the City Clerk, San Diego, California

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