San Diego City Council

Land Use & Housing Committee

October 26, 2011

San Diego Regional Chamber of Commerce

Chamber Housing Action Plan



2011 Chamber Housing Action Plan

San Diego Regional Chamber of Commerce believes housing is a critical business issue.

In spite of the decline in home prices, the region's employers still encounter challenges in the following areas:

Retention - Difficult for companies to keep entry and mid-level workers because they later choose to relocate to areas with less expensive housing markets.

Recruiting - Continued difficulty attracting skilled workers because of high home prices. Workers opt for less expensive housing markets based on economic self interest.

Cost of doing Business – High home prices increase Employers' costs. Employers must increase salaries and benefits to attract or retain employees, which lead to higher prices on their products and services. Thus, our employers compete at a disadvantage compared to employers in less expensive markets.

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Impacts of commuting long distances:

- **Less personal time -** Longer commutes and traveling distances equals less time with family, friends, social and civic activities.
- **Lower Productivity –** Longer commutes increases stress, reduces job performance and productivity.
- **Increased personal expense –** Employees pay more for fuel, maintenance, and insurance for their automobiles.
- **Impact on the Environmental -** Longer commutes increases traffic congestion, strains the regional infrastructure, adds pollution, and increases other negative impacts on the environment.

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The need to keep up with Future Demand

Historically, San Diego and the Region have not issued enough building permits to meet the region's future demand. Current market conditions has impacted permit activity; however:

San Diego Association of Government's (SANDAG) forecast recommends the region should build at least 225,000 homes (11,200 units annually) between 2010 - 2030 to keep up with the region's population growth.

San Diego Region already has an existing housing deficit of approximately 100,000 homes.

In order to meet regional demand, the region would to need to build at least 465,000 units between 2000-2020.

Has the region been keeping up with SANDAG's Forecast? NO!

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Permit Activityfalls well short of SANDAG's Forecast

Annual number of building permits issued in the county:

- **2004 - 7,750 (SFUs) 9,556 (MFUs) - 17,306 total**
- **2006 - 4,750 (SFUs) 4,450 (MFUs) - 9,190 total**
- **2008 - 2,160 (SFUs) 2,970 (MFUs) - 5,130 total**
- **2010 - 2,270 (SFUs) 1,224 (MFUs) - 3,494 total**
- **AUGUST 2011 1,640 (SFUs) 2,150 (MFUs) – 3,790 YTD**

Source – National Association of Homebuilders

City of San Diego **

- **Jan - Dec 2007: 2,704 net units***
- **Jan – Dec 2008: 929 net units***
- **Jan – Dec 2009: 898 net units***
- **Jan – Dec 2010: 726 net units (867 permits issued for demolishing units for a total of 1,593)***

Source: Cityof San Diego DevelopmentServices PermitActivity Report

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In spite of the decline home prices, many San Diegans remain priced out of the housing market

- National median price for a home was **$172,000** according to the NAHB (August 2011). National Area Median income (AMI) was **$64,200**.
- The NAHB Survey Housing Opportunity Index (HOI) Survey stated San Diego's AMI was **$74,900** (2nd quarter 2011), with median home price of **$308,000**.***
- In spite of falling prices, a family of four still would need an annual median income of approximately **$102,667** to purchase a home in San Diego**.**

Source National Association of Home Builders, Housing Opportunity Index, August 18, 2011

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How does San Diego compare with other competitor cities?

Housing Opportunity Index: 2nd Quarter 2011
By Affordability Rank

Metro Area	HOI 2nd Qtr 2011 Share of Homes Affordable for Median Income	2011 Median Family Income (000s)	2nd Qtr 2011 Median Sales Price (000s)	2nd Qtr 2011 Affordability Rank	
				National	Regional
Tucson, AZ	84.6	59.6	130	61	14
Phoenix-Mesa-Glendale, AZ	83.6	65.5	125	67	16
Columbia, SC	81.5	63.6	142	87	18
Richmond, VA	81.3	74.6	178	91	20
Fort Worth-Arlington, TX	79.4	68.2	138	116	29
Washington-Arlington-Alexandria, DC-VA-MD	73.2	104.3	290	154	51
Greensboro-High Point, NC	71.7	54.6	144	166	57
Austin-Round Rock-San Marcos, TX	71.5	74.9	191	169	60
Portland-Vancouver-Hillsboro, OR-WA	71.5	72	215	169	46
Raleigh-Cary, NC	71.2	78.8	225	171	61
Chicago-Joliet-Naperville, IL^^^	71.1	76.2	180	172	37
San Diego-Carlsbad-San Marcos, CA	**52.1**	**74.9**	**308**	**213**	**61**
San Jose-Sunnyvale-Santa Clara, CA	48.4	103.6	454	215	63
Los Angeles-Long Beach-Glendale, CA ^^^	41.6	64	310	219	66
Santa Ana-Anaheim-Irvine, CA ^^^	40.5	84.2	410	221	67
San Francisco-San Mateo-Redwood City, CA	27.5	101.6	630	222	68
New York-White Plains-Wayne, NY-NJ ^^^	25.2	67.4	424	223	42

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Fees for permits limit housing production & adds to the cost of housing.

City of San Diego Facilities Benefit Assessment & Development Impact Fee Schedule FY 2012		
Community	**Single Family Unit**	**Multi-Family Unit**
Black Mountain Ranch	$58,127	$58,127
Carmel Valley	$28,027	$28,027
Del Mar Mesa	$97,661	$97,661
Mira Mesa	$26,905	$26,905
North University City	$23,016	$23,016
Otay Mesa	$26,641	$26,641
Pacific Highlands Ranch	$87,245	$87,245
Rancho Penasquitos	$27,009	$27,009
Scripps Miramar Ranch	$33,645	$33,645
Torrey Highlands Ranch	$120,330	$120,330
Barrio Logan	$10,477	$10,477
Fairbanks Ranch	$15,018	$15,018
Golden Hill	$8,345	$8,345
Mission Valley	$11,937	$11,937
San Ysidro	$9,273	$9,273
Uptown	$7873	$7873

Source - Development Services Department DIF/FBA Fee Schedule

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CHAP Objectives:

- **Create incentives that stimulate the production of new units.**
- **Expand or implement programs and policies to increase housing production.**
- **Regulatory reform or relief to encourage housing production.**

List of Policy Recommendations-

Lay the Foundation for meeting the City's future housing needs and stimulating economic development

1. Place a city or regional infrastructure bond measure on a future ballot. The bond measure, structured around a detailed public facilities financing plan, would finance key sewer, water, road, stormwater, park and public facility infrastructure projects in our older urban neighborhoods. The creation of affordable housing, and developing the increased density called for in the General Plan, will never be acceptable in these neighborhoods without a plan and financing mechanism to expand and improve infrastructure. The bond measure could be modeled after Proposition MM approved by the voters in 1998. General fund expenses to qualify bond for ballot. (Revenue neutral)



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Support viable and equitable affordable housing funding sources

2. Keep the amount of tax increment for affordable housing to 20% for the time being and continue the set aside portion of the proceeds for a permanent citywide NOFA for affordable housing. (General Fund Revenue neutral to the city)

3. Continue to support the Notice of Funding Availability (NOFA) through the Redevelopment Agency's Affordable Housing Opportunity Fund. (Revenue neutral to the city)

Fix the entitlement and permitting process for new development

4. Adopt an ordinance to make the Development Impact Fee and FBA Deferral program permanent and expand the program to include sewer and water capacity fees and the housing linkage fee and/or housing in lieu fee. (Revenue neutral)



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Fix the entitlement and permitting process for new development (cont'd)

5. Fund the Community Plans Updates in process, and schedule and fund the next set of Community Plan Updates. Prioritize the Urban Communities in the Community Plan Update Calendar in accordance with smart growth principles, maintain planned urban densities and urban building heights in the city's urban areas, and increase densities as a part of updating community plans. General Fund Cost (some funds come from developer fees, redevelopment funds and other sources).

6. Adopt CEQA exemptions for infill projects that meet or exceed minimum green building standards and are transit-oriented, and/or affordable housing projects in accordance with SB 375. (Revenue neutral)

7. Expand CCDC's voluntary green building and sustainable development incentive program. (Revenue neutral)

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Fix the entitlement and permitting process for new development (cont'd)

8. Continue implementing the Development Services Department's Business Process Reengineering Measures. Multiple issues in BPR, are generally revenue neutral
9. Consolidate all development project review functions (sewer, water, fire, planning and parks) into DSD. Revenue neutral

Implement Development Regulations that facilitate infill development, including mixed use development and transit-oriented development

10. Create population based park equivalency standards. Revenue neutral, although may lead to general fund savings if less park acreage will be maintained.
11. Analyze and implement nationwide "best practices" for efficient parking design standards and development regulations for infill and smart growth development.
    a) Allow one level of parking above ground without counting towards the project's FAR for urban projects.

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Implement Development Regulations that facilitate infill development, including mixed use development and transit-oriented development (cont'd)

c) Allow by-right tandem private (garage) parking for all new multi-family residential and mixed-use development and ease parking requirements for mixed-use and transit-oriented development projects.

d) Waive parking requirements for affordable units that are accessible to high frequency transit (such as rail and trolley)

e) Pursue community-wide parking reform measures in parking-impacted communities including the creation of parking districts, and shared parking and offsite public parking alternatives. Allow for in-lieu fees and parking districts in lieu of mandatory onsite parking for mixed uses. (Increases revenue when projects achieve more density)

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San Diego's future…

What will happen



OR

What could be

